



# enabling growth for Pakistan



annual  
report  
2022

# about the theme

While much around us has been in flux, our vision for Pakistan withstands. As a proud, home-grown conglomerate, we follow an inclusive business growth model whereby our businesses' successes are intertwined with developments in their surrounding communities.

As such, we remain committed to building a resilient, productive, and self-reliant Nation by seeking new avenues for growth, setting industry benchmarks, and encouraging those who come under our sphere of influence to unlock their true potential.

To ensure prosperity for Pakistan and its people, Engro Corporation has been investing in industries that are the need of the hour for nearly 6 decades. In doing so, we aim to lay the blueprints of a future of possibilities that we hope will enable growth for Pakistan.

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# company information

## board of directors

### President & CEO

Mr. Ghias Khan

### Company Secretary

Ms. Shomaila Loan

### Chief Financial Officer

Mr. Mazhar Hasnani

**Mr. Hussain Dawood**

Chairman

**Mr. Shahzada Dawood**

Vice Chairman &  
Chairman, BIC

**Mr. Muhammad**

**Abdul Aleem**

Independent Director &  
Chairman, BAC

**Ms. Henna Inam**

Independent Director &  
Chairwoman, BPC

**Mr. Abdul Samad Dawood**

Non-Executive Director

**Ms. Sabrina Dawood**

Non-Executive Director

**Mr. Rizwan Diwan**

Independent Director

**Mr. Khawaja Iqbal Hassan**

Independent Director

**Ms. Dominique Russo**

Independent Director

**Mr. Ghias Khan**

President & CEO

# key figures

## bankers

Allied Bank Limited

Askari Bank Limited

Bank Al-Falah Limited

Bank Al-Habib Limited

Citi Bank N.A

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

## shares registrar

FAMCO Associates (Private) Limited

8-F, Near Faran Hotel, Nursery, Block-6 PECHS,  
Shahrah-e-Faisal, Karachi

## registered office

8<sup>th</sup> Floor, The Harbour Front Building,  
HC # 3, Marine Drive, Block 4, Clifton, Karachi-75600, Pakistan  
Tel: +92(21) 35297501 – 35297510, Fax:+92(21) 35810669  
e-mail: info@engro.com, website: www.engro.com

## auditors

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

	2022	2021
<b>Revenue</b> (Rs. in millions)	<b>356,428</b>	<b>311,587</b>
<b>EBITDA</b> (Rs. in millions)	<b>113,318</b>	<b>101,690</b>
<b>Earnings per Share</b> (Rupees)	<b>42.23</b>	<b>48.50</b>
<b>Total Assets</b> (Rs. in millions)	<b>749,416</b>	<b>644,321</b>
<b>Total Equity</b> (Rs. in millions)	<b>240,584</b>	<b>242,800</b>
<b>Capital Expenditure</b> (Rs. in millions)	<b>40,730</b>	<b>20,500</b>
<b>Cash Flow from Operations</b> (Rs. in millions)	<b>76,720</b>	<b>48,574</b>
<b>Dividend Paid</b> (Rs. in millions)	<b>37,042</b>	<b>28,785</b>
<b>Market Capitalization</b> (Rs. in millions)	<b>150,961</b>	<b>156,958</b>



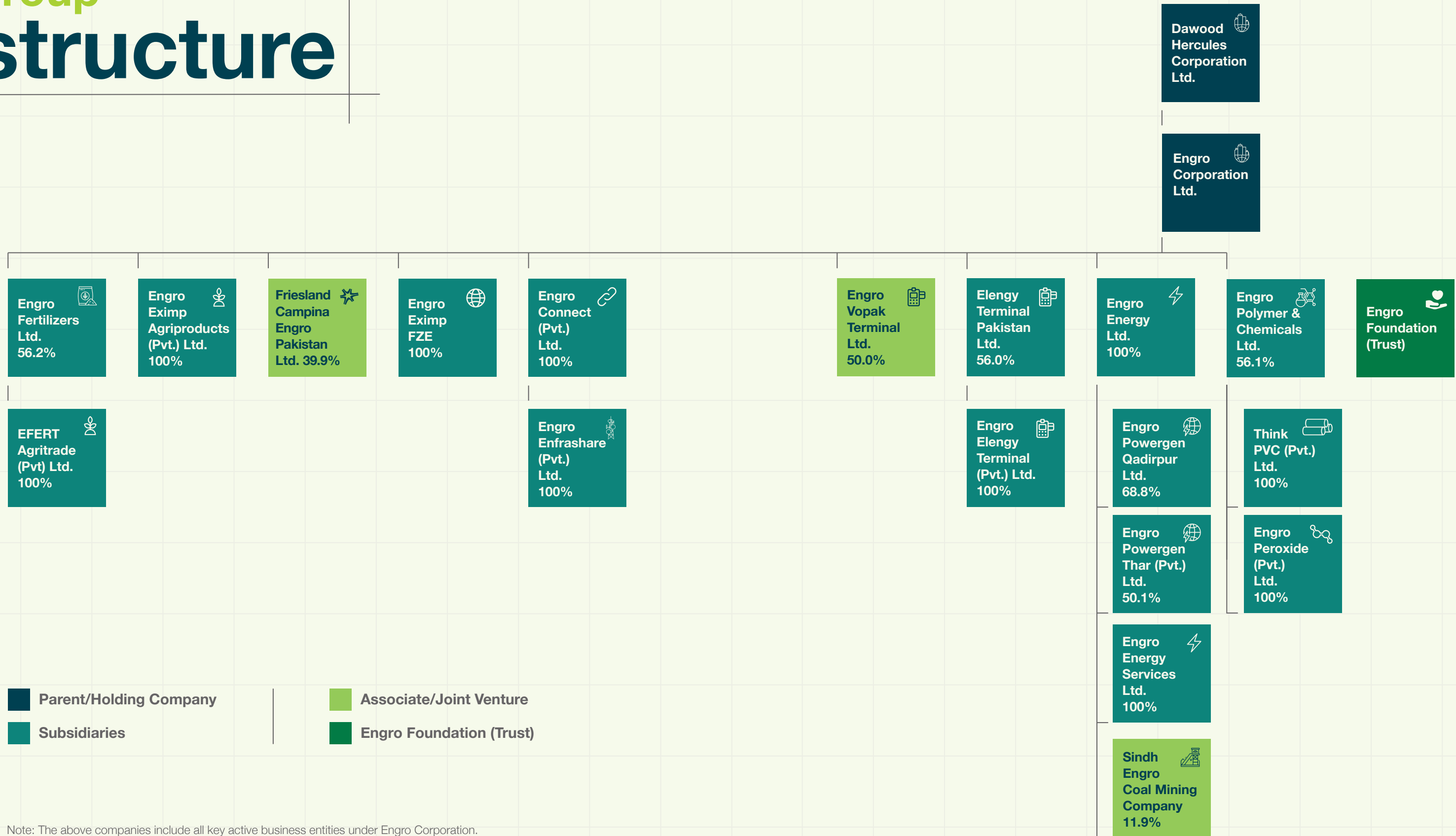
# our vision

To be the premier  
Pakistani enterprise  
with a global reach,  
passionately pursuing  
value creation for all  
stakeholders





# group structure



- Parent/Holding Company
- Subsidiaries
- Associate/Joint Venture
- Engro Foundation (Trust)

Note: The above companies include all key active business entities under Engro Corporation.

# core values

Operating in diverse industries and spread over geographical landscapes, Engro employees are knit into one big family, united by a drive for success, passion for Pakistan, and the same core values. Our values form the basis of everything we do – from open communication to fostering an environment of trust and guaranteeing the well-being and safety of our people.

At engro, we never forget what we stand for, and each engro employee...

## health, safety & environment



...cares deeply about environmental impact and the safety of people

## ethics & integrity



...has impeccable character and lives by the highest standards of integrity and accountability

## community & society

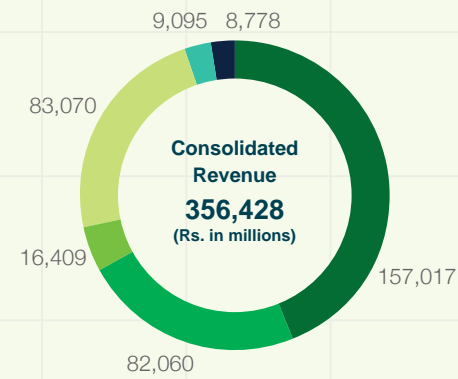


...nurtures passion to serve country, community, and company, with a strong belief in the dignity and value of people

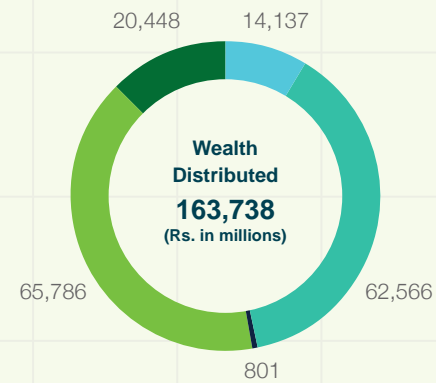


# 2022 at a glance

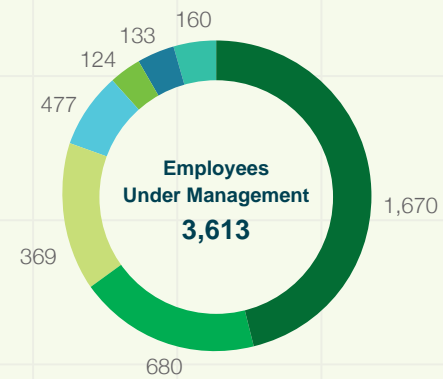
- Fertilizer
- Terminal
- Connectivity & Telecom
- Polymer
- Power and mining
- Others



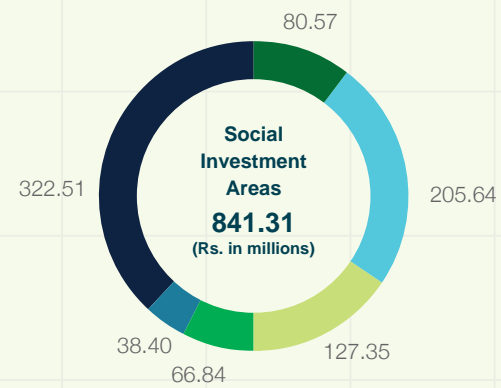
- To Employees
- To Society
- Retained for reinvestment and future growth
- To Government
- To Providers of Capital



- Fertilizer
- Engro Corporation
- Terminals
- Enfrashare
- Polymer & Chemicals
- Energy
- Eximp Agri Products



- Livelihoods
- Health
- Infrastructure
- Others
- Education
- Health - Covid
- Environment



# 2022 snapshot



## Engro Corporation

contributed USD 295.4 million in taxes to the national exchequer.

contributed  
**\$295.4mn**  
in taxes



## Engro Elengy Terminal

helped fulfill around 15% of local natural gas demand.

fulfilled  
**15%**  
natural gas  
demand



## Engro Fertilizers

saved Pakistan USD 900 million in import substitution through local urea manufacturing.

substituted imports worth  
**\$900mn**  
for Pakistan



## Engro Eximp Agriproducts

generated approximately USD 30 million in foreign exchange reserves by exporting 3<sup>rd</sup> largest volume of rice for 2022.

generated  
**\$30mn**  
for Pakistan  
through exports



## Engro Energy

illuminated nearly 9,000,000\* lives through its power generation projects.

illuminated  
**9mn**  
Pakistani lives



## Engro Polymer & Chemicals

contributed over USD 134 million in import substitution through its local PVC & VCM production and generated USD 21 million in foreign exchange through exports.

boosted Pakistan's  
forex reserves by  
**\$155mn**  
through import  
substitution and exports



## Engro Enfrashare

enabled connectivity by operationalizing more than 3,300 telecom towers across Pakistan.

operationalized  
**3,300+**  
telecom towers



## Engro Eximp FZE

achieved exports worth approximately USD 19.1 million for Engro subsidiaries.

carried out  
**\$19mn+**  
in exports



## Engro Vopak Terminal

ensured energy security to 5% off-grid households across Pakistan through marine LPG supply.

served  
**5%**  
of off-grid  
households



## FrieslandCampina Engro

helped provide sustainable livelihoods to 116,000 farmers and milk suppliers through 1,300+ milk collection centers

benefitted  
**116,000**  
farmers & milk  
suppliers

\*calculated using avg 6.4 people per household  
(source: mb-research.de)



# our people

## engro leadership academy

At Engro, we recognize that our success as a Company is contingent upon the multiplier effect of our people. As such, we continually strive to create opportunities that inculcate a sense of ownership in a culture founded on truth, trust, and a relentless pursuit of excellence.

Engro takes special care to attract, hire, retain, and develop the right talent to drive its results. We routinely map out skill gaps and offer tailored training and development programs to enhance the employee experience and supplement these with favourable HR campaigns such as Break Ke Baad and the DE&I Leaders Program, which help us ensure long-term, shared value creation for both women and men.





# board of directors

**Shahzada Dawood**

Vice Chairman & Chairman, BIC

**Abdul Samad Dawood**

Non-Executive Director

**Rizwan Diwan**

Independent Director

**Khawaja Iqbal Hassan**

Independent Director

**Muhammad Abdul Aleem**

Independent Director & Chairman, BAC

**Henna Inam**

Independent Director & Chairwoman, BPC

**Ghias Khan**

President & CEO

**Sabrina Dawood**

Non-Executive Director

**Hussain Dawood**

Chairman



Not pictured: Dominique Russo (Independent Director)



# board of directors



**Hussain Dawood**  
Chairman

Mr. Hussain Dawood joined the Board in 2003 and serves as the Chairman of Engro Corporation since 2006. Under his stewardship, the Company's revenue has grown over 20 times and Engro has emerged as a partner of choice for international businesses exploring investments in Pakistan. During his period, Engro has focused on solutions for pressing issues faced by the Country by expanding existing businesses and entering into new fields of business, like mining, power generation, and telecom infrastructure, to name a few. He also serves as Chairman of the Dawood Hercules Corporation.

Mr. Dawood is enthusiastic about human development based on Character and Good Manners (CGM). Under his stewardship, the

Group is now focused on continuously investing in the growth potential of both its people and businesses. This entails competency in leadership development, upskilling and reskilling, and international partnerships, ultimately contributing to the growth of Pakistan.

Mr. Dawood is the Chair of the Board of Trustees for The Dawood Foundation (TDF), which focuses on Education Inspiring Social Change. The Magnificience Centre, Pakistan's first interactive science museum, was conceptualized and developed by TDF. He is the Founder and Chairman of the Board of Governors of Karachi School of Business & Leadership (KSBL), a graduate management school focused on inspiring effective leaders. Within KSBL, the Engro Leadership Academy strives to embody the principles of CGM for all who pass through its doors.

Mr. Dawood is also a member of the Board of Governors of the Islamabad Policy Research Institute. He has been leading the Group's engagement with the World Economic Forum since 1992.

Mr. Dawood holds an MBA from the Kellogg School of Management, Northwestern University, USA, and is a graduate in Metallurgy from Sheffield University, UK.



**Shahzada Dawood**  
Vice Chairman & Chairman, BIC

Mr. Shahzada Dawood joined the Board of Engro in 2003 and currently serves as the Vice Chairman. He has over 2 decades of experience in corporate governance and transformation of industries, including growth and innovation opportunities through mergers and acquisitions of diversified public-listed companies across textiles, fertilizers, foods, and energy.

Shahzada is a leading voice for the institutionalization of key international networks, including the World Economic Forum (WEF). Under his guidance, Engro has become Pakistan's first company to sign a commitment sponsored by WEF's International Business Council to implement Stakeholder Capitalism Metrics, and has also

joined WEF's Global Plastic Action Partnership to promote a circular economy.

He aspires for a sustainable future, and believes in inclusive business models involving low-income communities, building value chains along business interests. In line with this, Shahzada serves as Trustee on the Boards of both Engro Foundation and The Dawood Foundation.

In December 2020, Shahzada also joined the Board of Trustees of the SETI Institute. He serves as Director across Boards of various companies within the Dawood Group, including Dawood Hercules Corporation Ltd and Dawood Lawrencepur Ltd, instituting high standards of corporate governance and perpetuating the future proofing of these businesses.

Shahzada holds a M.Sc. in Global Textile Marketing from Philadelphia University, USA, and a LLB from Buckingham University, UK.

# board of directors



## Muhammad Abdul Aleem Independent Director & Chairman, BAC

Mr. Muhammad Abdul Aleem joined the Board of Engro Corporation in 2015 and is Chairman of its Audit Committee.

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he ultimately served as CEO of BAT Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004,

he has served in senior positions with large Government-owned organizations in Pakistan and his last assignment was as the Managing Director, Pakistan State Oil Company Ltd.

Mr. Abdul Aleem was Director and Chairman of the Audit Committee of Dawood Hercules Corporation and Meezan Bank until 2018. Since October 2020, he has been re-elected as a Director of Pakistan Refinery Limited (PRL) and is also the Chairman of Pakistan Refinery Limited (PRL) Board Audit Committee. Effective November 2021, he was re-elected as an Independent Director/Chairman Audit Committee of Meezan Bank Limited.

In the past, Mr. Abdul Aleem also served as the Director of Pakistan Tobacco, Lahore University of Management Sciences, Pakistan Institute of Corporate Governance and Pakistan Refinery Ltd, and Chairman of Faysal Asset Management Company.

As a supporter of leading non-profit organizations in the field of education, he is currently Vice Chairman of the Professional Education Foundation and Chairman of Intellect School Governing Board.

Mr. Abdul Aleem is a Fellow Chartered Accountant (Gold Medallist) and a Fellow Member of the Institute of Cost & Management Accountants. He has also attended extensive international management training programs, including trainings at Stanford University.



## Henna Inam Independent Director & Chairperson, BPC

Ms. Henna Inam joined the Board of Engro Corporation in 2017 and serves as Chair of the Board People Committee. She is also part of the Board Audit Committee.

Ms. Inam is the CEO of Transformational Leadership Inc. Her personal mission is to grow transformational leaders who make the world better for all. She is a former C-suite executive who drove transformation throughout her corporate career at Novartis and Procter & Gamble, occupying roles such as Global Head e-Innovation at Novartis, and Chief Marketing & Innovation Officer and Region President for the Americas at Ciba-Vision.

She believes that our fast-changing world needs each of us to be inspired leaders, who lead with agility from the core of who we are. Inam helps C-level leaders and teams thrive in the midst of meaningful and complex challenges. As a trusted advisor to boards and CEOs, she also works to groom leaders for CEO-succession.

Ms. Inam is the author of two books, *Wired for Authenticity* and *Wired for Disruption*, and a contributor to *Forbes* on leadership. She is also the host of the popular Transformational Leadership podcast and brings a global perspective, having lived and worked in seven countries across four continents. She is passionate about advancing women in leadership and on boards and is also a founding charter member of OPEN Atlanta. OPEN is the largest Pakistani entrepreneurship and leadership community in the world.

Ms. Inam completed her MBA in Finance from The Wharton School at the University of Pennsylvania, and participated in Executive Education programs at Harvard Business School. She received her board certification from Stanford University.



# board of directors



**Abdul Samad Dawood**  
Non-Executive Director

Mr. Abdul Samad Dawood is Vice Chair of the Board of Dawood Hercules Corporation, an investment company of the Dawood Group. Prior to this, he served as the Vice Chair of the Board of Engro Corporation, which remains one of Dawood Hercules Corporation's largest investments to date.

Mr. Dawood's experience of management and governance spans over 20 years, with a special interest in mergers and acquisitions. He has led more than USD 4 billion of M&A deals, including the Dawood group's acquisition of HUBCO from National Power International Holdings in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company in 2015. Mr. Dawood was also entrusted

with the responsibility of leading the merger of Engro Foods (a subsidiary of Engro Corporation) into global dairy giant Royal FrieslandCampina based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges and has since served as the Chair of the Board of FrieslandCampina Engro Pakistan. These efforts are a culmination of the values advocated by the Group Chairman, Mr Hussain Dawood, who believes a strong code of values builds the foundation for effective problem-solving and human prosperity.

Mr. Dawood is also an active director on the Board of Pakistan Business Council, a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. His corporate governance journey spans various sectors, including financial investments, energy, and education. In line with his interests, he is a Director on the Boards of The Dawood Foundation, KSBL, Cyan Ltd, Dawood Lawrencepur Ltd, and Reon (Pvt) Ltd. In addition to governance, Mr. Dawood has served as Chief Executive Officer for Dawood Hercules Corporation Ltd and Cyan Ltd and is an active member of the Young Presidents Organization.

Aside from work, Mr. Dawood has a keen interest in music and plays the piano and guitar. He is an Economics graduate from University College London, UK, and a certified director of corporate governance from the Pakistan Institute of Corporate Governance.



**Sabrina Dawood**  
Non-Executive Director

Ms. Sabrina Dawood is the Vice Chair of The Dawood Foundation (TDF), a philanthropic organisation promoting education and informal learning. She is passionate about building interactive and inclusive spaces for learning. As a result of her efforts, Dawood Public School, an institution for primary and secondary level education for girls in Karachi since 1983, has built a culture that fosters diversity, tolerance, inclusion, and character, while providing high-quality education to over 2,500 students.

Sabrina has also spearheaded the setup of the TDF MagnifiScience Centre, a first-of-its-kind, interactive museum which promotes science literacy and critical-thinking in children and young

adults through experiential learning. TDF Ghar, a 1930s house restored into a safe space for youth whilst preserving Karachi's heritage and culture, and the Nature Series, which creates awareness about Pakistan's environmental treasures, their impact on our ecosystem, and their sustainability challenges, among other initiatives, are also amongst her passion projects.

Sabrina is a Director on the Boards of The Dawood Foundation, Engro Corporation, Engro Foundation, Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, Cyan Limited, Hajiani Hanifabai Memorial Society and Karachi Education Initiative (KEI). She is a member of the Board of Governors of the National Management Foundation (NMF) of Lahore University of Management Sciences (LUMS) and the Board of the World Wildlife Fund (WWF) Pakistan. She also serves as an Advisor on the Advisory Committee of Kainaat Studios.

Sabrina is the Chair of the Hussain Dawood Pledge. This is a billion-rupee contribution of services, kind and cash, to multiple organisations, for COVID relief. She holds an MSc in Medical Anthropology from University College London and a BA from London School of Economics in Anthropology and Law.

# board of directors



**Rizwan Diwan**  
Independent Director

Mr. Rizwan Diwan is a family member of the G&T Group, which is a 70-year-old business group involved in polyester textile, packaging, cotton textile, retail and energy, with operations in the Middle East and North America.

He is the Executive Director of Novatex Ltd, in the business of PET Resin, Preforms, Bottles and BOPET film and one of the largest exporters of Pakistan. Over the last 26 years, Mr. Diwan has led many innovations in the field of rigid and flexible packaging in Pakistan, as well as in the region. He joined the Board of Directors of Engro Corporation in 2018 and serves on their Board Investment and Audit committees.

Mr. Diwan is also in the Board of Governors of the MHEF (Memon Health & Education Foundation) and a Director on the Board of the Citizens Foundation. He has also taught entrepreneurship at his alma mater, the Institute of Business Administration in Karachi, from where he holds a Masters degree in Business Administration.



**Khawaja Iqbal Hassan**  
Independent Director

Mr. Khawaja Iqbal Hassan joined the Board of Engro Corporation in 2018.

Mr. Hassan currently also serves as a Director on the Board of ICI Pakistan Ltd and Lucky Cement Limited. He is a Trustee on the Boards of the Karachi Grammar School, the Layton Rehmatullah Benevolent Trust and The Tauheed Trust. He is also Chairman of the Advisory Committee of the Development Corporation Advisers, a wholly-owned subsidiary of British International Investment (BII – formerly the CDC Group Plc), the development finance institution of the United Kingdom.

Mr. Hassan has previously served as a Member of the Monetary Policy Committee of Pakistan and also been a Member of the Board of Directors of the State Bank of Pakistan, Civil Aviation Authority of Pakistan (CAA), Pakistan Steel Mills, Habib Bank Ltd, National Fullerton Asset Management Company Ltd, NIB Bank, Lahore University of Management Sciences, Global Securities Ltd, Citicorp Investment Bank Pakistan, The Pakistan Fund and the Central Depository Company of Pakistan.

He holds a diploma in Accountancy from the UK and a BSc in Finance and Marketing from the University of San Francisco. He started his career in 1980 with Citibank N.A. and in 1994, founded Global Securities Pakistan Ltd, a former joint venture partner of UBS AG and leading stockbroking and investment banking firm. In 2003, he founded NIB Bank Ltd. which, in partnership with Temasek Holdings of Singapore, became a top 10 ranked commercial bank in Pakistan within a period of 4 years.

Mr. Hassan was awarded the Sitara-i-Imtiaz by the Government of Pakistan for meritorious contribution to national interests.



# board of directors



## **Dominique Russo** Independent Director

Ms. Dominique Russo brings two decades of investment management, corporate structuring, and national-level advisory experience, having commenced her investment management career at Merrill Lynch's New York headquarters. She later moved to the GCC with the Financial Services practice of Booz Allen Hamilton / Booz & Company.

Ms. Russo has advised various GCC governments and semi-governmental entities on economic development, investment affairs, and related policy development. In addition, she has advised and led multinational family conglomerates in the wider region, including

Pakistan, as an Advisor, Chief Executive Officer, and Board Director.

Ms. Russo is a graduate of Columbia, MIT, and Harvard University, holding a Bachelor of Arts in Economics Philosophy (Columbia), a Master of Business Administration (MIT), and a Master in Public Administration (Harvard).

# board of directors



**Ghias Khan**  
President & CEO

Mr. Ghias Khan is the 4<sup>th</sup> President & CEO of Engro Corporation. He has played an instrumental role in stewarding Engro's future strategy, culture, and international outreach with a focus on building the Company's digitalization capabilities and transforming it into an intelligent organization that can compete on a global scale. In 2022, Ghias was elected President of the Overseas Investors Chamber of Commerce & Industry (OICCI).

He spearheaded the development of Engro Enfrashare in 2018, the Company's connectivity vertical which has enabled social and financial inclusion for Pakistanis. Engro Enfrashare has deployed over 3,300 telecom towers across Pakistan, making it one of the largest

independent tower companies in the Country.

Ghias architected the turnaround of Engro Polymer & Chemicals Limited and under his leadership, the Company enhanced its PVC capacity, diversified into new chemicals, and demonstrated efficiencies such that the market capitalization increased five-fold in six years. He paved the way for more cooperation with our long-time strategic partner, Royal Vopak, through its entry into Engro Elengy, which continues to operate as the most utilized terminal in the world.

During his Presidency, in line with the Company's efforts to improve energy

efficiency and ecosystem in the Country, Engro established 2x330 MW mine-mouth power plants in Tharparkar. Engro was the first company to have demonstrated proof of concept and successfully produce up to 660MW of consistent power to the national grid, benefitting 7 million Pakistanis.

His leadership has helped position Engro Fertilizers as an efficient player in the market that contributes to food security, while enabling sustainable agricultural practices.

Through innovative digitalization efforts such as the Humsafar app, Ghias has helped the Company empower its customers and enabled Pakistani farmers to grow. The app has established Engro Fertilizers as the largest e-sales company in the Country.

In line with global best practices and Engro's strategic digital imperatives, Ghias has laid the foundation for a digital future through Engro's OneSAP initiative, endorsed as Pakistan's largest digital transformation project.

Ghias has led the people transformation journey at Engro, revamping its culture and narrative, focused on talent development, work culture, and increasing diversity across the Group.

He is also leading the transition to sustainability at Engro. The Company has committed to adopt and implement stakeholder capitalism metrics, sponsored by the World Economic Forum's International Business Council, becoming the first organization from Pakistan to sign this commitment.

Engro has earned numerous awards, both locally and globally, for enabling a thriving business environment, investing in the development of its people, upholding high standards of corporate governance, and promoting diversity, health, safety, & environment at the workplace.

Currently, Ghias serves as Chairman on the Boards of Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro Enfrashare (Pvt) Limited, and Engro Energy Limited. He also serves on the Board of Trustees of Engro Foundation – the social investment arm of Engro Corporation. In addition, he is on the Board of Trustees of Karachi Port Trust (KPT).

Ghias holds a Master's degree in Business Administration from the Institute of Business Administration, Karachi.



# our verticals

Since inception, Engro has been working to address some of Pakistan's most pressing issues. Over time, we have built businesses across four key verticals: energy & related infrastructure, telecommunications infrastructure, petrochemicals, and food & agriculture.

Today, we are humbled to be known as a trusted partner with some of the best-in-their-field global giants and employer of choice to some of the brightest minds across Pakistan.



# notice of meeting

Notice is hereby given that the Fifty-Seventh Annual General Meeting of the members of Engro Corporation Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Thursday, March 30, 2023, at 02:30 p.m. to transact the following businesses:

Members are encouraged to attend the AGM through video conference facility managed by the Company (please see the notes section for details).

## a) ordinary business

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2022, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

<https://www.engro.com/investor-relations/financial-reports/>



2. To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 1.00 (10%) for the year ended December 31, 2022. This is in addition to interim cash dividends of PKR 33.00 (330%) per share.
3. To appoint Auditors for the year 2023 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A. F. Ferguson & Co., for re-appointment as Auditors of the Company.

## b) special business

4. To consider and if deemed fit, pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) under Section 199 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), as recommended by the Board of Directors of the Company:

**"RESOLVED THAT,** approval of the members of Engro Corporation Limited (the "Company") is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) for the following acts by the Company:

- a. Approval for the Company to extend to its subsidiary, Engro Fertilizers Limited, an intercompany loan in the aggregate amount of up to PKR Twelve billion (PKR 12,000,000,000), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities, etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of 1 year from the date of the special resolution, which may be renewed by the Company for upto 4 consecutive periods of 1 year each;
- b. Approval for the Company to extend to its subsidiary, Engro Polymer & Chemicals Limited, an intercompany loan in the aggregate amount of up to PKR Seven billion (PKR 7,000,000,000) comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution; which may be renewed by the Company for upto four consecutive periods of 1 year each;
- c. Approval for the Company to extend to its subsidiary, Engro Elengy Terminal (Private) Limited, an intercompany loan in the aggregate amount of up to PKR Four billion (PKR 4,000,000,000), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for upto four consecutive periods of one year each;
- d. Approval for the Company to extend to its subsidiary, Engro Powergen Qadirpur Limited, an intercompany loan in the aggregate amount of up to PKR Two billion (PKR 2,000,000,000), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for upto four consecutive periods of one year each;



- e. Approval for the Company to extend to its subsidiary, Engro Vopak Terminal Limited, an intercompany loan in the aggregate amount of up to PKR Two billion (PKR 2,000,000,000), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for upto four consecutive periods of one year each;
- f. Approval for the Company to extend to its subsidiary, Engro Enfrashare (Private) Limited, an intercompany loan in the aggregate amount of up to PKR Two billion (PKR 2,000,000,000), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for upto four consecutive periods of one year each;

**FURTHER RESOLVED THAT,** the Chief Executive Officer, Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized, any two jointly, to do all acts, deeds and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolutions.”

Karachi,  
Dated: February 15, 2023

By Order of the Board  
**SHOMAILA LOAN**  
Company Secretary

#### notes:

### 1. Participation in the AGM proceeding via video conferencing facility

Members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All shareholders/members interested in attending the AGM, either physically or through video-conferencing facility, are requested to register their Name, Folio Number, Cell Number, CNIC/Passport number at <https://forms.office.com/r/Svc5bvK4XM>. Confirmation email for physical meeting or video link and login credentials will be shared with only those shareholders whose registration are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [agm.ecorp@engro.com](mailto:agm.ecorp@engro.com).

### 2. Electronic transmission of Annual Report 2022

In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM, along-with the QR-enabled code/weblink to download the said financial statements, have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

Further, shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if the member holds shares in physical form or, to the member's respective Participant/Investor Account Services, if shares are held in book entry form.

3. The Share Transfer Book of the Company will be closed from Friday, March 24, 2023, to Thursday, March 30, 2023 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, PABX No. (+92-21) 34380101-5 and email [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk) by the close of business (05:00 p.m.) on Wednesday, March 22, 2023, will be treated to have been in time for purpose of determining the entitlement for final cash dividend, to attend and vote at the meeting.

4. A member entitled to attend and vote at the AGM shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have all such rights in respect of attending, speaking and voting at the AGM as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxyholder may not need to be a member of the Company.

### 5. Requirements for appointing Proxies

- (a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two male persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.
- (e) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company, along with the proxy form unless the same has been provided earlier.

6. Pursuant to Companies (Postal Ballot) Regulations 2018 and read with Sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

#### 7. Electronic dividend mandate

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders.

To receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case of shares held in CDC, an Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers/participant/CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on the FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrar, it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

9. In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarised copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by first day of book closure. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services.

Further, Non-Muslim shareholders are also required to file Solemn Affirmation (available on <https://famco.com.pk/share-registration-service/>) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant/Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents complete in all respects have been made available as above.

#### 10. Submission of valid CNIC (Mandatory)

As per SECP directives, the dividend of shareholders, whose valid CNICs are not available with the Share Registrar, may be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, M/s. FAMCO Associates (Private) Limited without any further delay.

#### 11. Unclaimed Dividend

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years, was sent to shareholders.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company in the given time, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Companies Act, 2017.

#### 12. Conversion of Physical Shares into CDC Account

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017, which requires all companies to replace shares issued in physical form to book-entry form within 4 years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages: safe custody of shares with the CDC avoidance of formalities required for the issuance of duplicate shares, etc. The shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely FAMCO Associates (Private) Limited, for the conversion of physical shares into book-entry form.



## statement of material facts under section 134(3) of the companies act, 2017

This Statement is annexed to the Notice of the Fifty-Seventh Annual General Meeting of Engro Corporation Limited (the "Company") to be held on Thursday, March 30, 2023, at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

### special business:

#### item (4) of the agenda

To approve intercompany loan to the associated companies.

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, is as follows:

(a) Regarding associated companies and/or associated undertakings:

(i) Name of associated companies:

Sr. No	Name of Associated Company
1	Engro Fertilizers Limited
2	Engro Polymer & Chemicals Limited
3	Engro Elengy Terminal (Private) Limited
4	Engro Powergen Qadirpur Limited
5	Engro Vopak Terminal Limited
6	Engro Enfrashare (Private) Limited

(ii) Basis of relationship:

Name of Associate	Relationship	Effective Holding %
Engro Fertilizers Limited	Subsidiary of the Company	56.2%
Engro Polymer & Chemicals Limited	Subsidiary of the Company	56.1%
Engro Elengy Terminal (Private) Limited	Wholly owned subsidiary of Elengy Terminal Pakistan Limited, which is a joint venture of Engro Corporation Limited with Royal Vopak of the Netherlands	56.0% in Elengy Terminal Pakistan Limited
Engro Powergen Qadirpur Limited	Subsidiary of Engro Energy Limited, which is a wholly owned subsidiary of the Company	68.8% through Engro Energy Limited
Engro Vopak Terminal Limited	Subsidiary of the Company which is a joint Venture of Engro Corporation Limited with Royal Vopak of the Netherlands	50.0%
Engro Enfrashare (Private) Limited	Wholly owned subsidiary of Engro Connect (Private) Limited, which is 100% owned by the Company	100.0%

(iii) Earnings Per Share for the last 3 years:

(Rupees)

Basic Earnings Per Share	2022	2021	2020
Engro Fertilizers Limited	11.54	15.78	12.59
Engro Polymer & Chemicals Limited	12.39	16.32	6.28
Engro Vopak Terminal Limited	27.17	26.12	31.10
Engro Elengy Terminal (Private) Limited	783.25	499.58	737.35
Engro Powergen Qadirpur Limited	4.54	4.92	6.42
Engro Enfrashare (Private) Limited	(0.18)	(1.96)	(28.86)

(iv) Break-Up value per share, based on latest audited financial statements:

(Rupees)

Break-Up Value Per Share - 31 December 2022	
Engro Fertilizers Limited	31.97
Engro Polymer & Chemicals Limited	29.52
Engro Vopak Terminal Limited	31.05
Engro Elengy Terminal (Private) Limited	2405.98
Engro Powergen Qadirpur Limited	40.47
Engro Enfrashare (Private) Limited	85.1

(v) Financial position, including main items of the statement of financial position and profit and loss account, on the basis of its latest financial statements:

Financial year ended December 31, 2022, audited accounts of **Engro Fertilizers Limited:**

Amount in thousands

#### assets

Property, plant and equipment	77,879,522
Investments	2,103,692
Stores, spares and loose tools	6,495,230
Stock-in-trade	8,426,837
Other assets	44,849,903
<b>Total Assets</b>	<b>139,755,184</b>

#### liabilities

Borrowings	12,669,628
Trade and other payables	42,808,977
Other liabilities (Including short term borrowings)	41,586,878
<b>Total Liabilities</b>	<b>97,065,483</b>
<b>Total Equity</b>	<b>42,689,701</b>

#### income statement

Revenue	96,944,967
Profit before Tax	22,504,608
Profit after Tax	15,408,134

Financial year ended December 31, 2022, audited accounts of **Engro Polymer & Chemicals Limited:**

	Amount in thousands
<b>assets</b>	
Property, plant and equipment	41,004,218
Investments	3,884,000
Stores, spares and loose tools	2,464,113
Stock-in-trade	10,415,992
Other assets	26,189,301
<b>Total Assets</b>	<b>83,957,624</b>
<b>liabilities</b>	
Borrowings	24,147,934
Trade and other payables	14,916,145
Other liabilities (Including short term borrowings)	17,759,873
<b>Total Liabilities</b>	<b>56,823,952</b>
<b>Total Equity</b>	<b>27,133,672</b>
<b>income statement</b>	
Revenue	82,059,583
Profit before Tax	16,713,929
Profit after Tax	11,709,894

Financial year ended December 31, 2022, audited accounts of **Engro Vopak Terminal Limited:**

	Amount in thousands
<b>assets</b>	
Property, plant and equipment	3,540,370
Stores, spares and loose tools	167,627
Other assets	2,915,740
<b>Total Assets</b>	<b>6,623,737</b>
<b>liabilities</b>	
Borrowing	1,247,152
Trade and other payables	898,942
Other liabilities (Including short term borrowings)	1,682,858
<b>Total Liabilities</b>	<b>3,828,952</b>
<b>Total Equity</b>	<b>2,794,785</b>
<b>income statement</b>	
Revenue	5,503,117
Profit before Tax	3,951,943
Profit after Tax	2,445,537

Financial year ended December 31, 2022, audited accounts of **Engro Elengy Terminal (Private) Limited:**

	Amount in thousands
<b>assets</b>	
Property, plant and equipment	8,040,314
Direct cost of Floating, Storage and Regasification Unit	620,029
Receivable From Sui Southern Gas Company Limited	805,817
Trade debts	2,637,756
Net investment in lease	51,821,675
Other assets	10,429,417
<b>Total Assets</b>	<b>74,355,008</b>
<b>liabilities</b>	
Borrowing	2,460,342
Lease Liability	54,833,722
Trade and other payables	2,724,543
Other liabilities (Including short term borrowings)	6,878,097
<b>Total Liabilities</b>	<b>66,896,704</b>
<b>Total Equity</b>	<b>7,458,304</b>
<b>income statement</b>	
Revenue	16,408,856
Profit before Tax	4,746,494
Profit after Tax	2,428,012

Financial year ended December 31, 2022, audited accounts of **Engro Powergen Qadirpur Limited:**

	Amount in thousands
<b>assets</b>	
Property, plant and equipment	11,112,553
Trade Debts	9,800,242
Loans, advances, deposits, prepayments	148,006
Other assets	3,100,846
<b>Total Assets</b>	<b>24,161,647</b>
<b>liabilities</b>	
Borrowings	-
Trade and other payables	4,822,707
Other liabilities (Including short term borrowings)	6,234,151
<b>Total Liabilities</b>	<b>11,056,858</b>
<b>Total Equity</b>	<b>13,104,789</b>
<b>income statement</b>	
Revenue	10,026,884
Profit before Tax	1,478,793
Profit after Tax	1,471,756

Financial year ended December 31, 2022, audited accounts of **Engro Enfrashare (Private) Limited:**

Amount in thousands

**assets**

Property and equipment	34,242,023
Right of use assets	10,675,130
Long term deposits and other receivables	2,150,710
Other assets	11,857,434
<b>Total Assets</b>	<b>58,925,297</b>

**liabilities**

Borrowings	24,062,739
Trade and other payables	6,281,710
Other liabilities (Including short term borrowings)	15,115,120
<b>Total Liabilities</b>	<b>45,459,569</b>
<b>Total Equity</b>	<b>13,465,728</b>

**income statement**

Revenue	10,589,362
Loss before Tax	(788,215)
Loss for the year	(253,112)

(vi) in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:

None

(b) General disclosures

(i) Maximum amount of investment to be made:

Name of Associated Company	Amount in PKR
Engro Fertilizers Limited	12 billion
Engro Polymer & Chemicals Limited	7 billion
Engro Vopak Terminal Limited	2 billion
Engro Elengy Terminal (Private) Limited	4 billion
Engro Powergen Qadirpur Limited	2 billion
Engro Enfrashare (Private) Limited	2 billion

(ii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment:

This will enable the Company to lend to its associated companies when/if it has access to excess funds/banking lines/security, and the associated companies require the same. Each facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders. The period of investment is 1 year, renewable for 4 further periods of 1 year each.

(iii) Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds. (I) Justification of investment through borrowings from where loans or advances will be given. (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) Cost benefit analysis.

The Company intends to use excess liquidity/banking lines/security available to it to provide the requisite financing to the aforementioned associated companies.

Additionally, if the Company has un-utilized overdraft lines, it may opt to avail such lines to provide the required financing. For this, the Company's responses to the queries raised are as follows:

- (I) Justification – the associated companies will pay a mark-up rate which is not lower than the borrowing cost of the Company;
- (II) Security – the Company secures its overdraft lines by providing a ranking charge over movable assets (excluding long term investments) and pledging shares of its investments in listed subsidiaries; and
- (III) Cost benefit analysis – the Company will charge the associated Companies a mutually agreed mark-up rate, which will improve the profitability of the Company;
- (iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment:

As detailed above, each financing facility will be provided on an arm's length basis.

(v) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration:

The sponsors, majority shareholders and their relatives and directors of the Company have no interest in the matter. However, the following directors on the Board of Directors of the Company are also directors of the associated companies:

Engro Fertilizers Limited	Engro Polymer & Chemicals Limited	Engro Enfrashare (Private) Limited
Ghias Khan	Ghias Khan	Ghias Khan Shahzada Dawood

(vi) In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs:

PKR 1 billion is outstanding against a short-term loan extended to Engro Fertilizers Limited under the previous Shareholders' approval dated April 24, 2018. The outstanding balance, along with mark-up, will be received during the year ending December 31, 2023. There is no impairment or write-offs in this facility.



(vii) any other important details necessary for the members to understand the transaction:

None.

(c) In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided above are:

(i) Category-wise amount of investment:

Financing limits for each associated company is as follows:

Name of Associated Company	Amount in PKR
Engro Fertilizers Limited	12 billion
Engro Polymer & Chemicals Limited	7 billion
Engro Vopak Terminal Limited	2 billion
Engro Elengy Terminal (Private) Limited	4 billion
Engro Powergen Qadirpur Limited	2 billion
Engro Enfrashare (Private) Limited	2 billion

(ii) Average borrowing cost of the investing company, the Karachi Interbank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah-compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period:

The Company did not have any short-term borrowings as at December 31, 2022. The 3-month KIBOR as at December 31, 2022 was 17%; the Company did not invest in any Shariah-complaint instruments in 2022. For unfunded facilities, bank rates are in the range of 0.7% to 1.0% per annum.

(iii) Rate of interest, mark up, profit, fees or commission, etc, to be charged by the investing company:

The rate of interest, mark-up, profit, fees or commission to be charged by the Company will be higher than or equal to what the Company must pay if it borrows similar facilities. Where it has no such facilities, the associated companies will be charged rates which are greater than or equal to market rates of such facilities. Each financing facility will be provided on an arm's length basis.

(iv) Particulars of collateral or security to be obtained in relation to the proposed investment:

No security is obtained since the Company is the largest shareholder/joint venture partner in the associated companies. The Company and its associated companies are confident that any financing arrangement will be repaid.

(v) If the investment carries conversion feature, i.e., it is convertible into securities, this fact, along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable:

No conversion feature.

(vi) Repayment schedule and terms and conditions of loans or advances to be given to the associated Company or associated undertaking:

Facility granted for a period of 1 year, renewable for 4 further periods of 1 year each. The other terms are mentioned above.

# sustainable impact

At Engro, we remain aware that the impact of our actions extends well beyond the boardroom. As such, we strive to create long-term social capital through robust corporate governance, in line with our brand promise of Enabling Growth. For us, maintaining the trust of our stakeholders is of utmost importance. Hence, we continue to do business with the highest standards of integrity. We are fair and transparent and encourage our stakeholders to follow suit.

As a socially-and-environmentally-conscious entity, Engro aims to improve the lives of all Pakistanis through its investments in healthcare, capacity building, and community development. Engro Foundation – our single CSR arm that works with all Engro Group Companies – channels philanthropic capital into potential solutions for some pressing issues that exist within our value chains. Access to medical assistance, education, skills development, and technical training, to name a few, remain Engro Foundation’s focal points and help us ensure that the benefits of our operations are received by all.

## hussain dawood pledge

The Hussain Dawood Pledge focuses on disease prevention and treatment by training healthcare practitioners and investing in patient care. Recently, under the Pledge, Patient Aid Foundation Jinnah Postgraduate Medical Centre and Aga Khan University Hospital were allocated PKR 526 million and PKR 518 million respectively.

Our partnerships under GoP’s Ehsaas Amdan Program, through the Pakistan Poverty Alleviation Fund (PPAF), i.e., a dairy development project in Toba Tek Singh, is also near completion. Asset transfers of cattle to 85 ultra-poor, along with feed packages, have been done, while Livestock Extension trainings and micro dairy enterprises are in progress.

## healthcare

Engro Foundation currently runs numerous OPD clinics around its industrial network, thereby helping the sick in marginalised communities. Altogether, our Daharki, Qadirpur, Sukkur, and Karachi clinics catered to 100,000+ patients in 2022 alone, while the Artificial Limbs Centre, Rabies Centre and Snake Bite Centre treated 500+ patients, 1,000+ patients and 7,000+ patients respectively. Also, nearly 2,500+ hepatitis vaccines have been administered in Daharki, 262 patients are undergoing treatment, and 213 have been treated.



## community livelihoods

Our health and infrastructure-related initiatives include 5 grocery shops and goat farming projects each and new campaigns to generate access to safe drinking water (RO plants), sewerage schemes and the installation of solar lights and public benches at various locations in the country.

## training and education

Capacity development is at the forefront of all learning interventions at Engro Foundation. This year, we continued providing top-quality, free-of-cost education to 8,800+ students in 38 schools across Sindh and Punjab. Our education program includes 18 adopted schools, 4 TCF schools, 15 katcha schools and 1 NGO-run (Sahara) school. Furthermore, an MoU has been signed with the Malala Fund to promote Science, Technology, Engineering, Arts, and Math (STEAM).

Additionally, our first digital micro-school with Teach-the-World-Foundation – an EdTech solution for out-of-school children – is going steady and an agreement for another micro-school near the TDF Magnificience Centre in Karachi has already been signed, with operations set to commence in early 2023.

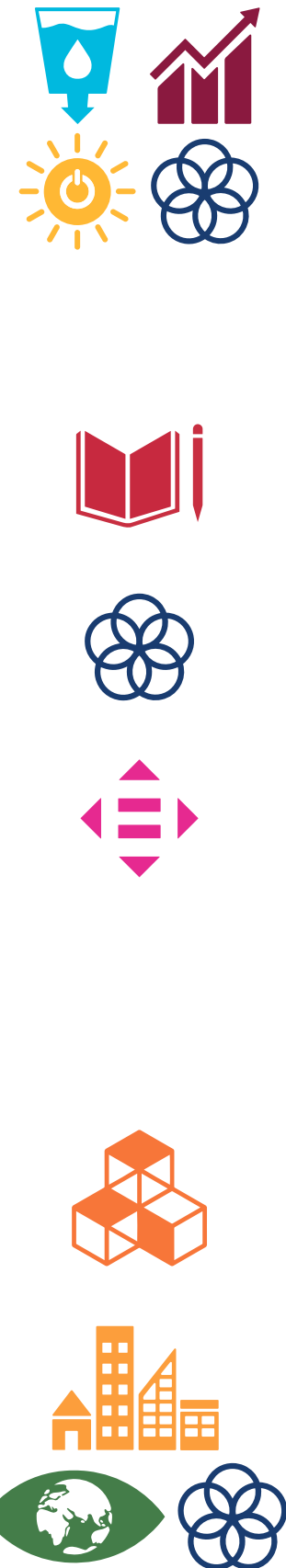
In much the same vein, skills development is core to Engro’s vision for the future. Our Technical Training College – the first Polytechnic institute offering a Diploma in Associate Engineering – currently has 346 students enrolled in a 3-year program. At the same time, Tech-Karo – a digital skills development initiative – is helping create a pipeline of women in technology. Over 500 students are expected to graduate, of which 65% are young women from underserved communities trained in freelancing and e-Commerce. About 25 new companies have been onboarded as placement partners and 20+ new mentors and 35+ capstone projects introduced.

## i am the change (IATC)

A flagship program launched by Engro Foundation, IATC aims to recognize local change agents who are working to enable positive, meaningful, scalable, and sustainable change in Pakistan. The IATC Awards 2022 offered PKR 2 million to two individuals and/or organizations with an aim to help winning projects be scaled up for broader impact.

## flood relief efforts

In light of the recent floods, Engro Foundation donated PKR 45 million in cash and kind to various entities working for immediate relief. This was supplemented by extensive ration distribution drives at different plant sites and animal vaccination camps in partnership with the local government.



### biodiversity conservation

Since many of our businesses fall near coastal communities, directly or indirectly, the Foundation has taken on the responsibility of creating alternate income streams for hard-up fishing communities and educating them on sustainable fishing practices, in collaboration with WWF Pakistan. As such, various capacity-building workshops have been held for 40 local fishermen and 25 officials of the Sindh Coastal Fisheries Department and Marine Fisheries Department, focused on data collection through an android mobile-based application in offshore and coastal waters.

Recently, we have signed a 5-year commitment to protect one of the most unique, indigenous species of our region: the blind dolphins of River Indus. Baseline survey data has been collected for dolphin mortalities and a 3-day Technical Workshop was held in October 2022 to highlight human impact on freshwater ecosystems. Scientists, NGOs, and policymakers from Bangladesh, Cambodia, China, Indonesia, Myanmar, Nepal, Netherlands, UK, and Pakistan attended the workshop and discussed an Asia-wide strategy to protect the endangered animals.

The event ended with the signing of The Islamabad Recommendations – a series of actions relating to inter and intra-state coordination, law enforcement, awareness and initiating stronger outreach efforts with frontline river communities.

### agricultural value chain

The Chili Value Chain Project is a prime example of Engro's commitment to food security. Located primarily in the Mirpurkhas and Umerkot districts, with an office in Kunri, the chili capital of Pakistan, the aim is to revive the traditional variety of chili (longi or dandi-cut) with co-funding from USDA, through Winrock. As of now, the project is in the training phase, with 450 men and 480 women farmers already trained.

### environmental stewardship

Throughout 2022, Engro accelerated its sustainability agenda by redirecting its resources toward projects designed to mitigate environmental risks. A great example of this is our recent agreement with WWF Pakistan to conduct widespread afforestation and reforestation. Launched in 2022, nearly 350 acres of barren land have already been re-planted on university campuses across the Country, including Fatima Jinnah Women's University in Islamabad. Regular meetings are being held in KPK, Punjab, and Balochistan to identify potential new plantations and local communities that may help take the project further. Third-party verification of carbon sequestration is also in the works so that certified emission-reduction may be claimed.



Engro's environmental initiatives are not limited to greenery and carbon neutrality. The Group is promoting circularity through the Circular Plastics Program – a collaboration with Karachi School of Business and Leadership (KSBL), Akhtar Hameed Khan Memorial Trust (AHKMT), and COMSATS University Islamabad to establish the Circular Plastics Institute. The aim is to research and implement sound waste management and encourage recycling.

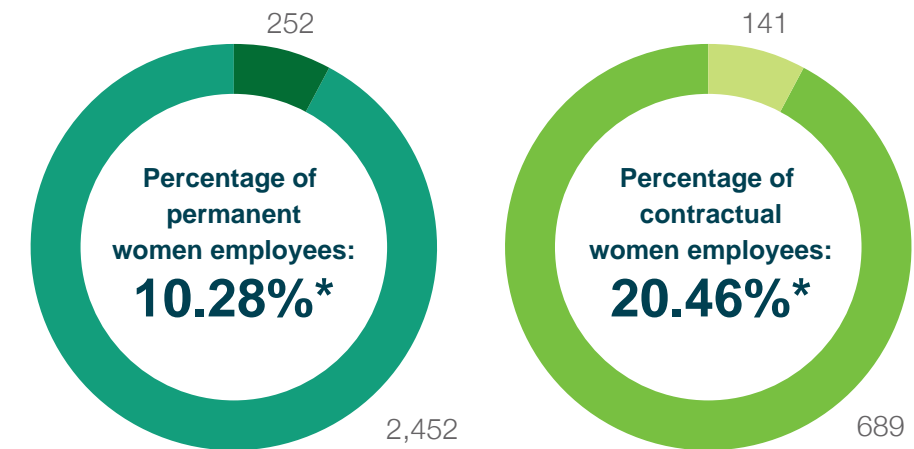
Engro is also developing a Waste Management Pilot with AHKMT. Under Impact Investments, it has signed a JV with social entrepreneur Wali Khanani whereby the latter will invest PKR 6.1 million into the business, Resin8, through funding from Engro Polymer & Chemicals Limited.

Our Sustainability Report offers program-wise data for all of our social investments.

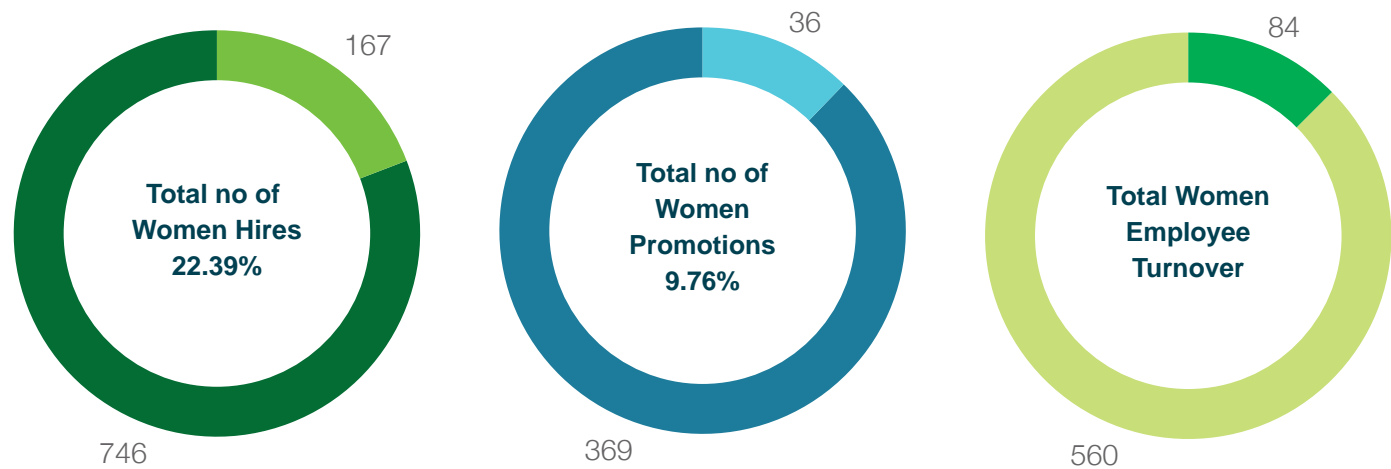
### diversity, equity, and inclusion (DE&I)

Engro recognises the sheer potential that lies in its people. They, with varied skills, backgrounds, and experiences, are our greatest collective asset. Through dedicated Diversity, Equity & Inclusion (DE&I) campaigns, we aim to ensure that the talent at Engro is comprised of stellar individuals from all walks of life. Engro is a proud supporter of women leadership and strives to provide its women employees a respectful and balanced work environment for them to thrive.

Engro aims for recruitment efforts to reflect a 50% gender ratio.



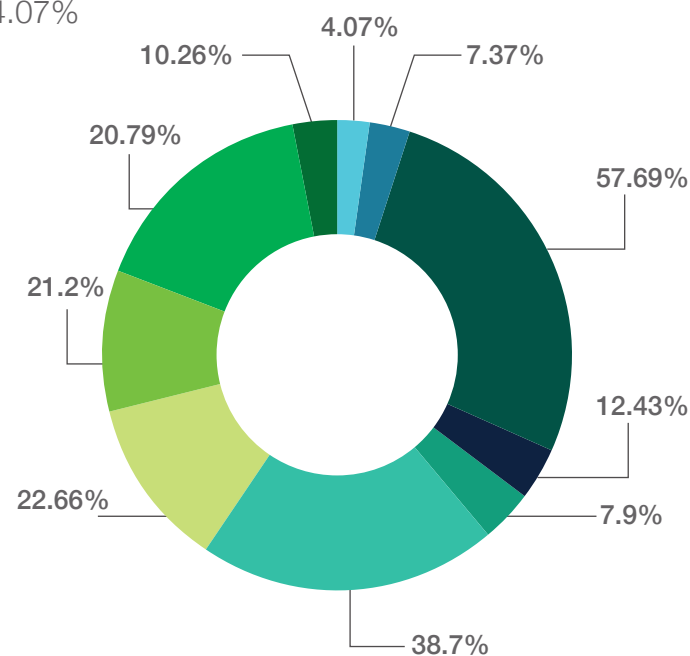




\*As of December 31, 2022

Function-wise split of women employees (permanent + contractual)

- Technical functions [Production/Engineering] – 4.07%
- Sales/Commercial – 7.37%
- Marketing – 57.69%
- Administration – 12.43%
- Supply Chain – 7.9%
- Human Resource – 38.7%
- Finance – 22.66%
- IT – 21.2%
- Governance [Legal & Compliance] - 20.79%
- Public Affairs – 10.26%



### women-friendly policies

Engro enables women employees by offering various commute facilities, including in-house carpooling option and a partnership with Careem. It also offers local and international travel and accommodation for all permanent women employees and trainees with children up to a certain age.

Engro also offers its women 6 months of paid maternity leave and its men 15 days of paid paternity leave to support their partners at home. We have a daycare for children between 4 months to 6 years.



### we thrive!

In March 2022, ECORP HR arranged a variety of networking opportunities for women on the occasion of Women's Day. More than 200 of them participated in activities such as:

- ☞ Cycling
- ☞ Clay therapy
- ☞ Making leather journals
- ☞ Heritage photo walk - Super Savari
- ☞ Self-defense classes
- ☞ Financial wellness session
- ☞ Yoga/meditation
- ☞ Horse riding
- ☞ Art therapy
- ☞ Drum circles



### break ke baad (BKB)

One of our trailblazer initiatives is a 12-month returnship program designed to increase employability of women looking to resume work after mid-career breaks. The program has a flexible working model which offers associates full-time employment, part-time employment and flexible working hours.

Break Ke Baad seeks to induct applicants with at least 3 years of prior experience, after a gap of at least 2 years. In 2022, 800+ applications were received and 14 BKB Associates were hired across Engro. This year, a BKB Associate has also been placed at our Thar site for the first time.



### diversity, equity & inclusion (DE&I) leaders program

The Diversity, Equity & Inclusion (DE&I) Leaders Program equips employees at all levels with the skills and tools necessary to inculcate a culture of inclusion across the Company. A key part of the program is studying various forms of exclusion and discriminatory behaviours common in office spaces, and the adverse effects they may perpetuate on employee productivity.

Engro's DE&I Leaders Program has been designed on a sustainable model that features in-house volunteer trainers (DE&I Ambassadors) to ensure Engro employees undergo comprehensive and customized sensitization training. This year, over 110 employees volunteered to be DE&I Ambassadors and took the 3-day DE&I Ambassador Train-the-Trainer certification, in collaboration with Carnelian. These certified DE&I Ambassadors will now roll out the program across various Engro locations, in different functions and levels.



As a way forward, our subsidiaries have also been working hard to promote DE&I across the board. Some of the many other related initiatives/achievements from this year included:

#### engro fertilizers

- Women's Wellness Campaign for mental health
- "Today's Women Shaping Tomorrow's World" campaign for women entrepreneurs
- Resilient Women Experiential Learning Program for team-building and skills-development
- Trainer's Club to develop women leadership
- Self-defence trainings with The Method



#### engro energy

- Women's Entrepreneurship Day in-house bazaar
- Financial Wellness for Women training



#### engro polymer & chemicals

- First-ever woman supervisor hired in Lab and Customer Support department
- Graduation of first cohort of Persons with Disabilities (PWD) interns
- Breaking the Glass Ceiling Program
- Best Case Study Award from the International Labour Organization at National Women

#### engro vopak & elengy terminals

- Inclusion & Diversity Network comprising change ambassadors from Vopak AME division to educate employees and create/sustain a culture that celebrates differences
- Sustainable Coast Program for better fisheries management to ultimately reduce pressure on marine ecosystems through training, technology and awareness



#### other initiatives

Throughout 2022, Engro undertook several sports-related projects to train and so, mobilize the Pakistani youth to contribute to our communities and a shared future. These included:

#### engro cricket coaching project

With an aim to develop cricket at the grassroots level, Engro joined hands with the Pakistan Cricket Board (PCB) to launch the Engro Cricket Coaching Project-part of the PCB Pathway Cricket Programme. Under this commitment, high-performing foreign coaches are training 100 junior cricketers (aged 13 to 19 years) in various disciplines related to the sport, such as fast-bowling, spin bowling, fielding, batting, and power-hitting.

#### engro volleyball development program

Engro partnered with the Pakistan Volleyball Federation on the Engro Volleyball Development Program wherein a National Training Camp was set up for qualified foreign coaches to train budding talent. The goal is that, one day, the national Pakistan Volleyball Team will bring home Olympic Gold.

#### engro football training program

To convert raw talent into world-class footballers whilst investing in our communities, Engro has been an official sponsor for Karachi United (KU) for the past 2 years. This collaboration boosts KU's outreach programs and 11 Centers of Excellence in inner-city locations that provide free football coaching, education, and health assistance to more than 1,000 boys and girls. The Engro Football Training Program will produce a consistent pipeline of players to represent the club at national and international levels.

#### engro mind sports program

Recognizing the role of mind sports in children's cognitive development, Engro and the Mind Sports Association of Pakistan have partnered to promote chess, bridge, and scrabble and related workshops, tournaments, and inter-school championships across the Country. In addition, a Child Prodigy Program has been established to encourage outstanding young talent, especially girl prodigies, to participate in regional tournaments.



# chairman's and vice chairman's message

## Dear Shareholders,

On behalf of the Board of Directors of Engro Corporation Limited, we are pleased to present to you our Annual Report for 2022.

This past year, the world witnessed a multitude of events that slowed down the economy: geopolitical tensions grew, climate change impacts intensified, and COVID restrictions continued in China. Rising inflation, an energy crisis, and supply chain disruptions have combined to produce the most challenging set of global circumstances.

Pakistan has been impacted more acutely by soaring food and fuel prices, leading to inflation hitting a 50-year high. Almost 15% of the population was directly impacted by the floods, and the rest of the Country reeled from basic grain shortages and lack of economic opportunity. The unprecedented floods and their aftermath only added to the challenge as the value of the Rupee plunged and foreign reserves dwindled precipitously.

Despite this macroeconomic uncertainty, Engro's business model remained resilient, and we stayed committed to continuous growth and expansion with a vision to further contribute to Pakistan's GDP. Some of our businesses, like Engro Fertilizers, showed great resilience, and built upon an indigenous supply chain that survived the vagaries of the exchange rate and global market variations.

As a responsible corporate enterprise, Engro strives relentlessly in its pursuit to solve some of the most pressing issues of our time, including energy security, food security, connectivity and human development. This drive in our overall strategy will continue as we envision to create value addition in our portfolio by augmenting synergy in the Group's overall performance and profitability.

As part of its commitment to making energy available and affordable, Engro Energy continued full capacity extraction from its Thar mine, and achieved COD for Phase II to enhance capacity. Engro Elengy Terminal also operated at capacity, fulfilling 15% of Pakistan's natural gas requirement. These achievements have been critical in enabling Pakistan to gain access to energy, which is the cornerstone of any modern economy. Furthermore, in our pursuit to support green energy, the Company announced its first 400MW hybrid wind and solar project. We are especially excited about this project since it reinforces our aspiration to see the Country transition to an energy mix

that has a significant reliance on indigenous and renewable inputs.

Ensuring adequate crop yields and production for food security, Engro Fertilizers played its part by ensuring stable fertilizer supply, and remains committed to further improving the agricultural value chain. The Company understands that it is crucial to do so, especially after global supply chain disruptions and the floods destroying 45% of croplands.

Standing by its commitment to contribute towards telecommunication infrastructure, Engro Enfrashare increased its footprint in the connectivity space by expanding this infrastructure, while maintaining a market share of over 50% among independent tower companies. Digital divide through poor access to connectivity is a prevalent problem in Pakistan that was exacerbated due to the floods, impacting the Country's critical telecommunication infrastructure. With a vision to create new avenues for human development, Engro's effort in this space will pave a path for up-skilling, enabling the Country's workforce, especially its youth, to become globally competitive through access to information and technology, along with the accompanying benefits.

Our people continue to be our key driving force. Engro's success is built on their skills and creativity, and we are committed to human development based on Character and Good Manners (CGM), ensuring that we have the best possible talent, from all backgrounds, driving our growth and innovation. The Company continued to invest in training and development of our people through the Engro Leadership Academy. Talent development programs remain a cornerstone of the Engro employee experience. In 2022, the Company continued to invest in Diversity, Equity & Inclusion programs like Break Ke Baad, Uraan, TechKaro, and ENable All, to name a few. Exciting and enriched experiences lead to dynamic ideas and innovation, and we remain committed to further developing an empowered learning organization.

Engro realizes its responsibility towards environmental sustainability, and giving back to society has always been one of the important cornerstones. It has focused on milestone projects such as the Circular Plastics

Institute, Sustainable Coasts Initiative, and Indus River Dolphin Project. Engro is also a signatory to the World Economic Forum's ESG Commitments, and supporter of King Charles' Terra Carta – a charter under the Sustainable Markets Initiative, both of which prioritize nature, people, and the planet in global value creation.

In these challenging times, Engro has stayed true to its vision and commitments by taking calculated risks, and responding to market changes with vigilance. It emerged more resilient and reinvigorated, and our confidence in the Company is reflected not only in numbers but also in the trust that you, as shareholders, continue to place in us as stewards of your capital.

2022 has been a year of unprecedented challenges, and we would like to commend Engro's leadership for its unwavering determination in navigating the Company through these strenuous times. We would also like to take this opportunity to express appreciation to our customers, partners, service providers, regulators, the Government of Pakistan, and all our stakeholders, for their trust in the Board of Directors to steward the vision of the Organization.

Engro remains committed to further the tremendous growth opportunities that exist around us, helping build a prosperous future for all. The spirit of Pakistan and its people is one of determination and resilience, giving us a great cause for optimism. Working as one nation is the need of the hour to persevere and overcome the obstacles ahead.



**Hussain Dawood**  
Chairman



**Shahzada Dawood**  
Vice Chairman





# president's message

## Dear Shareholders,

I am pleased to present to you the Annual Report of Engro Corporation Limited (ECORP/Engro/Company) for the year ended December 31, 2022.

The year 2022 was one of economic fluctuations and rising geo-political tensions. Global economic growth tapered from 6% in 2021 to 3.2% in 2022, while inflation remained higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, commodity price volatility, and the energy crisis, all contributed to a bleak economic landscape.

In Pakistan's case, dwindling foreign exchange reserves, inflationary pressures, and a rapidly devaluing Pakistani Rupee posed serious challenges. The situation was further exacerbated by devastating floods that affected over 33 million people, submerged 9.4 million acres of cropland under water, and gave a staggering blow to an already fragile economy, with total losses amounting to USD 30 billion.

Given the circumstances, for Engro, 2022 turned out to be a year of resilience during which our business performance remained stable due to a diversified portfolio and shareholder value was preserved on account of the Group's rapid adaptation to changes in market conditions. The Company posted a consolidated Profit after Tax (PAT) of PKR 46.1 billion for 2022 – down 12% from 2021. This dip is attributable to the Super Tax charge of PKR 7.7 billion and one-off adjustment of the EPTL Tariff True-Up. On a standalone basis, our profit stood at PKR 21.2 billion vs PKR 18.5 billion in 2021, translating into Earnings per Share (EPS) of PKR 36.8 for 2022.

During the fiscal year, the agricultural sector recorded a growth of 4.4%. However, the second half of the year was challenging due to the severe floods in the Country. Engro Fertilizers (EFERT) contributed to food security in Pakistan and achieved an import substitution of USD 1.3 billion, saving the Country precious foreign exchange. Despite record high urea prices internationally, EFERT ensured the availability of locally-produced urea to farmers at a discount of approximately 66% compared to international prices. EFERT posted a revenue of PKR 157 billion versus PKR 132 billion in 2021 and PAT stood at PKR 16 billion versus PKR 21.1 billion last year, mainly due to the levying of Super Tax amounting to PKR 3.8 billion.

Engro Polymer & Chemicals achieved the highest-ever PVC sales of 242 KT, maintaining domestic market leadership with a market share of 95%. The business also recorded its highest-ever export

sales of USD 21 million and registered a record revenue of PKR 82 billion compared to PKR 70 billion – a 17% increase. The PAT stood at PKR 11.7 billion against PKR 15.1 billion in 2021, mainly due to the Super Tax impact of PKR 1.5 billion and lower PVC prices.

Mining operations and Engro Powergen Thar ensured a supply of consistent and affordable energy to the Country. Phase II of the SECMC mine expansion was successfully completed, doubling its existing mining capacity. Moreover, SECMC and the Government of Sindh approved Phase III of the expansion. The business continues to work extensively to gain a foothold in the renewables market. Engro Energy is currently evaluating the development of Pakistan's first hybrid 1 GW renewable energy (RE) park. The project has the potential to provide approximately USD 400 million in import substitution.

Engro Vopak witnessed growth while providing storage solutions for bulk liquid chemicals and LPG. Engro Elengy & Vopak Terminals successfully marked 25 years of strategic partnership in 2022 – a testament to years of safe operations and superior HSE standards. The Elengy Terminal played a critical role in alleviating Pakistan's energy shortage by enabling supply of approximately 15% of the Country's total gas consumption.

Engro Enfrashare performed exceptionally well through efficient tower deployment and operational efficiencies and has continued to expand its national footprint. The business added 1,083 new towers, taking the total to 3,329 tower sites, catering to all four Mobile Network Operators. In addition, 49% of Engro Enfrashare's business sites were solarized to ensure energy optimization.

FrieslandCampina Engro continued its growth momentum in key business segments, dairy and ice cream, despite economic headwinds. The business posted a PAT of PKR 2.5 billion against PKR 1.8 billion in 2021, on the back of a top-line increase of 41% vs last year.

Engro Eximp Agriproducts remains a key contributor to the national foreign exchange reserves, with a focus on exports. The business generated a revenue of USD 31 million through the export of rice, while continuing to develop a foothold in the local market. While revenues were strong, the Company had to mark an inventory write-off to address a discrepancy in inventory in the accounting books at the warehouse and reassess the value of the rice plant in lieu of increase in steel prices and Rupee devaluation. The net impact on profitability is negative PKR 600 million. This loss is one-off in nature and

has been incorporated in the 2022 results.

Engro Eximp FZE, Engro's global trading arm, initiated commercial activity in UAE with the vision to consolidate the Group's trading activities under one roof and achieved a turnover of approximately USD 215 million. In addition to this, FZE is laser-focused on enabling the reach of Pakistani products across the globe.

At Engro, there is a continued focus on building the capabilities of our people. The Company launched its Talent Development Program, facilitating employees to manage their career trajectories. We also remain committed to creating an inclusive and diverse workplace. Engro introduced its flagship 'Break Ke Baad' program aimed at facilitating women's return to the workforce after a career break. The Company will continue to build on programs and initiatives that support and augment employees' careers.

On sustainability, Engro is finalizing its sustainability reporting in line with WEF's Stakeholder Capitalism Metric pledge. In addition, we are charting our course to become agents of change to tackle any future climate events.

Engro has always believed in the immense potential of Pakistan and endeavours to uplift the skills of our talented youth, especially in sports and education. Our youth development initiatives focus on promoting sports at the grassroots level. Our programs include Engro Mind Sports Program with the Mind Sports Association of Pakistan, Engro Cricket Coaching Project under Pakistan Cricket Board's Pathway Cricket Program, Engro Volleyball Development Program with Pakistan Volleyball Federation, and Engro Football Training Program with Karachi United. In 2022, 8 national chess events with 20 students and 3 international chess events between Turkey, Azerbaijan, and Pakistan, with 300+ participants, took place under the Engro Mind Sports Program. Over 100 students were inducted this year into the Engro Cricket Coaching Project, being trained by notable international coaches. The Engro Football Training Program saw thousands of young athletes train with and play at Karachi United, where young footballers from all walks of life unite under one passion. Finally, volleyball saw a major comeback in Pakistan when we hosted the Engro Central Asian Volleyball Championship – an international tournament.

As one of Pakistan's premier conglomerates, we will continue to contribute towards enabling the recovery of our economy at this pivotal juncture. Engro is confident that, with effective policy measures, the economy will regain momentum in the medium-term and grow through increased exports, import substitution, and potential foreign investment.

Engro is well-positioned to play a significant role in addressing some of Pakistan's pressing issues. We are committed to expanding business operations across our 4 key verticals and exploring new opportunities for growth, with a focus on exports and internationalization, while maintaining a resilient and agile business model.

Our efforts for excellence this year were lauded at various national and international forums. Engro Corporation was recognized by the Pakistan Stock Exchange as one of Pakistan's Top 25 Companies and by the CFA Society of

Pakistan for excellent investor relations. We also received, among others, 10 Global Diversity, Equity & Inclusion Benchmark (GDEIB) Awards by HR Metrics, were named Most Outstanding Company in Pakistan in the Industrials Sector and in the Small/Mid Caps Sector in Asiamoney's Outstanding Companies Poll, and received the United Nations Global Compact Sustainability Award.

I would like to extend my gratitude to our Chairman, Vice Chairman, and the Board of Directors for navigating us through a challenging year. I would also like to thank the Government of Pakistan for facilitating us, and all our stakeholders for reposing their trust in us.

To the entire Engro family, I commend each one of you for an astounding level of resilience and commitment to excellence – thank you.

I look forward to a prosperous 2023.



**Ghias Khan**  
President & CEO



# awards & recognitions

## Engro Corporation

- 10 Global Diversity, Equity & Inclusion Benchmark (GDEIB) Awards by HR Metrics
- United Nations Global Compact (UNGC) Sustainability Award
- Most Outstanding Company (Industrial sector) in Pakistan at Asiamoney 2022 Asia's Outstanding Companies Poll Awards for 4<sup>th</sup> consecutive year
- Pakistan's Most Outstanding Company (Small/Mid-Caps sector) at Asiamoney 2022 Asia's Outstanding Companies Poll Awards for 4<sup>th</sup> consecutive year
- PSX Top 25 Companies Award
- Best Investor Relations Award (runner up for 4<sup>th</sup> consecutive year) at CFA Society's 19<sup>th</sup> Annual Excellence Awards
- Recognizing Gender Diversity Award (runner up) at CFA Society's 19<sup>th</sup> Annual Excellence Awards

## Engro Fertilizers

- 12 Global Diversity, Equity & Inclusion Benchmark (GDEIB) Awards by HR Metrics
- Best in Country Award by British Safety Council UK
- Best Corporate Report Award 2021 (3<sup>rd</sup> position) and Best Sustainability Report Award by ICAP and ICMA Pakistan
- Second Most Inclusive Company 2022 (last 6 cumulative years)
- PSX Top 25 Companies Award (5<sup>th</sup> position)
- RoSPA Fleet Safety Gold Award (for 2<sup>nd</sup> consecutive year)
- RoSPA Health and Safety Gold Award for achieving zero TRIR
- Amir S Chinoy Corporate Excellence Award at Management Association of Pakistan's 37 Corporate Excellence Awards (for 3<sup>rd</sup> consecutive year)
- Best ECommerce App, Best Mobile App and Best Digital Innovation awards (Humsafar App) at Pakistan Digital Awards 2022
- Best ESG Reporting Award at CFA Society's 19<sup>th</sup> Annual Excellence Awards
- Best National Taxpayer (Manufacturing sector) by Rawalpindi Chamber of Commerce and Industry (RCCI)
- Employer of Choice – Gender Diversity Awards by PBC and IFC (3<sup>rd</sup> position)
- Best Presented Annual (BPA) Report Awards (Integrated Reporting) by South Asian Federation of Accountants (SAFA)
- British Safety Council International Safety Award (Distinction) for outstanding HSE systems and HSE performance in Daharki

## Engro Polymer & Chemicals

- PSX Top 25 Companies Award
- 11 Global Diversity, Equity, & Inclusion Benchmark (GDEIB) Awards by HR Metrics
- Account Response Rate Leader Award from Customer Gauge Survey
- Gender Diversity Award at Gender Diversity Awards by Pakistan Business Council Customer Gauge Awards
- 3 CSR Awards at the 11<sup>th</sup> Annual Corporate Social Responsibility Summit & Awards by The Professional Network
- Best Corporate Report Award (2<sup>nd</sup> position) by ICAP and ICMA Pakistan
- Best Presented Annual Report at SAFA Awards (joint Silver award)



- Risk Alive Inspire Award for Operational Risk Excellence
- AA long-term rating and A1+ short-term rating (PACRA upgradation)
- Top 10 Best Practice Case Studies Award by ILO United Nations Project on Women Empowerment

## Engro Vopak & Elengy Terminals

- 13 Global Diversity, Equity & Inclusion Benchmark (GDEIB) Awards by HR Metrics
- Multiple Gender Diversity Awards at Gender Diversity Awards by Pakistan Business Council
- 7<sup>th</sup> International Awards on Environment, Health & Safety by The Professionals Network
- Honourable Mention at Gender Diversity Awards
- Team of the Year Award (AME region) by Royal Vopak
- Golden Step Award by Vopak Asia and Middle-East Division for Q1

## Engro Eximp Agriproducts

- Generated USD 31 million in exports for Pakistan
- 3<sup>rd</sup> largest basmati rice exporter from Pakistan
- 'AA rating' by the British Retail Consortium (BRC) for 6<sup>th</sup> consecutive year

## Engro Energy

- Silver Prize at Women Tech Network Awards (Diversity & Inclusion Best Practices category)
- 12 Global Diversity, Equity and Inclusion Benchmark (GDEIB) Awards by HR Metrics

## Sindh Engro Coal Mining Company

- International Safety (Merit) Award by British Safety Council
- National Energy Globe Award for Thar Million Trees Project
- Silver award (Environmental Sustainability Program category) by Gulf International Sustainability Awards (GSA)

## Engro Powergen Qadirpur

- Best Presented Annual Report Award by South Asian Federation of Accountants (SAFA) in 'Power' and 'Energy' categories (joint winner)

## Engro Powergen Thar

- World's Top Coal Plants by POWER Magazine in Coal-Fired category
- ISO 14001 certification for Environmental Management
- Dubbed 'Coal Power Project of the Year' by Asian Power Awards in Silver category
- International Safety Awards
- Bronze Award at the first-ever NEPRA CSR Awards

## Engro Enfrashare

- Certificate of Appreciation from Ufone for Disaster Recovery during floods
- Certificate of Appreciation from Ufone for Network Excellence, maintaining KPIs above targets and SLA exceed for Q1 and Q2
- Certificate of Appreciation from Telenor for maintaining KPIs and SLA exceed in Q1 and Q2 (above 99.5%)
- Certificate of Appreciation from Jazz on maintaining USF Network Availability (above 99.5%)



# our communities

Engro is fundamentally committed to creating shared value and believes that, for any project to have lasting impact, it must be connected to a larger value chain. Engro Foundation, our single CSR arm, was born from this passionate belief that only with a purpose beyond profit do all commercial endeavors find meaning.

Each entity within Engro is committed to creating sustainable and meaningful change through wealth creation, food security, healthcare, education, and environmental stewardship. We are tirelessly working towards a shared future through our celebration of grassroots changemakers in Pakistan through the I Am The Change Awards, individual philanthropic projects undertaken by our businesses, and our sustainability initiatives in the areas of biodiversity, plastic waste, and carbon neutrality.

With a dream of an uplifted society with health and education for all, Engro aims to maximize the social and economic impact of our developmental work through an inclusive business model that targets low-income communities where its businesses are based. By innovatively providing these communities with opportunities of skills development and livelihood, we create an ecosystem of employment, functional markets, products, and services that spur economic growth in targeted areas and encourage entrepreneurship. This model enables underprivileged members of our society to emerge as potential business partners and become vendors, customers, and employees in our business value chains, enabling growth for all.





The Directors of Engro Corporation Limited (Company) are pleased to present the Annual Report and audited financial statements for the year ended December 31, 2022.

## principal activity

The principal activity of the Company is to manage its investments in subsidiaries, associates, and joint ventures which are engaged in manufacturing and trading of fertilizer, manufacturing and marketing of Chlor-Vinyl products, providing critical telecommunication infrastructure, processing and packaging of dairy products, power generation, coal mining, foods, LNG and bulk chemical handling terminal and storage businesses.

## macroeconomic environment

### global economy

Global economic growth contracted from 6% in CY'2021 to 3.2% in CY'2022, primarily on the back of the spill-over effects of the Russia-Ukraine crisis and resurgence of COVID-19 lockdowns in China. Russia's invasion of Ukraine destabilized the global economy. The war has intensified geopolitical fragmentation and aided a severe global energy crisis. On the back of this, energy markets have exhibited volatility throughout the year, resulting in supply-side inflationary pressures. High prices of crude oil, on account of supply shortages, caused a slowdown in oil-reliant economies. Frequent lockdowns in China under its zero-COVID policy have resulted in disruption of trade flows, which further exacerbated the precarious macroeconomic situation.

As a result, global central banks resorted to monetary tightening with interest rate hikes as their primary lever to manage the high inflation push. This global monetary tightening and strengthening of the dollar has adversely impacted many emerging markets, leading to tightening financial conditions and high cost of imported goods.

### Pakistan's economy

The Pakistani economy exhibited a growth of 6% in CY'2022 and gained momentum in post-COVID recovery. However, growth is expected to shrink to 2-3% in CY'2023 due to macroeconomic headwinds. Catastrophic floods led to a potential damage of ~USD 30 billion, a spike in energy prices spurred by the removal of fuel and electricity subsidies, massive depreciation of the Rupee, and a surge in global commodity prices. This pushed average headline inflation to ~20%.

The current account deficit widened to 4.6% of GDP, compared to 0.8% last year, owing to inadequate exports and high reliance on imports. Moreover, political instability in the Country posed further challenges to the economy, overall. Surrounding all these challenges is the risk of sovereign default due to drying up of foreign currency reserves. Given the precarious state of foreign exchange reserves, businesses across Pakistan are facing difficulties on account of varying concerns, including LC-opening and foreign services procurement.

In response to significant inflationary pressures and imbalances that emerged in the external sector and financial markets, State Bank of Pakistan (SBP) adopted a monetary policy tightening of 625 basis points (9.75% to 16%) during the year. In addition, the Government imposed a Super Tax of 4% prospectively, as well as on prior year earnings, and an additional one-time tax of 6% on selected sectors retrospectively on 2021 earnings. These measures were taken in an attempt to secure an IMF bailout plan.

On the other hand, the Government has successfully secured commitments of more than USD 9 billion in pledges for post-flood recovery from international donors such as Saudi Arabia, World Bank, and the European Union. This will help alleviate pressure on Pakistan and contribute considerably to paving the road to recovery.

At this juncture, the right mix of fiscal and monetary policies via a stable macroeconomic environment will allow companies to increase economic growth over time and lead to the revival of business confidence.

## year at a glance

2022 was a year of resilience for Engro. Despite economic challenges, Engro Corporation's performance largely remained positive due to its diversified portfolio, barring the impact of Super Tax. The Group rapidly adapted to changes in market conditions, not compromising on growth, and maintained high utilization levels across businesses.

Inflationary pressures were evident across the Group, affecting margins. In response, the Group deployed cost optimization measures to ensure long-term sustainability of its operations and successfully limited its cost push below average inflation of ~20%. Further, effective capital allocation and Engro's presence in the critical sectors of the economy has enabled our portfolio to be resilient in these challenging times, which is hedged against volatility in foreign exchange and interest rates.

With reference to imposition of a 4% super tax on retrospective years' earnings and additional discriminatory Super Tax of 6% on selected sectors, the Group appealed before the Sindh High Court and the matter was decided in its favour. Whilst having the support of our legal and tax advisors, it prudently decided to maintain provision to the extent of the 4% Super Tax.

During the year, the Company and its subsidiaries achieved various growth and operational milestones:

- I. Engro Polymer & Chemicals achieved its highest-ever PVC sales of 242 KT with the help of a PVC expansion of 300 KT and VCM debottlenecking of 50 KT.

- II. Phase II of Sindh Engro Coal Mining Company mine expansion was successfully completed, doubling its existing mining capacity to 7.6 MTPA. It achieved COD on October 1, 2022, as per plan, with an operational availability of 100%, despite heavy rains during the year. Moreover, the Government of Sindh has approved Phase III of the mine expansion, which is expected to be completed by early 2024. Post-expansion, Thar coal would become the cheapest source of base load energy.
- III. With the goal to bridge the digital divide and enable inclusion through world-class digital infrastructure in Pakistan, we have made an equity commitment of PKR 21.5 billion towards our Connectivity vertical, Engro Enfrashare. This will cater to the growing demand for Build-to-Suit Towers. During the year, the business added 1,083 new towers to its portfolio, taking the total operational sites to 3,328 with a tenancy ratio of 1.17x. Now, 50% of our tower sites are solarized, highlighting a push toward sustainable energy and focusing on optimized energy margins. Building on this momentum, we aim to have 5,000+ towers by the end of 2024.
- IV. During the year, Engro Eximp FZE – Engro’s global trading arm – initiated commercial activity in UAE with the vision to consolidate the Group’s trading activities under one roof. In addition to this, Engro Eximp FZE - plans to leverage its position to further the reach of Pakistani products with third-party contracts across the globe and streamline inflow of goods to the domestic market.
- V. We remain focused on building a sustainable import substitution model and an export-oriented structure. Our businesses enabled import substitution of ~USD 1.7 billion through indigenous production of PVC, fertilizers, and coal extraction. We also successfully exported rice, caustic soda, and PVC resin worth USD 52 million.

### business performance review

The Company posted a standalone PAT of PKR 21,196 million against PKR 18,516 million for the comparative year, translating into an EPS of PKR 36.79 per share. The 14% increase in profitability is primarily owing to higher interest income, as well as higher dividends from the Polymer, Fertilizer and Energy businesses which has been partially offset by Super Tax.

The Company's consolidated revenue grew by 14% to PKR 356,428 million against PKR 311,587 million for the comparative year. The consolidated Profit after Tax (PAT) for the year end 2022 was PKR 46,111 million – down by 12% due to Super Tax of PKR 7,151 million and one-off adjustment of EPTL tariff true up of PKR 2,911 million. The PAT attributable to the shareholders decreased to PKR 24,332 million from PKR 27,942 million in 2021, resulting in an Earnings per Share (EPS) of PKR 42.23 compared to PKR 48.50 for 2021.

Business Overview	Revenue (PKR in Mn)		Profit after Tax (PKR in Mn)	
	2022	2021	2022	2021
Fertilizer & Food <sup>1</sup>	237,576	188,766	17,788	22,903
Polymer & Chemicals	82,060	70,022	11,689	15,061
Telecom Infrastructure	9,095	4,489	(253)	(669)
Energy	83,070	87,525	15,351	14,649
Terminals	21,912	17,390	4,874	3,913

<sup>1</sup>includes EFERT, FCEPL and EEAP



# engro fertilizers

## Revenue

(amount in millions)

PKR

157,016

Contributing to food security in Pakistan and an import substitution of USD 1.3 billion.

The local agricultural sector has been adversely affected by the current macroeconomic downturn and severe flooding in monsoon 2022. Urea sales stood at 1,935 KT versus last year's record of 2,295 KT, mainly attributable to LTR turnaround at the Base plant during the year. Engro Fertilizer made history by executing the longest and most complex turnaround in 50 years with zero TRIR – a testament to the Group's commitment towards excellence in safety and plant reliability. The performance of the operation facility is expected to improve in the coming years due to greater efficiency following the completion of this reliability project.

International urea prices softened by ~52% to land at USD 456/T (landed cost equivalent to PKR 6,705/bag) by the end of 2022, due to capacity expansions around the globe. International phosphate prices decreased to USD 730/T on the back of a slowdown in global demand and commodity cycle reversal. In the midst of global commodity price volatility, the local fertilizer industry ensured availability of locally-produced urea to farmers at a discount of ~66% over international prices. This enabled import substitution to the tune of USD 4.5 billion in 2022, wherein Engro Fertilizers' contribution stood at USD 1.3 billion, equating to 29%.

The Fertilizer business recorded a revenue of PKR 157 billion versus PKR 132 billion in 2021, primarily driven by an increase in local urea and global commodity prices. The PAT stood at PKR 16 billion versus PKR 21 billion last year, demonstrating a decrease mainly due to a Super Tax amounting to PKR 3.8 billion.

High phosphate prices and the impact of floods drove a decline in sales to 333 KT from 366 KT in 2021.





# engro polymer & chemicals

## Revenue

(amount in millions)

PKR  
**82,060**

Sole producer of PVC resin in Pakistan, providing import substitution and export opportunities.

International PVC prices averaged at USD 1,106/MT during the year, due to supply concerns resulting from the resurgence of COVID-19 in China. Despite this, supplies to the domestic PVC downstream market remained uninterrupted due to Engro Polymer & Chemicals' steady production. Timely expansion and operational reliability of the plant supported Pakistan in avoiding USD 134 million incremental outflows in the form of import substitution.

The petrochemical business continued its upward momentum by registering a record revenue of PKR 82 billion compared to PKR 70 billion – up by 17%, mainly attributable to higher PVC volumes and prices. The PAT stood at PKR 12 billion against PKR 15 billion in 2021, primarily due to a Super Tax impact of PKR 1.2 billion.

The business recorded its highest-ever domestic sales of 231 KT against 207 KT in 2021, translating to a market share of 94%. Post serving the local PVC demand, the business also recorded its highest-ever export sales of 25 KT, including caustic soda exports of 15 KT, generating foreign exchange of USD 21 million.



PVC  
**think**  
Imagine. Create.



# engro enfrashare

## Revenue

(amount in millions)

PKR

9,095

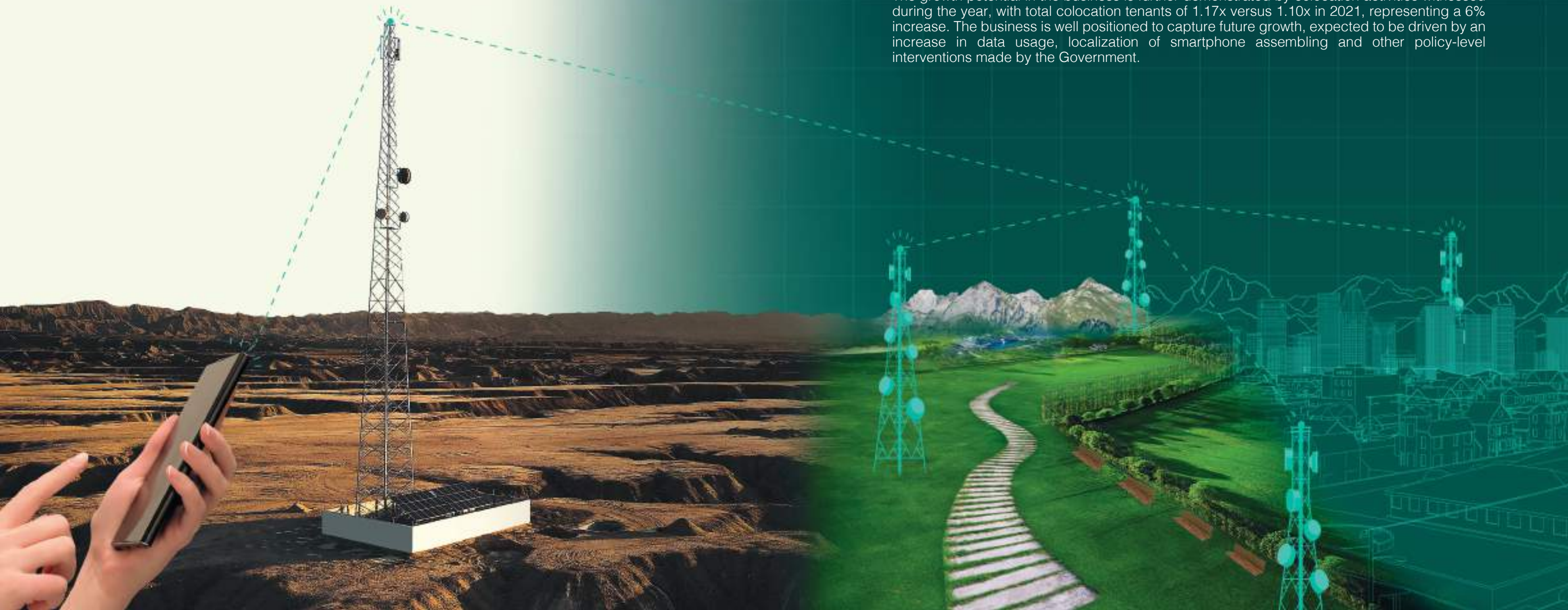
Exceptional performance achieved through efficient tower deployment and operational efficiencies.

The mobile network industry is undergoing a transformation. Mobile Network Operators (MNOs) need to enhance focus on customer services, spectrum and associated services. Building and maintaining telecommunication towers has been an added concern. With a focus on enhancing efficiency and optimizing tower footprint across Pakistan, Engro ventured into this space with Engro Enfrashare.

Being the largest independent TowerCos business, Engro Enfrashare enables MNOs to concentrate on their core business by undertaking the telecommunication tower-related capex and maintaining operational efficiencies through its infrastructural excellence.

In an effort to enhance digital access across Pakistan, Engro Enfrashare continued to expand its national footprint and achieved a scale of 3,329 tower sites with a 1.17x tenancy ratio, catering to all four MNOs of Pakistan. The business captured a market share of 62% in Build-to-Suit (B2S) tower rollout in comparison to other independent tower companies, leading to an 2x increase in revenue compared to last year.

The growth potential in the business is further demonstrated by colocation activities witnessed during the year, with total colocation tenants of 1.17x versus 1.10x in 2021, representing a 6% increase. The business is well positioned to capture future growth, expected to be driven by an increase in data usage, localization of smartphone assembling and other policy-level interventions made by the Government.





## Revenue

(amount in millions)

PKR

83,069

Addressing Pakistan's energy concerns by utilizing domestic resources and focusing on sustainable energy.

Mining operations continued smoothly during the year, supplying coal to Engro Powergen Thar, Thar Energy and Lucky Electric Power Company. Phase II of the mine expansion was completed, effectively doubling the capacity to 7.6 million tons per year, with effect from October 1, 2022. It also enabled import substitution of ~USD 800 million since inception. To meet the potential increase in demand for energy, the management has committed to initiate Phase III of the expansion to enhance capacity to 11.4 million tons per year, approval for which has been sought from the government of Sindh.

During the year, the Thar Power Plant dispatched 3,690 GWH to the national grid, compared to 4,225 GWH last year, and achieved 73% availability as compared to 83% last year. Plant availability remained low primarily due to an incident in the first quarter. After detailed inspection and necessary rehabilitation work, both units of the plant successfully came back online.

Our Qadirpur Power Plant dispatched a Net Electrical Output of 768 GWH to the national grid, with a load factor of 41%. Scheduled maintenance outage was undertaken for a major overhaul, conducted every 6 years. The business posted a PAT of PKR 1.5 billion for the year, as compared to PKR 1.6 billion in 2021.





# engro vopak & elengy terminals

## Revenue

(amount in millions)

PKR

21,912

Engro Vopak witnessed growth while providing storage solutions for bulk liquid chemicals and LPG. Engro Elengy continued to help alleviate the energy shortage in Pakistan.

Engro Vopak Terminal recorded its highest-ever volumetric increase in chemical handling to 1,331 KT, against 1,280 KT last year. This can be attributed mainly to higher imports of phosphoric acid and paraxylene, which were offset by lower LPG marine imports of 32% over last year, driven by the reopening of the Taftan Border.

Overall profitability of the terminal business was impacted slightly by the imposition of the Super Tax during 2022. But the business successfully completed 25 years of safe operations without lost work or injuries, maintaining exceptional health, safety, and quality standards.

The LNG terminal handled 74 vessels and delivered 219 bcf re-gasified LNG to the SSGC network, accounting for 13%-15% of the total gas supply in Pakistan, with an availability factor of 97.6%.





# frieslandcampina engro

## Revenue

(amount in millions)

PKR

73,473

FrieslandCampina Engro flourished on the back of strong volumetric sales in both the Dairy and Ice Cream segments.

FrieslandCampina Engro Pakistan (FCEPL) demonstrated a topline growth of 40%, reporting a net revenue of PKR 73 billion against PKR 52 billion from last year. Despite an economic downturn and external instabilities such as steep increases in commodity prices and depreciation of the Rupee, FCEPL's agile business model enabled it to thrive in the face of adversity. The business recorded a PAT growth of 39% from PKR 1.8 billion in 2021 to PKR 2.5 billion in 2022, due to volumetric growth driven by the expansion of its distribution network.

FCEPL also intensified its efforts towards rectifying the damage done by the floods, focusing on animal welfare in Sindh and Balochistan, near its facility in Sukkur and Nara Farm.





# engro eximp agriproducts

## Revenue

(amount in millions)

PKR

7,085

### Continued focus on exports

As a key contributor to the national foreign exchange reserves, Engro Eximp Agriproducts continued its focus on exports. It generated a revenue of USD 31 million through exports of 37 KT rice, versus 24 KT last year, on the back of ease in supply chain disruptions.

The business continued developing its foothold in the local market as domestic volumes stood at 11 KT during the period.

During the year, the management of EEAPL discovered a significant difference between the inventory balance in the books and the physical inventory available in warehouses. Detailed analysis conducted by the internal team revealed unsubstantiated postings in the inventory valuation model. Post investigation, it was concluded that the impact of these differences aggregate to PKR 2.4 billion and it relates to both the current and prior periods. In the financial statement, the impact has been fully recognized in the profit and loss account by the subsidiary company as per applicable accounting standards.

Management has taken necessary action and developed a corrective strategy to ensure such instances are not repeated. The Board of Directors reviewed the internal investigation report on the matter and directed the management to engage a third-party audit firm to conduct a further detailed review, together with root cause analysis and recommendations, to strengthen controls and systems.





## capital allocation update

During the year, Engro invested across its verticals, thereby creating substantial shareholder value and further enhancing the Group's contribution toward Pakistan's progress. Some of the many highlights of the year include:

- I. Engro Energy, in collaboration with the Government of Sindh, is currently evaluating the development of Pakistan's first hybrid 1 GW renewable energy (RE) park. The project has potential to provide ~ USD 400 million in import substitution. Phase I of the project, with a capacity of 400 MW, is planned to be operational by early 2024, with confirmed land availability. This initiative aims to reduce electricity costs for industrial consumers by approximately 20% and support the Government's goal of increasing the share of renewable energy in Pakistan's energy mix to 30% by 2030. The Company has also been successful in securing interest from buyers, as evidenced by the ~670 MW worth of MOUs that have been signed. At the same time, it is working with policymakers to build a landscape conducive to project execution.
- II. The Company ventured into the telecommunication infrastructure industry with the goal of enabling telecom access throughout Pakistan and unlocking significant value in the sector. Our subsidiary is well on track to reach its target of 5,000+ towers by 2024. Furthermore, the Company is actively exploring new investment opportunities and has recently announced its interest in pursuing mergers and acquisition activities.
- III. The Company has announced a share buyback program of up to 70 million shares, to be repurchased until July 23, 2023. The management team, with the support of the Board of Directors, believes that Engro has the potential to continue creating value for shareholders and presents a high upside opportunity at current market prices.
- IV. The Company conducted a comprehensive techno-commercial analysis and FEED to evaluate the feasibility of building an indigenous PDH and PP facility in Pakistan. Despite strong local market conditions and ample technical expertise, high capital expenditure projections due to an unprecedented increase in EPC contracts led to the decision to temporarily hold the project. However, Engro will continuously reevaluate the situation and remains open to the possibility of restarting work on the project in the future.
- V. Engro Fertilizers, in collaboration with other fertilizer manufacturers, has entered a contract with Mari Petroleum Company Limited (MPCL) to construct a compression unit at the Mari Field. This will help maintain an appropriate level of delivery pressure, allowing the manufacturing facility to function at optimal levels on indigenous gas for a foreseeable future.
- VI. Engro Polymer & Chemicals has initiated a FEED study for a ~ 50 KTPA VCM facility which is well underway. As the Pakistani market continues to expand, it is dedicated to remaining the prime supplier of PVC to the local market, while maximizing profits through in-house production and tapping into export potential.

- VII. In line with its strategy of diversification and import substitution, Engro Polymer & Chemicals is progressing with its Hydrogen Peroxide project of ~28 KMT. The project's completion date is expected in the third quarter of 2023. This will strengthen the Company's financial position and add a key product to its portfolio.

## 2023 – focus buckets

We are pleased to report our portfolio performance. However, it is important to acknowledge that the external environment is likely to remain uncertain and may pose challenges in the future. As Engro's presence is in the critical sectors of the economy, including food and energy, continuity of business operations will remain imperative. To protect and enhance value for our shareholders, we plan to implement a strategy that focuses on proactively managing potential disruptions and diversifying our operations across different regions.

Following are some of the key strategic initiatives being pursued by the Group:

- We foresee a razor-sharp focus on optimizing expenses. Our emphasis on cost-efficiency, caution, and adaptability has enabled us to navigate difficult times. This will entail increasing operational efficiency through process automation, use of technology to monitor spend and identifying value pockets in key business divisions.
- Despite economic headwinds, plant reliability and efficiency have and will remain a priority. Targetted interventions will be proactively taken to secure the wellbeing of our assets.
- Given the precarious state of foreign exchange reserves, the Group companies devised a strategy to proactively secure critical raw material and instruments. This ensured minimal disruptions at operating facilities and supported margin realization across our portfolio. Our teams will continue to deliver on the same strategy going forward to sustainably execute business operations.
- The Company is also developing a robust export strategy that aims to utilize its valuable resources, including land, natural resources, and human capital. Our intent is to further develop our export base in rice and Chlor-Vinyl products. We will explore export opportunities in various industries such as food, agriculture, chemicals, technology, and mining.
- Internationalization will be a major priority. The Company is focusing on international ventures with global partners, which will enable geographical diversification and market the Engro brand around the world.

## near-term outlook

The near-term growth outlook is soft due to macroeconomic instability caused by a deteriorating external financing position, political uncertainty, and fiscal challenges. However, with effective policy measures, the economy is expected to regain momentum in the medium-term and grow through increased exports, import substitution, and potential foreign investment. Overall, the long-term prospects appear positive and the Company has always remained positive on the potential of Pakistan.

Engro Corporation is well-positioned to play a significant role in addressing some of Pakistan's most pressing issues and improving the lives of its citizens. We are committed to expanding our business operations across our 4 key verticals and exploring new opportunities for growth, with a focus on creating sustainable value for all and maintaining a resilient and agile business model.

#### fertilizers

Agriculture in Pakistan is facing significant challenges due to a combination of political and economic uncertainty and the recent flooding. As the economy relies on agricultural output heavily, the obstacles expected in the upcoming months are significant.

But the right government interventions and assistance from relevant agencies, we believe, can bring about a recovery. Our Company remains dedicated to playing its part by providing discounted prices on essential fertilizers from international markets.

#### petrochemicals

The Polymer business plays a pivotal role in preserving foreign currency through import substitution, as well as generating foreign currency through exports.

Engro Polymer & Chemicals remains committed to serving as a key feedstock supplier to major Pakistani industries like construction and textile. In light of the looming gas shortage, it is exploring alternative energy sources for its business to reduce power costs and mitigate the risk of gas availability, while also continuing to identify new projects and markets. In addition to the above, the Company also expects to receive adequate gas supplies from the Government, being a critical raw material provider to the export-oriented textile sector.

#### energy

Energy security remains one of the most pressing issues in Pakistan. An import-driven energy policy is not sustainable for the country and so, with the aim of providing indigenous affordable energy, Thar coal will remain high on the government's merit order list for the power sector as it provides hedging against rising fuel prices. To meet potential energy demand, our mining business has successfully expanded capacity to 7.6 million TPA and will continue to expand up to 11.4 million TPA by early 2024.

The management is collaborating with cement manufacturers and power producers using imported coal to utilize indigenous Thar coal. We believe that fully utilizing Thar coal can address both energy sector problems and our burgeoning foreign exchange crisis.

To enable the drive toward sustainable energy, the Energy business, in collaboration with the regulators and industry stakeholders, has made progress on the feasibility of the 400 MW Renewable Energy Park (RE Park) in Jhimpir. This will play a vital part in promoting and paving the way towards a sustainable future by providing affordable and green electricity at large. The Company has confirmed availability of ~6,700 acres of land for the same, which is sufficient to support an electricity generation capacity of more than 400 MW. It also has ~670 MW of commitments in place from potential customers.

#### terminal operations

The LNG terminal is also working to alleviate energy shortages. As the market's demand for energy grows, we will continue to explore new opportunities to increase shareholder value.

Engro Vopak's unique position in the liquid chemicals handling industry allows it to remain a market leader in the chemical handling and storage business, with expectations to perform even better. However, marine LPG imports are expected to remain under pressure due to imports through the Taftan Border area.

Nonetheless, we are pleased to continue our successful 25-year relationship with Royal Vopak, a market leader, which paves the way for Engro and Royal Vopak to collaborate further, domestically and internationally, by utilizing their combined resources and expertise.

#### foods

The challenging macroeconomic circumstances may result in a moderation in consumer discretionary spending and hamper our growth momentum. However, the Company will prioritize ensuring a consistent supply of nutritious and safe products. It will continue driving growth by proactively engaging with suppliers and distributors to ensure a seamless supply chain and focus on improving profitability.

#### telecommunication infrastructure

The growing demand for mobile data and high-quality services is motivating MNOs to improve through aggressive Built-to-Suit roll outs. As a result, the business outlook for Enfrashare remains strong as it enables MNOs to concentrate on their core business by undertaking the telecommunication tower-related capex and optimizing operational efficiencies. The present macroeconomic situation will result in inflationary pressures, requiring further cost optimization for the business.

Engro Enfrashare will continue to maintain its market leadership as an Independent Tower Company through internal and external growth opportunities. It is on track to reach the earlier-set goal of becoming a 5,000+ Tower Company by the year 2024.

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As a responsible corporate citizen, operating in Pakistan for nearly 60 years, Engro will continue to contribute towards enabling the recovery of our economy at this pivotal juncture.

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#### **distribution to shareholders**

The Board endeavors to maximize overall portfolio returns and is pleased to propose a final cash dividend of PKR 1 per share for the year ended December 31, 2022. The total dividend attributable to the year is PKR 34 per share, including the total interim cash dividend of PKR 33 per share during the year.

## credit ratings and gearing

During 2022, credit rating agencies reaffirmed the credit strength of the Company and its subsidiaries.

Company	Rating Agency	Long-term Rating	Short-term Rating
Engro Corporation Limited	PACRA	AA+	A1+
Engro Fertilizers Limited	PACRA	AA	A1+
Engro Polymer & Chemicals Limited	PACRA	AA	A1+
Engro Eximp Agriproducts (Private) Limited	PACRA	A-	A2
Engro Enfrashare (Private) Limited	VIS	A-	A2
Engro Powergen Thar (Private) Limited	PACRA	AA-	A1
Engro Elengy Terminal (Private) Limited	PACRA	AA-	A1

These credit ratings reflect the entities' financial and management strengths, as well as favourable credit standing, and are a testament to our strong balance sheet and robust performance with consistent dividend payouts.

Consolidated borrowings at year-end remained stable at PKR 255,291 million from PKR 222,203 million on December 31, 2021. The gearing for the year is 51% versus 48% as at 2021 year-end, leaving sufficient room to increase leverage for future growth opportunities.

## risk management

Engro Corporation and its subsidiaries use the Lean Enterprise Risk Management framework in assessing and managing risk. It is our policy to view risk management as integral to the creation, protection, and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of corporate goals and objectives.

Engro's diversified businesses operate in a complex business environment and it requires assessment of each business' strategy and quantum of risk that the business is willing to accept by adequately assigning responsibilities throughout the organization. Each subsidiary assesses the probability and impact of risk that the entity is exposed to and assigns responsibilities to manage those risks on an on-going basis. Risks are identified across the organization and ranked based on their impact and probability. Upon identification, a strategy is devised to mitigate its impact, which is monitored by the Management Committee and the Board.

Engro Corporation has identified the following significant risks and mitigation strategies:

### economic and regulatory risk

Continuous proactive efforts and dialogues with policymakers help our businesses respond to tough economic conditions and regulatory challenges.

### foreign exchange risk

Engro's investment portfolio exposes us to foreign exchange risk. By viewing the complete portfolio, it is ensured that maximum adequate natural hedges exist.

### interest rate risk

The Company's borrowings and investment of surplus funds exposes us to an interest rate risk. This is mitigated by regular monitoring of interest rates for adverse movements and investing surplus funds in short-term instruments.

### liquidity risk

The purpose of Engro's treasury policies is to ensure availability of sufficient funds to meet contractual commitments and requirements for potential portfolio growth. Liquidity risk is mitigated through internal cash generation and committed facilities with financial institutions.

### credit risk

Careful selection of strong financial institutions with strong credit ratings helps in mitigating this risk.

### business operation risk

Concerns of energy, sourcing imported raw materials and other operational risks are assessed on a regular and ongoing basis. The Company proactively takes measures, i.e. the gas compression project, to enhance exports and enable a sustainable value chain.

## board of directors

The Board of Directors reviews all significant matters of the Company. These include its strategic direction, annual business plans and targets, decisions on long-term investments and borrowings. It is committed to maintaining high standards of Corporate Governance.

The existing Board was elected on April 26, 2021. It comprises of 10 directors, including the CEO, and possess a diverse mix of gender, knowledge, and expertise to enhance its effectiveness. The Board consists of 3 women directors and 7 men directors, categorized as follows:

- 3 Independent men directors
- 2 Independent women directors
- 3 Non-Executive men directors
- 1 Non-Executive women director
- 1 Executive Director



Following are the names of the personnel who, at any time during 2022, were Directors on the Board of the Company:

1. Mr. Hussain Dawood
2. Mr. Shahzada Dawood
3. Mr. Abdul Samad Dawood
4. Ms. Sabrina Dawood
5. Mr. Muhammad Abdul Aleem
6. Mr. Rizwan Diwan
7. Mr. Khawaja Iqbal Hassan
8. Ms. Henna Inam
9. Ms. Dominique Russo
10. Mr. Ghias Khan

In 2022, the Board held 10 meetings to cover its complete cycle of activities. It has established three committees to assist it in carrying out fiduciary duties. These committees, along with their membership details, are as follows:

Board Audit Committee	Board Investment Committee	Board People Committee
4 meetings held in 2022	8 meetings held in 2022	10 meetings held in 2022
Mr. Muhammad Abdul Aleem	Mr. Shahzada Dawood	Ms. Henna Inam
Mr. Rizwan Diwan	Mr. Muhammad Abdul Aleem	Mr. Shahzada Dawood
Mr. Khawaja Iqbal Hassan	Mr. Rizwan Diwan	Mr. Khawaja Iqbal Hasan
Ms. Henna Inam	Ms. Dominique Russo	Ms. Dominique Russo

#### statement of directors' responsibilities

The Directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan Code of Governance for the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of the financial statements, except for changes resulting on initial application of standards and amendments or interpretations to existing standards. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures therefrom have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance.

#### remuneration policy for non-executive and independent directors

The Board of Directors has approved a 'Remuneration Policy for Non-Executive and Independent Directors', salient features of which are:

- The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the directors, aimed at attracting and retaining the directors needed to govern the Company successfully and encourage value addition. The remuneration shall not compromise nor influence, in any way, the independence of the directors.
- The Board, if deemed appropriate, may engage an independent consultant to determine the appropriate level of remuneration of its directors.
- No remuneration shall be paid to an Executive Director or any Non-Executive Directors who are employees in other Engro entities, for attending meetings of the Board and its committees.
- Any travel and other necessary expenses incurred by the directors for attending meetings of the Board and its committees shall be reimbursed at actual.

#### compensation of directors

The Company has a formal policy and transparent procedures for the remuneration of its directors in accordance with the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The policy also provides travel and daily allowance entitlements for Non-Executive Directors for business-related travel.

The remuneration, including the directors' fee for attending the Board or Board Committee Meeting, paid to the Directors and CEO, is disclosed on Note 28 to the Unconsolidated Financial Statements.

### adequacy of internal financial controls

The Board of Directors is ultimately responsible for Engro's system of internal control and for reviewing its effectiveness. The Board, whilst maintaining its overall responsibility, has delegated the detailed design and operation of the system of internal controls to the CEO.

Engro's system of internal controls comprises of clear governance structures, authority limits and accountabilities, well understood policies, procedures and a budgeting process. The Board meets quarterly to consider Engro's financial performance, financial and operating budgets, business growth and developmental plans, capital expenditure proposals and other key performance indicators. The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

### related parties

The Company maintains a comprehensive list of all related parties. All such parties with whom the Company has entered into transactions during the year, along with the nature of its relationship and percentage holdings, have been appropriately disclosed in Note 52 of the Financial Statements.

Certain back-office business functions, e.g., human resources, information technology, treasury, accounts payable and corporate communications, etc, have been strategically centralized at the Company to optimize operations, eliminate duplication and reduction of costs through synergy. It ensures robust governance and risk management, as well as timely insights due to standardized processes, systems, and reporting. The Company has entered cost sharing agreements with its subsidiaries and associated entities, ensuring that all transactions with its related parties arising in the normal course of business are carried out on an arm's length basis at standard commercial terms and conditions.

In compliance with the Code of Corporate Governance and applicable laws, every quarter, a comprehensive list of all related party transactions is placed before the Board Audit Committee for review and based on its recommendation, are subsequently approved by the Board.

### auditors

The existing auditors, A.F. Ferguson & Co., Chartered Accountants, had retired and being eligible, have offered themselves for re-appointment. The Board Audit Committee recommends their appointment as auditors for the year ending December 31, 2023.

### human capital

At Engro, there is a continued focus on capability development and growth of our people. Having built the foundation for people transformation, we are now empowered to focus on the Talent agenda. A critical step in this pursuit has been the launch of our Talent Development Program (TDP), which aims to empower employees so they may manage their own development and career trajectories. Complementing the TDP, succession planning of key roles has been integral to developing the talent pipeline.

Diversity and inclusion are fundamental enablers of our culture. All interventions are geared towards embedding Diversity, Equity, and Inclusion (DE&I) into our work environment and levelling the playing field for all. As we remain committed to creating an informed and equitable workplace, the DE&I Leaders Program was held this year to sensitize employees and make role models who truly exhibit our inclusive values. This year, our flagship Break Ke Baad program inducted a new batch of women returning from career breaks in various functions across the Group. Catering to another important aspect, a Digital Accessibility Training, as part of the #EnabaleAll initiative, was held to assist internal teams in creating content, that is accessible for Persons with Disabilities. Furthermore, Engro inducted its first ever Person with Disabilities (PWD) Internship program.

In our aim to provide an improved employee experience through structured processes backed by technological advancements, Engro has centralized and digitized its operations. "Putting People First" has always been at the core of our philosophy and continues to reflect in our initiatives and steps towards an enlightened future.

### social capital

The performance of a corporate entity in the larger context of the environment, society, and economic returns determines its social capital. We believe that a robust and prosperous society is imperative for the growth of businesses and hence, take pride in our corporate governance and remain cognizant of our responsibility towards the environment and society.

We continue to develop programs and interventions to positively contribute toward addressing some of Pakistan's most pressing issues across our value chains and deploy philanthropic capital for the betterment of the communities in which we operate. Our education, skills development, healthcare, and other community programs provide opportunities that drive a long-term symbiotic relationship between our businesses and communities. Details of our environmental and social programs are available in our Sustainability Reports.

### health, safety, and environment (HSE)

HSE is a core value at Engro and we remain fully committed to adopting the best practices. Our approach builds on continuous learning from our experiences, HSE standards, and best-in-class industry practices. We continuously strive toward zero occupational injuries, illnesses, and HSE incidents. We are duty-bound to practice inherent safety in design while also maintaining compliance with both Federal and Provincial regulatory requirements wherever the Company operates.

With a drive to continually excel and adopt world-class HSE management systems, Engro has embarked on a multi-year journey to move from a compliance-based approach to an adaptive, risk-based HSE management system in partnership with DuPont Sustainable Solutions (DSS+) – a renowned international HSE consultant. A dedicated team under Engro's Central Technical Division (CTD) led the critical change management process across the Organization.



Significant efforts are being made to develop organizational capability on world-class HSE risk assessment methodology, including Hazard Identification (HAZID), Process Hazards Analysis (PHA), Layer of Protection Analysis (LOPA), and Bow Tie Analysis. In 2022, a total of 4,000 hours were invested in capacity-building training sessions for selected risk-based champions on a “train the trainer” concept. Full transformation of the HSE system will be completed within 7 years (2021 - 2027). As a first step, quick scanning of high-consequence threats (Major Accident Hazards) is to be completed by the end of 2023 for all Engro Group Companies. In 2022, approximately 12,000 hours were spent reviewing the high-consequence threats and effectiveness of their associated barriers for Engro Fertilizers (in Daharki), Engro Polymer & Chemicals (in Port Qasim), and Engro Powergen Thar (in Thar). The output of this exercise is fed to a high-level dashboard to provide visibility of HSE analytics to senior leadership for effective risk management. It shall also provide input to the enterprise risk register.

The Group HSE (GHSE) team works with its affiliates to drive the implementation of health, safety, and environmental initiatives and provide continuous oversight and guidance. The team maintains corporate HSE standards by reinforcing our agenda of safety for all through compliance audits, performance tracking, gap analysis, and incident investigations. The Company will pursue these obligations by enforcing a goal-oriented HSE Management System derived from international standards and industry best practices. Compliance with HSE standards is a part of our Leadership Competency Model, used for evaluating our employees.

The key focus during 2022 was on developing Engro Corporation's HSE standards to institutionalize minimum requirements that would be enforced across all Engro locations. Second Party audits were conducted at numerous sites to assess the effectiveness of the HSE Management System and provide guidance regarding areas of improvement. A large part of GHSE's efforts was applied to developing and putting in a new HSE MIS platform – VelocityEHS – to manage HSE work processes better and enable analytics on the database to identify key areas requiring attention. The platform comprises 4 modules – EHS, ESG, Risk Assessment, and MOC (Management of Change). GHSE also led and/or participated in examining adverse outcome events to conduct root cause analysis and define action items to prevent a recurrence. SME support during the development of new projects in defining the HSE requirements and facilitating implementation was also made available as required.

### pattern of shareholding

Majority shareholders of Engro Corporation are The Dawood Group, including Dawood Hercules Corporation Limited. Other shareholders include local and foreign institutions and the general public.

A statement of the general pattern of shareholding, along with the pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework, and the statement of purchase and sale of shares undertaken in 2022 by Directors, Executives, their Spouses, and/or Minor Children, is shown in the shareholding section of this Report.

### material changes due to subsequent events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this Report.

### acknowledgment

The Directors would like to express their deep appreciation for the Company's shareholders, who have consistently demonstrated their confidence in the Company. We would also like to place on record their sincere appreciation for the commitment, dedication and innovative thinking put in by each member of the Engro family and are confident that they will continue to do so in the future.



Hussain Dawood  
Chairman



Ghias Khan  
President & CEO

# governance control framework

## internal control framework

### responsibility

The Board is ultimately responsible for Engro's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the CEO.

### framework

The Company maintains an established risk-based control framework comprising clear structures, authority limits, and accountabilities, well understood policies and procedures for review processes. All policies and control procedures are documented. The Board establishes corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.

### review

The Board meets quarterly to consider Engro's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

There is a Company-wide policy governing appraisal and approval of investment expenditure and asset disposals.

### audit

Engro has an Internal Audit function. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee.

The Board Audit Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit Committee, CEO and the divisional management.

## directors

As at December 31, 2022, the Board comprises of 1 executive director, 5 independent directors and 4 non-executive directors. The Board has the collective responsibility of ensuring that the affairs of Engro are managed competently and with integrity.

A non-executive Director, Mr. Hussain Dawood, Chairs the Board and the CEO is Mr. Ghias Khan. Biographical details of the Directors have been provided in the previous section.

A Board of Directors' meeting calendar is issued annually which schedules the meetings of the Board and the Board Committees. The full Board met 10 times, including meetings for longer term planning, giving consideration both to the opportunities and risks of future strategy.

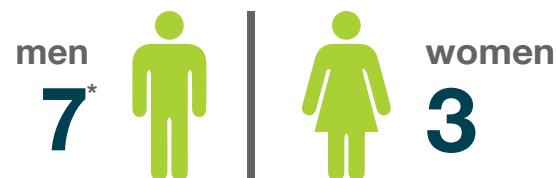
All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on businesses and full papers on matters where the Board will be required to make a decision or give its approval.



## statement of compliance with listed companies (code of corporate governance) regulations, 2019 year ended december 31, 2022

Engro Corporation Limited (hereinafter referred to as “the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2019, (“the Regulations”) in the following manner:

1. The total number of directors are 10 as per the following:



\* Including the CEO, who is a Deemed Director.

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr Muhammad Abdul Aleem Mr Rizwan Diwan Mr Khawaja Iqbal Hassan
Independent Directors - Women	Ms Henna Inam Ms Dominique Russo
Non-Executive Directors	Mr Hussain Dawood Mr Shahzada Dawood Mr Abdul Samad Dawood
Non-Executive Director-Women	Ms Sabrina Dawood
Executive Director	Mr Ghias Khan

- The directors have confirmed that none of them is serving as a director on more than 7 listed companies, including this Company
- The Company has prepared a Code of Conduct and ensured that appropriate steps have been taken to disseminate it throughout the Company, along with its supporting policies and procedures
- The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. The Board has ensured that a complete record of particulars of the significant policies, along with their dates of approval or updating, is maintained by the Company

- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017, (the Act) and these Regulations
- The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 9 Directors are duly certified or exempted from the Directors’ Training Program
- The Board had approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations
- The Chief Financial Officer and CEO duly endorsed the financial statements before approval of the Board
- The Board has formed committees comprising of members given below:
  - Board Audit Committee  
Mr. Muhammad Abdul Aleem – Chairman  
Mr. Rizwan Diwan  
Mr. Khawaja Iqbal Hassan  
Ms. Henna Inam
  - Board People Committee, i.e. HR and Remuneration Committee  
Ms. Henna Inam – Chairperson  
Mr. Shahzada Dawood  
Mr. Khawaja Iqbal Hassan  
Ms. Dominique Russo
  - Board Investment Committee  
Mr. Shahzada Dawood – Chairman  
Mr. Muhammad Abdul Aleem  
Mr. Rizwan Diwan  
Ms. Dominique Russo
- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance

14. The frequency of meetings of the committee were as per following:

- a) Board Audit Committee – 4 meetings held during the year
- b) Board People Committee – 10 meetings held during the year
- c) Board Investment Committee – 8 meetings held during the year

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard

And

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



A.F. FERGUSON & CO.

**independent auditor's review report  
To the members of Engro Corporation Limited  
Review Report on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Corporation Limited for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

Chartered Accountants  
Karachi

Date: 08 March, 2023

UDIN: CR2022101139KlwQd5P2

Mr. Hussain Dawood  
Chairman

Mr. Ghas Khan  
President & CEO

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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# categories of shareholding

as at december 31, 2022

S. No.	Category of Shareholders	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their Spouse and Minor Children	13	38,266,610	6.64
2	Executives	2	52,650	0.01
3	Associated Companies, Undertakings and Related Parties	11	229,984,896	39.92
4	NIT and ICP	1	105	0.00
5	Banks, Development Financial Institutions, Non Banking Financial Institutions	28	14,671,835	2.55
6	Insurance Companies	24	28,245,193	4.90
7	Modarabas and Mutual Funds	108	31,641,859	5.49
8	Share holders holding 5%	1	214,469,810	37.22
9	General Public : a. local b. Foreign	15,561	144,085,396	25.01
10	Others	489	89,214,686	15.48
<b>Total (excluding : share holders holding 10%)</b>		<b>16,237</b>	<b>576,163,230</b>	<b>100.00</b>

Free Float Shares as at December 31, 2022

Total outstanding shares	576,163,230
Free Float shares	296,191,720
Free Float as a % of total outstanding shares	51.41%

information of shareholding required under reporting framework is as follows:

1. Directors, CEO, and their spouse and minor children

S. No.	Name	No. of Shares Held
1	Mr. Hussain Dawood	17,791,927
2	Mr. Shahzada Dawood	6,536,109
3	Mr. Abdul Samad Dawood	1,263,941
4	Ms. Sabrina Dawood	3,662,370
5	Mr. Mohammad Abdul Aleem	304,153
6	Mr. Rizwan Diwan	110
7	Mr. Khawaja Iqbal Hassan	50,000
8	Ms. Henna Inam	110
9	Ms. Dominique Russo	1
10	Mr. Ghias Uddin Khan	750,000
11	Ms. Kulsum Dawood W/o Hussain Dawood	7,857,659
12	Ms. Ayesha Dawood W/o Abdul Samad Dawood	44
13	Ms. Humera Aleem W/o Mohammad Abdul Aleem	50,186
<b>Total</b>		<b>38,266,610</b>

2. Associated Companies, Undertakings and Related Parties

S. No.	Name	No. of Shares Held
1	Dawood Hercules Corporation Limited	214,469,810
2	Dawood Investments (Private) Limited	11,579,845
3	Dawood Corporation (Private) Limited	3,436,290
4	Engro Corporation Limited Provident Fund	164,810
5	Engro Corporation Limited MPT Employees Defined Contribution Gratuity Fund	135,620
6	Engro Corporation Limited MPT Employees Defined Contribution Gratuity Fund	64,270
7	Engro Foods Limited Employees Gratuity Fund	52,220
8	Dawood Foundation	41,861
9	Engro Corporation Limited MPT Employees Defined Contribution Pension Fund	21,780
10	Engro Fertilizers Limited Non-MPT Employees Gratuity Fund	9,890
11	Engro Corporation Limited Gratuity Fund	8,500
<b>Total</b>		<b>229,984,896</b>

3. NIT and ICP

**Total** 105

4. Banks, Development Financial Institutions, Non Banking Financial Institutions

**Total** 14,671,835

5. Insurance Companies

**Total** 28,245,193

6. Modarabas and Mutual Funds

S. No.	Name	No. of Shares Held
1	Meezan Islamic Fund	4,174,899
2	Al-Ameen Shariah Stock Fund	2,086,275
3	NBP Stock Fund	1,865,882
4	NIT-Equity Market Opportunity Fund	1,854,684
5	Atlas Stock Market Fund	1,651,529
6	MCB Pakistan Stock Market Fund	1,494,401
7	NBP Islamic Stock Fund	1,326,358
8	Atlas Islamic Stock Fund	1,197,369
9	KSE Meezan Index Fund	1,176,333
10	Al Meezan Mutual Fund	1,016,629
11	Alhamra Islamic Stock Fund	936,000
12	Meezan Tahaffuz Pension Fund - Equity Sub Fund	880,252
13	NIT Islamic Equity Fund	857,610
14	UBL Stock Advantage Fund	853,459
15	ABL Stock Fund	841,196
16	NBP Islamic Sarmaya Izafa Fund	681,377
17	National Investment (Unit) Trust	628,598
18	ABL Islamic Stock Fund	519,519
19	Alhamra Islamic Asset Allocation Fund	515,000
20	Alfalah GHP Islamic Stock Fund	412,112
21	Lakson Equity Fund	366,810
22	Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	365,808
23	JS Growth Fund	356,707
24	Faysal MTS Fund - MT	316,005
25	Nafa Islamic Pension Fund Equity Account	313,900
26	Meezan Balanced Fund	275,599
27	Alfalah GHP Stock Fund	260,125
28	Faysal Islamic Dedicated Equity Fund	253,692
29	Alhamra Islamic Pension Fund - Equity Sub Fund	192,500
30	UBL Retirement Savings Fund - Equity Sub Fund	173,437
31	MCB Pakistan Asset Allocation Fund	170,000
32	Pakistan Pension Fund - Equity Sub Fund	165,000
33	Meezan Dedicated Equity Fund	154,534
34	APIF - Equity Sub Fund	154,500
35	Pak-Qatar Islamic Stock Fund	145,460
36	Atlas Islamic Dedicated Stock Fund	144,700
37	Unit Trust of Pakistan	138,093
38	ABL Islamic Dedicated Stock Fund	137,407
39	Al-Ameen Islamic Asset Allocation Fund	136,565
40	Alfalah GHP Alpha Fund	117,384

S. No.	Name	No. of Shares Held
41	Meezan Asset Allocation Fund	107,015
42	APF-Equity Sub Fund	102,250
43	Nafa Pension Fund Equity Sub-fund Account	100,831
44	HBL Financial Sector Income Fund Plan I - MT	99,000
45	NBP Savings Fund - MT	93,500
46	NBP Sarmaya Izafa Fund	92,670
47	HBL Growth Fund	90,000
48	Faysal Stock Fund	90,000
49	AKD Index Tracker Fund	86,461
50	Pakistan Capital Market Fund	79,000
51	NBP Balanced Fund	76,218
52	JS Large Cap. Fund	70,300
53	Alfalah GHP Value Fund	66,880
54	JS Islamic Fund	60,500
55	NBP Islamic Active Allocation Equity Fund	57,490
56	Al Habib Islamic Stock Fund	57,000
57	MCB Pakistan Dividend Yield Plan	56,900
58	Meezan Pakistan Exchange Traded Fund	48,461
59	NBP Mahana Amdani Fund - MT	46,711
60	Faysal Islamic Stock Fund	45,644
61	NITIPF Equity Sub-Fund	44,750
62	JS Pension Savings Fund - Equity Account	39,572
63	HBL Investment Fund	35,287
64	UBL Asset Allocation Fund	34,425
65	Lakson Tactical Fund	34,094
66	HBL Islamic Stock Fund	33,427
67	Lakson Islamic Tactical Fund	27,679
68	AWT Islamic Stock Fund	27,620
69	AWT Stock Fund	27,196
70	B.R.R. Guardian Modaraba	26,922
71	Faysal Asset Allocation Fund	25,000
72	NIT Asset Allocation Fund	25,000
73	NITPF Equity Sub-Fund	24,100
74	ABL Islamic Pension Fund - Equity Sub Fund	24,040
75	HBL - Stock Fund	24,025
76	HBL Islamic Asset Allocation Fund	24,025
77	JS Islamic Pension Savings Fund-Equity Account	23,500
78	First Capital Mutual Fund	22,800
79	NBP Financial Sector Income Fund - Mt	21,000
80	HBL Equity Fund	20,000
81	Agipf Equity Sub-Fund	19,290
82	Alfalah GHP Islamic Dedicated Equity Fund	19,179
83	UBL Dedicated Equity Fund	18,900
84	NBP Pakistan Growth Exchange Traded Fund	16,988
85	Al Ameen Islamic Dedicated Equity Fund	16,900



S. No.	Name	No. of Shares Held
86	HBL IPF Equity Sub Fund	15,146
87	NIT Pakistan Gateway Exchange Traded Fund	15,080
88	Al Habib Stock Fund	15,000
89	UBL Pakistan Enterprise Exchange Traded Fund	14,906
90	JS Momentum Factor Exchange Traded Fund	13,110
91	ABL Pension Fund - Equity Sub Fund	12,880
92	AL Habib Asset Allocation Fund	11,000
93	Alfalah GHP Dedicated Equity Fund	10,653
94	JS Global Capital Limited	8,188
95	AGPF Equity Sub-fund	7,760
96	Al Habib Islamic Pension Fund-equity Sub Fund	6,500
97	JS Global Capital Limited - MF	5,569
98	HBL PF Equity Sub Fund	5,500
99	Al Habib Pension Fund-equity Sub Fund	5,500
100	JS Global Capital Limited-MM-MZN-ETF	1,201
101	Tri-star Mutual Fund Limited	1,004
102	Faysal Islamic Pension Fund-Equity Sub Fund	945
103	Faysal Pension Fund-Equity Sub Fund	929
104	First Interfund Modaraba	492
105	JS Global Capital Limited-MM-MZN-ETF	103
106	JS Global Capital Limited-MM-MZN-ETF	76
107	JS Global Capital Limited-MM-MZN-ETF	57
108	First UDL Modaraba	2
	<b>Total</b>	<b>31,641,859</b>
7.	Shareholder holding 5% or more voting rights in the Company	
	<b>Dawood Hercules Corporation Limited</b>	<b>214,469,810</b>
8.	General Public (Individual)	
	<b>Total</b>	<b>144,085,396</b>
9.	Others	
	<b>Total</b>	<b>89,214,686</b>
10.	Executives	
	<b>Total</b>	<b>52,650</b>
	<b>Total</b>	<b>576,163,230</b>

## pattern of shareholding

as at december 31, 2022

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
3,908	1	100	151,980
3,619	101	500	1,000,898
1,831	501	1,000	1,426,405
3,592	1,001	5,000	8,799,484
1,221	5,001	10,000	8,846,853
505	10,001	15,000	6,231,201
271	15,001	20,000	4,826,135
190	20,001	25,000	4,315,203
156	25,001	30,000	4,326,293
112	30,001	35,000	3,674,663
64	35,001	40,000	2,429,078
59	40,001	45,000	2,516,312
67	45,001	50,000	3,235,080
64	50,001	55,000	3,383,487
35	55,001	60,000	2,005,571
26	60,001	65,000	1,619,652
31	65,001	70,000	2,091,727
24	70,001	75,000	1,754,015
19	75,001	80,000	1,483,602
16	80,001	85,000	1,315,107
18	85,001	90,000	1,589,678
20	90,001	95,000	1,863,607
18	95,001	100,000	1,776,750
15	100,001	105,000	1,532,078
12	105,001	110,000	1,300,030
7	110,001	115,000	790,507
13	115,001	120,000	1,530,001
7	120,001	125,000	854,492
9	125,001	130,000	1,162,592
8	130,001	135,000	1,066,927
10	135,001	140,000	1,372,007
7	140,001	145,000	1,002,562
12	145,001	150,000	1,775,354
8	150,001	155,000	1,219,723

as at december 31, 2022

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
5	155,001	160,000	786,830
8	160,001	165,000	1,317,124
8	165,001	170,000	1,341,278
6	170,001	175,000	1,035,952
6	175,001	180,000	1,060,828
3	180,001	185,000	543,253
4	185,001	190,000	749,232
6	190,001	195,000	1,153,280
1	195,001	200,000	200,000
4	200,001	205,000	808,250
1	205,001	210,000	210,000
3	210,001	215,000	644,000
2	215,001	220,000	433,500
5	220,001	225,000	1,111,575
2	225,001	230,000	455,595
1	230,001	235,000	231,940
5	235,001	240,000	1,190,281
3	240,001	245,000	725,165
4	245,001	250,000	993,729
1	250,001	255,000	253,692
2	255,001	260,000	520,000
6	260,001	265,000	1,574,200
5	265,001	270,000	1,339,629
3	270,001	275,000	817,933
3	275,001	280,000	829,643
1	280,001	285,000	284,847
2	290,001	295,000	585,711
4	295,001	300,000	1,193,240
7	300,001	305,000	2,127,966
2	305,001	310,000	618,045
2	310,001	315,000	627,109
3	315,001	320,000	951,024
3	320,001	325,000	965,417
2	335,001	340,000	676,364
1	345,001	350,000	350,000
3	355,001	360,000	1,069,716
1	360,001	365,000	364,292
3	365,001	370,000	1,102,218
2	375,001	380,000	752,690
1	380,001	385,000	381,040

as at december 31, 2022

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	385,001	390,000	388,870
1	390,001	395,000	390,960
2	395,001	400,000	796,600
1	400,001	405,000	400,766
2	410,001	415,000	826,622
1	425,001	430,000	429,677
2	430,001	435,000	866,003
2	440,001	445,000	883,519
1	455,001	460,000	456,000
1	475,001	480,000	477,436
2	495,001	500,000	995,068
1	500,001	505,000	500,010
1	510,001	515,000	515,000
1	515,001	520,000	519,519
3	520,001	525,000	1,565,676
3	525,001	530,000	1,582,304
1	535,001	540,000	536,700
1	540,001	545,000	545,000
1	545,001	550,000	550,000
1	550,001	555,000	550,465
1	555,001	560,000	556,750
2	580,001	585,000	1,162,969
1	585,001	590,000	587,986
2	600,001	605,000	1,203,744
3	610,001	615,000	1,838,402
1	615,001	620,000	619,883
1	625,001	630,000	628,598
1	635,001	640,000	637,189
1	640,001	645,000	644,212
1	645,001	650,000	650,000
1	665,001	670,000	667,927
1	680,001	685,000	681,377
1	685,001	690,000	686,518
3	695,001	700,000	2,095,509
1	710,001	715,000	712,009
1	745,001	750,000	750,000
1	765,001	770,000	768,900
1	780,001	785,000	780,685
2	795,001	800,000	1,600,000
1	815,001	820,000	819,425



as at december 31, 2022

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	830,001	835,000	832,000
1	840,001	845,000	841,196
3	850,001	855,000	2,559,259
1	855,001	860,000	857,610
2	865,001	870,000	1,735,580
1	880,001	885,000	880,252
1	885,001	890,000	889,452
1	895,001	900,000	896,500
2	935,001	940,000	1,871,212
1	955,001	960,000	956,790
1	1,015,001	1,020,000	1,016,629
1	1,055,001	1,060,000	1,057,865
1	1,115,001	1,120,000	1,116,410
1	1,150,001	1,155,000	1,154,124
1	1,175,001	1,180,000	1,176,333
1	1,195,001	1,200,000	1,197,369
1	1,200,001	1,205,000	1,203,707
1	1,230,001	1,235,000	1,233,945
1	1,260,001	1,265,000	1,263,941
1	1,275,001	1,280,000	1,278,134
1	1,325,001	1,330,000	1,326,358
1	1,330,001	1,335,000	1,334,286
1	1,365,001	1,370,000	1,369,433
1	1,410,001	1,415,000	1,410,949
1	1,470,001	1,475,000	1,470,515
1	1,485,001	1,490,000	1,489,931
1	1,490,001	1,495,000	1,494,401
1	1,515,001	1,520,000	1,518,000
1	1,530,001	1,535,000	1,530,466
3	1,570,001	1,575,000	4,716,246
1	1,580,001	1,585,000	1,585,000
1	1,635,001	1,640,000	1,636,434
1	1,650,001	1,655,000	1,651,529
1	1,710,001	1,715,000	1,710,233
1	1,850,001	1,855,000	1,854,684
2	1,865,001	1,870,000	3,733,099
1	1,900,001	1,905,000	1,901,728
1	1,910,001	1,915,000	1,913,928
1	1,930,001	1,935,000	1,934,150
1	2,000,001	2,005,000	2,001,000

as at december 31, 2022

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	2,085,001	2,090,000	2,086,275
1	2,210,001	2,215,000	2,213,889
1	2,295,001	2,300,000	2,300,000
1	2,325,001	2,330,000	2,330,000
1	2,635,001	2,640,000	2,636,260
1	2,770,001	2,775,000	2,772,620
1	3,105,001	3,110,000	3,109,370
1	3,295,001	3,300,000	3,299,046
1	3,435,001	3,440,000	3,436,290
1	3,660,001	3,665,000	3,662,370
1	3,795,001	3,800,000	3,800,000
1	3,880,001	3,885,000	3,880,786
1	4,170,001	4,175,000	4,174,899
1	4,430,001	4,435,000	4,434,856
1	4,570,001	4,575,000	4,574,007
1	4,795,001	4,800,000	4,796,571
1	5,640,001	5,645,000	5,640,816
1	6,020,001	6,025,000	6,021,609
1	6,535,001	6,540,000	6,536,109
1	7,855,001	7,860,000	7,857,659
1	8,800,001	8,805,000	8,803,825
1	11,575,001	11,580,000	11,579,845
1	13,830,001	13,835,000	13,832,159
1	17,790,001	17,795,000	17,791,927
1	20,005,001	20,010,000	20,007,634
1	214,465,001	214,470,000	214,469,810
	<b>16,237</b>		<b>576,163,230</b>

Details of Purchase/sale of shares by Directors, Executive\* and their spouses/minor children during 2022:

S. No.	Executive Name	Date of Transaction	Transaction	Number of Shares	Price Per Share
1	Shahzada Dawood	January 17, 2022	Bought	404000	272.23
2	Abdul Samad Dawood	January 17, 2022	Sold	404000	271.77
3	Muhammad Abdul Aleem	January 13, 2022	Bought	20000	272.18
4	Muhammad Abdul Aleem	January 7, 2022	Bought	20000	278.00
5	Muhammad Abdul Aleem	March 28, 2022	Bought	15000	262.50
6	Muhammad Abdul Aleem	March 21, 2022	Bought	30000	264.00
7	Hussain Dawood	March 11, 2022	Bought	48000	269.16
8	Hussain Dawood	March 11, 2022	Bought	50000	269.05
9	Kulsum Dawood w/o Hussain Dawood	March 10, 2022	Bought	37100	269.45
10	Shahzada Dawood	March 10, 2022	Bought	18500	269.46
11	Hussain Dawood	March 9, 2022	Bought	152000	268.46
12	Hussain Dawood	March 9, 2022	Bought	50000	268.88
13	Hussain Dawood	March 8, 2022	Bought	110000	268.37
14	Hussain Dawood	March 7, 2022	Bought	150000	268.76
15	Kulsum Dawood w/o Hussain Dawood	March 7, 2022	Bought	25000	268.01
16	Hussain Dawood	March 4, 2022	Bought	100000	272.94
17	Kulsum Dawood w/o Hussain Dawood	March 4, 2022	Bought	5500	271.78
18	Hussain Dawood	March 3, 2022	Bought	65000	268.73
19	Hussain Dawood	April 8, 2022	Bought	127997	272.53
20	Hussain Dawood	April 7, 2022	Bought	72003	270.44
21	Hussain Dawood	May 23, 2022	Bought	160000	267.02
22	Shahzada Dawood	May 20, 2022	Bought	46,001	267.36
23	Kulsum Dawood w/o Hussain Dawood	May 17, 2022	Bought	59,500	268.27
24	Shahzada Dawood	May 17, 2022	Bought	64,000	268.46
25	Shahzada Dawood	May 16, 2022	Bought	10,000	269.47
26	Kulsum Dawood w/o Hussain Dawood	May 16, 2022	Bought	14,938	267.70
27	Muhammad Abdul Aleem	June 24, 2022	Bought	10,000	247.00
28	Ghias Khan	June 17, 2022	Bought	750,000	265.14
29	Humera Aleem w/o Muhammad Abdul Aleem	June 17, 2022	Bought	13,000	261.50
30	Kulsum Dawood w/o Hussain Dawood	June 15, 2022	Bought	228,000	262.45
31	Kulsum Dawood w/o Hussain Dawood	June 15, 2022	Bought	228,000	262.44
32	Shahzada Dawood	June 13, 2022	Bought	202,800	262.46
33	Shahzada Dawood	June 10, 2022	Bought	25,200	264.03
34	Muhammad Abdul Aleem	June 8, 2022	Bought	2,331	260.10

\*For the purpose of declaration of shares traded, all direct reportees of the CEO are considered as Executive.



# shareholder information

## annual general meeting

The annual shareholders meeting will be held at Karachi School of Business and Leadership (KSBL), situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi on Thursday, March 30, 2023, at 02:30 pm.

Shareholders as of March 22, 2023, are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Cards or passports, along with the Participant's ID number and their account number at the time of attending the AGM in order to facilitate their identification.

## ownership

On December 31, 2022, there were 16, 237 shareholders on record of the Company's ordinary shares.

## electronic transmission of annual report 2022

In compliance with the Section 223(6) of Companies Act, 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, printed notice of AGM, along with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such a request.

Further, shareholders are requested to kindly provide the valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

## e-dividend mandate (mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company, is required to pay cash dividend ONLY through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders are requested to provide the information mentioned on an E-Dividend Mandate Form available at the Company's website [www.engrofertilizers.com](http://www.engrofertilizers.com) and send the same to your brokers/the Central Depository Company Ltd if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form.

## quarterly results

The Company issues quarterly financial statements and holds periodic briefings with security analysis to discuss the results and the business environment.

All annual/quarterly reports and periodic briefing presentations are regularly posted on the Company's website.

## change of address

All registered shareholders should send information on changes of address to:

M/s. FAMCO Associates (Private) Limited  
8-F, Near Hotel Faran Nursery,  
Block-6 P.E.C.H.S. Shakra-e-Faisal  
Karachi-74000



# our sports partnerships

Engro has always been a proponent of developing talent in all realms of life, on the lookout for the best of the best. Indeed, we deem it our undeniable responsibility to help solve pressing issues of our time, and this includes ensuring healthy outlets are available for our youth to thrive and grow into powerful, positive representatives of Pakistan around the world.

Sports are instrumental in the practical learning of key competencies that are required to achieve success, including strategic agility, critical-thinking, and problem-solving. At the same time, they encourage teamwork and physical health. Thus, we have added a new commitment to Pakistan: for what inspires us, we must strive to support opportunity.

Pakistan needs platforms that offer rising talent a chance to be trained by world-class coaches, so they can go further, faster, to make their mark on the global stage. With this in mind, Engro has entered strategic partnerships that enable rising cricket, volleyball, football, and chess and bridge talent to catapult from the grassroots level to the international playing field under the Engro Cricket Coaching Project, the Engro Volleyball Development Program, the Engro Football Training Program, and the Engro Mind Sports Program.

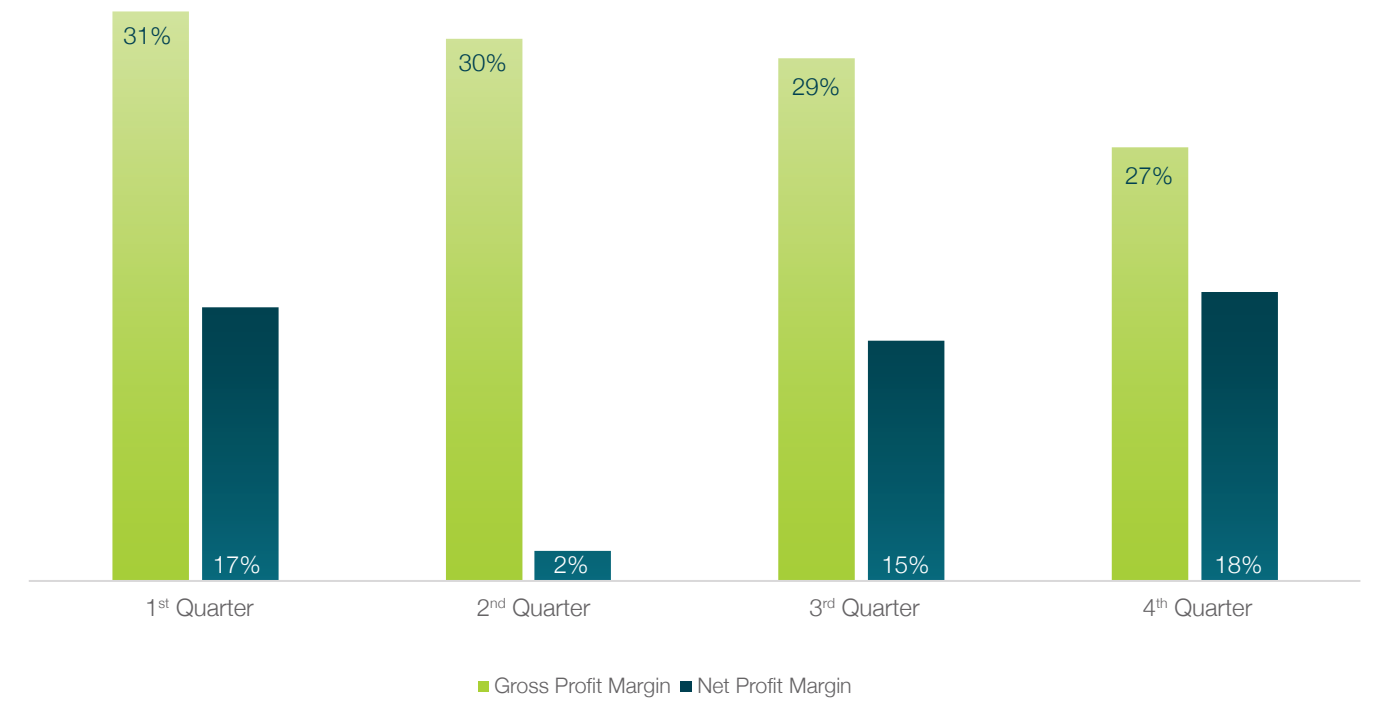




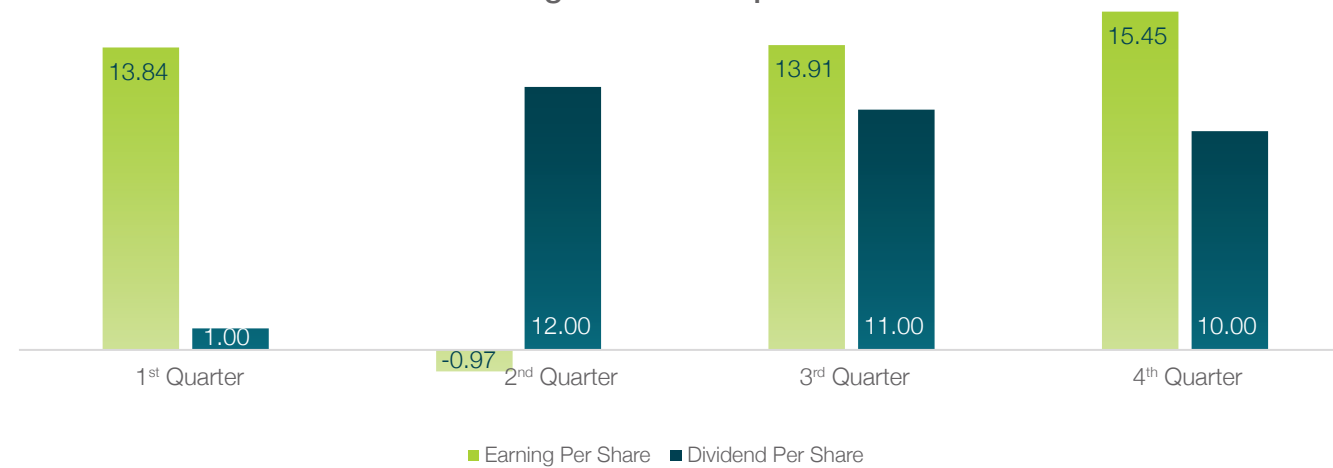
## profit and loss quarterly analysis

Amount in millions	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Annual
Sales	88,333	89,122	91,285	87,688	356,428
Cost of Sales	(61,116)	(62,166)	(64,642)	(63,884)	(251,808)
<b>Gross Profit</b>	<b>27,217</b>	<b>26,956</b>	<b>26,643</b>	<b>23,804</b>	<b>104,620</b>
Selling and distribution expenses	(1,889)	(1,537)	(2,058)	(3,842)	(9,326)
Administrative expenses	(1,670)	(3,059)	(2,652)	(4,395)	(11,777)
Other Income	3,986	5,637	4,129	8,122	21,874
Other operating expenses	(2,700)	(4,173)	(1,355)	(1,807)	(10,035)
Finance Cost	(5,127)	(6,874)	(7,112)	(9,631)	(28,744)
Remeasurement loss on GIDC provision and loss allowance on subsidy receivable	-	(949)	(356)	(321)	(1,626)
Share of Income from Joint Venture	988	284	818	1,125	3,215
<b>Profit Before Taxation</b>	<b>20,805</b>	<b>16,285</b>	<b>18,057</b>	<b>13,054</b>	<b>68,201</b>
Tax	(5,907)	(14,370)	(4,160)	2,347	(22,090)
<b>Profit from continuing operations</b>	<b>14,898</b>	<b>1,915</b>	<b>13,897</b>	<b>15,401</b>	<b>46,111</b>
Loss from discontinued operations	0.24	(0.17)	-	-	0.07
Profit attributable to					
Owners of the Holding Company	7,972	(558)	8,017	8,901	24,332
Non-Controlling Interest	6,926	2,473	5,880	6,500	21,779
	<b>14,898</b>	<b>1,915</b>	<b>13,897</b>	<b>15,401</b>	<b>46,111</b>

## Quarterly Gross & Net Profit Margin



## Earning vs Dividend per Share



# horizontal analysis balance sheet

(In millions)

Horizontal Analysis	2022 Rs.	22 Vs. 21 %	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.	19 Vs. 18 %	2018 Rs.	18 Vs. 17 %	2017 Rs.	17 Vs. 16 %	2016 Rs.
<b>EQUITY AND LIABILITIES</b>													
<b>EQUITY</b>													
Share Capital	5,762	-	5,762	-	5,762	-	5,762	10.0	5,238	-	5,238	-	5,238
Share Premium	13,068	-	13,068	-	13,068	-	13,068	-	13,068	-	13,068	-	13,068
Unappropriated Profits	142,128	3.5	137,386	10.4	124,425	9.4	113,729	0.6	113,101	4.2	108,587	(2.2)	111,008
Reserves	5,864	6.2	5,523	7.0	5,161	1.4	5,088	3.7	4,908	7.6	4,563	0.9	4,523
Non-Controlling Interest	73,762	(9.0)	81,061	13.9	71,179	23.6	57,603	16.9	49,272	24.4	39,619	12.4	35,253
	<b>240,584</b>	<b>1</b>	<b>242,800</b>	<b>10.6</b>	<b>219,595</b>	<b>12.5</b>	<b>195,249</b>	<b>5.2</b>	<b>185,587</b>	<b>8.5</b>	<b>171,074</b>	<b>1.2</b>	<b>169,091</b>
<b>NON-CURRENT LIABILITIES</b>													
Borrowings	156,174	11.7	139,818	3.4	135,230	(2.4)	138,600	14.4	121,110	54.6	78,351	29.3	60,610
Government grant	1,472	36	1,080	100	-	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-	-	-	-	(100.0)	2
Lease liability	62,370	17.3	53,163	5.0	50,625	(0.6)	50,941	100.0	-	-	-	-	-
Deferred Taxation	13,395	(17.6)	16,257	11.6	14,568	8.7	13,399	59.0	8,428	(21.1)	10,683	18.9	8,983
Others	6,587	(40.2)	11,018	(35.9)	17,202	635.4	2,339	800.4	260	15.8	224	14.0	197
	<b>239,998</b>	<b>8</b>	<b>221,336</b>	<b>1.7</b>	<b>217,625</b>	<b>6.0</b>	<b>205,280</b>	<b>58.2</b>	<b>129,799</b>	<b>45.4</b>	<b>89,258</b>	<b>27.9</b>	<b>69,791</b>
<b>CURRENT LIABILITIES</b>													
Current portion of													
- Borrowings	27,700	19.9	23,110	1.9	22,688	14.3	19,856	92.5	10,316	(16.8)	12,392	(0.9)	12,509
- Lease liabilities	9,047	48.0	6,111	24.6	4,906	11.3	4,407	100.0	-	-	-	-	-
- Others	26,081	35.5	19,247	54.9	12,423	(57.1)	28,926	25,306.8	114	10.3	103	1.4	102
- Government grant	353	92.2	184	100.0	-	-	-	-	-	-	-	-	-
Trade and Other Payables	156,944	48.7	105,555	18.6	88,996	15.4	77,142	33.0	58,014	50.8	38,479	21.7	31,625
Accrued Interest / Mark up	2,765	102.3	1,366	(0.4)	1,372	(58.6)	3,316	47.8	2,243	53.5	1,461	28.3	1,138
Short-term Borrowings	32,985	41.7	23,270	86.1	12,505	(19.4)	15,512	133.6	6,641	(34.2)	10,085	82.2	5,536
Others	12,958	866.0	1,341	255.8	377	(32.3)	557	26.3	441	(56.2)	1,007	86.0	542
	<b>268,833</b>	<b>49.2</b>	<b>180,186</b>	<b>25.8</b>	<b>143,267</b>	<b>(4.3)</b>	<b>149,716</b>	<b>92.5</b>	<b>77,769</b>	<b>22.4</b>	<b>63,528</b>	<b>23.5</b>	<b>51,451</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>749,415</b>	<b>16.3</b>	<b>644,321</b>	<b>11.0</b>	<b>580,487</b>	<b>5.5</b>	<b>550,245</b>	<b>40.0</b>	<b>393,155</b>	<b>21.4</b>	<b>323,860</b>	<b>11.5</b>	<b>290,333</b>
<b>ASSETS</b>													
<b>NON-CURRENT ASSETS</b>													
Property, Plant and Equipment	329,877	16.9	282,155	7.7	261,957	3.4	253,374	24.0	204,409	29.9	157,355	19.7	131,408
Right of use asset	13,329	35.7	9,819	40.4	6,992	44.1	4,851	100.0	-	-	-	-	-
Net investment in lease	52,160	15.4	45,204	1.5	44,557	(2.2)	45,564	100.0	-	-	-	-	-
Long-term Investments	36,081	5.4	34,217	6.8	32,045	6.9	29,963	(5.2)	31,590	(1.9)	32,196	(7.2)	34,701
Derivative financial instrument	737	694.5	93	100.0	-	-	-	-	-	-	-	-	-
Intangible Assets	2,275	(5.2)	2,398	120.6	1,087	13.1	961	202.6	318	25.6	253	13.7	222
Financial asset at amortised cost	3,783	5.3	3,593	(30.4)	5,161	(12.8)	5,921	100.0	-	-	-	-	-
Others	3,918	45.3	2,697	23.1	2,191	(38.0)	3,533	(21.1)	4,477	(34.5)	6,834	(34.3)	10,405
	<b>442,161</b>	<b>16.3</b>	<b>380,175</b>	<b>7.4</b>	<b>353,990</b>	<b>2.9</b>	<b>344,168</b>	<b>42.9</b>	<b>240,794</b>	<b>22.5</b>	<b>196,637</b>	<b>11.3</b>	<b>176,736</b>
<b>CURRENT ASSETS</b>													
Store, Spares and Loose Tools	9,835	5.6	9,310	2.7	9,069	18.7	7,637	(0.7)	7,688	0.6	7,639	6.9	7,148
Stock-in-Trade	30,243	(4.0)	31,513	75.7	17,938	(9.9)	19,913	15.6	17,228	31.9	13,066	22.1	10,704
Trade Debts	71,195	19.5	59,563	17.7	50,617	(2.7)	51,995	179.1	18,629	36.6	13,642	(0.7)	13,733
Loans, Advances, Deposits & Prepayments	6,850	45.4	4,712	22.0	3,861	(20.7)	4,868	53.5	3,171	57.5	2,013	44.7	1,390
Other Receivables	52,356	64.3	31,867	28.3	24,843	8.5	22,897	91.2	11,972	4.8	11,428	16.8	9,783
Current portion of net investment in lease	5,683	41.9	4,005	23.0	3,255	28.0	2,544	100.0	-	-	-	-	-
Cash and Bank Balances	44,987	10.2	40,805	74.7	23,353	11.8	20,893	75.9	11,881	24.3	9,558	62.0	5,900
Short-term Investments	86,105	4.5	82,372	(11.9)	93,493	26.3	74,004	(9.5)	81,791	17.0	69,879	8.0	64,726
Assets classified as held for sale	-	-	-	(100.0)	67	(94.9)	1,326	100.0	-	-	-	-	-
	<b>307,254</b>	<b>16.3</b>	<b>264,146</b>	<b>16.6</b>	<b>226,496</b>	<b>9.9</b>	<b>206,077</b>	<b>35.3</b>	<b>152,361</b>	<b>19.8</b>	<b>127,223</b>	<b>12.0</b>	<b>113,597</b>
<b>TOTAL ASSETS</b>	<b>749,415</b>	<b>16.3</b>	<b>644,321</b>	<b>11.0</b>	<b>580,487</b>	<b>5.5</b>	<b>550,245</b>	<b>40.0</b>	<b>393,155</b>	<b>21.4</b>	<b>323,860</b>	<b>11.5</b>	<b>290,333</b>



# vertical analysis balance sheet

(In millions)

Vertical Analysis	2022	22 Vs. 21	2021	21 Vs. 20	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
<b>EQUITY AND LIABILITIES</b>											
<b>EQUITY</b>											
Share Capital	5,762	0.8	5,762	0.9	5,762	1.0	5,762	1.0	5,238	1.3	5,238
Share Premium	13,068	1.7	13,068	2.0	13,068	2.3	13,068	2.4	13,068	3.3	13,068
Unappropriated Profits	142,128	19.0	137,386	21.3	124,425	21.4	113,729	20.7	113,101	28.8	108,587
Reserves	5,864	0.8	5,523	0.9	5,161	0.9	5,088	0.9	4,908	1.2	4,563
Non-Controlling Interest	73,762	9.8	81,061	12.6	71,179	12.3	57,603	10.5	49,272	12.5	39,619
	240,584	32.1	242,800	37.7	219,595	37.8	195,249	35.5	185,587	47.2	171,074
<b>NON-CURRENT LIABILITIES</b>											
Borrowings	156,174	20.8	139,818	21.7	135,230	23.3	138,600	25.2	121,110	30.8	78,351
Government grant	1,472	0.2	1,080	0.2	0	-	0	-	0	-	0
Derivative Financial Instruments	0	-	0	-	0	-	0	-	0	-	0
Lease liability	62,370	8.3	53,163	8.3	50,625	8.7	50,941	9.3	-	-	-
Deferred Taxation	13,395	1.8	16,257	2.5	14,568	2.5	13,399	2.4	8,428	2.1	10,683
Others	6,587	0.9	11,018	1.7	17,202	3.0	2,339	0.4	260	0.1	224
	239,998	32.0	221,336	34.4	217,625	37.5	205,280	37.3	129,799	33.0	89,258
<b>CURRENT LIABILITIES</b>											
Current portion of											
- Borrowings	27,700	3.7	23,110	3.6	22,688	3.9	19,856	3.6	10,316	2.6	12,392
- Lease liabilities	9,047	1.2	6,111	0.9	4,906	0.8	4,407	0.8	-	-	-
- Others	26,081	3.5	19,247	3.0	12,423	2.1	28,926	5.3	114	0.0	103
- Government grant	353	0.0	184	0.0	0	-	0	-	0	-	0
Trade and Other Payables	156,944	20.9	105,555	16.4	88,996	15.3	77,142	14.0	58,014	14.8	38,479
Accrued Interest / Mark up	2,765	0.4	1,366	0.2	1,372	0.2	3,316	0.6	2,243	0.6	1,461
Short-term Borrowings	32,985	4.4	23,270	3.6	12,505	2.2	15,512	2.8	6,641	1.7	10,085
Others	12,958	1.7	1,341	0.2	377	0.1	557	0.1	441	0.1	1,007
	268,833	35.9	180,186	28.0	143,267	24.7	149,716	27.2	77,769	19.8	63,528
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>749,415</b>	<b>100.0</b>	<b>644,321</b>	<b>100.0</b>	<b>580,487</b>	<b>100.0</b>	<b>550,245</b>	<b>100.0</b>	<b>393,155</b>	<b>100.0</b>	<b>323,860</b>
<b>ASSETS</b>											
<b>NON-CURRENT ASSETS</b>											
Property, Plant and Equipment	329,877	44.0	282,155	43.8	261,957	45.1	253,374	46.0	204,409	52.0	157,355
Right of use asset	13,329	1.8	9,819	1.5	6,992	1.2	4,851	0.9	-	-	-
Net investment in lease	52,160	7.0	45,204	7.0	44,557	7.7	45,564	8.3	-	-	-
Long-term Investments	36,081	4.8	34,217	5.3	32,045	5.5	29,963	5.4	31,590	8.0	32,196
Derivative financial instrument	737	0.1	93	0.0	0	-	0	-	0	-	0
Intangible Assets	2,275	0.3	2,398	0.4	1,087	0.2	961	0.2	318	0.1	253
Financial asset at amortised cost	3,783	0.5	3,593	0.6	5,161	0.9	5,921	1.1	-	-	-
Others	3,918	0.5	2,697	0.4	2,191	0.4	3,533	0.6	4,477	1.1	6,834
	442,161	59.0	380,175	59.0	353,990	61.0	344,168	62.5	240,794	61.2	196,637
<b>CURRENT ASSETS</b>											
Store, Spares and Loose Tools	9,835	1.3	9,310	1.4	9,069	1.6	7,637	1.4	7,688	2.0	7,639
Stock-in-Trade	30,243	4.0	31,513	4.9	17,938	3.1	19,913	3.6	17,228	4.4	13,066
Trade Debts	71,195	9.5	59,563	9.2	50,617	8.7	51,995	9.4	18,629	4.7	13,642
Loans, Advances, Deposits & Prepayments	6,850	0.9	4,712	0.7	3,861	0.7	4,868	0.9	3,171	0.8	2,013
Other Receivables	52,356	7.0	31,867	4.9	24,843	4.3	22,897	4.2	11,972	3.0	11,428
Current portion of investment in lease	5,683	0.8	4,005	0.6	3,255	0.6	2,544	0.5	-	-	-
Cash and Bank Balances	44,987	6.0	40,805	6.3	23,353	4.0	20,893	3.8	11,881	3.0	9,558
Short-term Investments	86,105	11.5	82,372	12.8	93,493	16.1	74,004	13.4	81,791	20.8	69,879
Assets classified as held for sale	-	-	-	-	67	0.0	1,326	0.2	-	-	-
	307,254	41.0	264,146	41.0	226,496	39.0	206,077	37.5	152,361	38.8	127,223
<b>TOTAL ASSETS</b>	<b>749,415</b>	<b>100.0</b>	<b>644,321</b>	<b>100.0</b>	<b>580,487</b>	<b>100.0</b>	<b>550,245</b>	<b>100.0</b>	<b>393,155</b>	<b>100.0</b>	<b>323,860</b>

# horizontal analysis profit and loss account

(In millions)

Horizontal Analysis	2022 Rs.	22 Vs. 21 %	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.	19 Vs. 18 %	2018 Rs.	18 Vs. 17 %	2017 Rs.	17 Vs. 16 %	2016 Rs.
Sales	356,428	14.39	311,587	25.23	248,818	10.21	225,765	31.59	171,568	33.42	128,593	(18.20)	157,208
Cost of Sales	(251,808)	19.22	(212,133)	22.78	(172,773)	9.93	(157,167)	30.47	(120,460)	28.44	(93,786)	(22.72)	(121,365)
Gross Profit	104,619	4.08	99,455	30.78	76,045	10.85	68,599	34.22	51,108	46.84	34,806	(2.89)	35,843
Selling and Distribution Expenses	(9,326)	19.27	(7,819)	(0.33)	(7,845)	(3.19)	(8,103)	(4.54)	(8,488)	8.13	(7,850)	(34.87)	(12,052)
Administrative Expenses	(11,777)	53.76	(7,659)	6.59	(7,185)	18.96	(6,040)	34.31	(4,497)	13.71	(3,955)	9.65	(3,607)
Other Operating Expenses	83,517	26.45	83,977	26.95	61,015	35.56	54,456	24.12	38,123	22.22	23,002	17.89	20,184
Other Income	(11,660)	(3.24)	(10,912)	42.54	(7,655)	(6.64)	(8,199)	48.56	(5,519)	129.84	(2,401)	2.24	(2,349)
Operating Profit	21,874	78.97	12,222	(31.10)	17,738	30.01	13,643	49.15	9,147	(12.79)	10,489	(84.76)	68,838
Finance Cost	93,730	9.90	85,287	19.96	71,098	18.70	59,900	43.47	41,752	34.30	31,089	(64.13)	86,674
Share of Income from Joint Venture and associates	(28,744)	66.40	(17,274)	(15.63)	(20,473)	38.80	(14,750)	170.49	(5,453)	6.29	(5,131)	(15.03)	(6,038)
Profit Before Taxation	3,215	(0.36)	3,227	15.40	2,796	143.55	1,148	792.36	129	(91.21)	1,463	14.89	1,273
Provision for Taxation	68,201	(4.27)	71,240	33.36	53,421	15.39	46,297	27.10	36,427	32.84	27,422	(66.52)	81,909
Loss from Discontinued Operations	(22,090)	18.40	(18,657)	106.61	(9,030)	(42.52)	(15,710)	22.78	(12,795)	14.94	(11,132)	33.94	(8,311)
Net Profit After Taxation	0.07	(97.58)	29	(110.48)	(279)	(6.81)	(300)	(100.00)	-	-	-	-	-
Non-Controlling Interest Profit attributable to Owners of the Holding Company	46,111	(12.35)	52,612	19.27	44,112	45.64	30,288	28.17	23,632	45.07	16,290	(77.87)	73,598
	21,779	(11.72)	24,670	29.77	19,011	38.21	13,755	25.92	10,924	58.72	6,883	53.26	4,491
	24,332	<b>(12.92)</b>	27,942	<b>11.32</b>	25,100	<b>51.82</b>	16,533	<b>30.10</b>	12,708	<b>35.08</b>	9,407	<b>(86.39)</b>	69,107



# vertical analysis profit and loss account

Vertical Analysis	2022 Rs.	22 Vs. 21 %	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.	19 V s. 18 %	2018 Rs.	18 Vs. 17 %	2017 Rs.
Sales	356,428	100.00	311,587	100.00	248,818	100.00	225,765	100.00	171,568	100.00	128,593
Cost of Sales	(251,808)	(70.96)	(212,133)	(68.08)	(172,773)	(69.44)	(157,167)	(69.62)	(120,460)	(70.21)	(93,786)
Gross Profit	104,619	29.04	99,455	31.92	76,045	30.56	68,599	30.38	51,108	29.79	34,806
Selling and Distribution Expenses	(9,326)	(2.62)	(7,819)	(2.51)	(7,845)	(3.19)	(8,103)	(4.54)	(8,488)	8.13	(7,850)
Administrative Expenses	(11,777)	(3.30)	(7,659)	(2.46)	(7,185)	(2.89)	(6,040)	(2.68)	(4,497)	(2.62)	(3,955)
Other Operating Expenses	83,517	26.45	83,977	26.95	61,015	35.56	54,456	24.12	38,123	22.22	23,002
Other Income	(11,660)	(2.96)	(10,912)	(3.50)	(7,655)	(3.08)	(8,199)	(3.63)	(5,519)	(3.22)	(2,401)
Operating Profit	21,874	6.14	12,222	3.92	17,738	7.13	13,643	6.04	9,147	5.33	10,489
Finance Cost	93,730	26.30	85,287	27.37	71,098	28.57	59,900	26.53	41,752	24.34	31,089
Share of Income from Joint Venture and associates	(28,744)	(8.06)	(17,274)	(5.54)	(20,473)	(8.23)	(14,750)	(6.53)	(5,453)	(3.18)	(5,131)
Net Profit Before Taxation	3,215	0.90	3,227	1.04	2,796	1.12	1,148	0.51	129	0.07	1,463
Provision for Taxation	68,201	19.13	71,240	22.86	53,421	21.47	46,297	20.51	36,427	21.23	27,422
Loss from Discontinued Operations	(22,090)	(6.20)	(18,657)	(5.99)	(9,030)	(3.63)	(15,710)	(6.96)	(12,795)	(7.46)	(11,132)
Net Profit After Taxation	0.07	0.00	29	0.01	(279)	(0.11)	(300)	(0.13)	-	-	-
Non-Controlling Interest Profit attributable to Owners of the Holding Company	46,111	12.94	52,612	16.89	44,112	17.73	30,288	13.42	23,632	13.77	16,290
	21,779	6.11	24,670	7.92	19,012	7.64	13,755	6.09	10,924	6.37	6,883
	24,332	6.83	27,942	8.97	25,100	10.09	16,533	7.32	12,708	7.41	9,407

# six years summary

(In millions)	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
<b>Summary of Balance Sheet</b>						
Shareholders' Funds / Equity	240,584	242,800	219,595	195,249	185,587	171,074
Long-term Borrowings	183,874	162,928	157,918	158,456	131,426	90,743
Lease Liabilities - IFRS 16	71,417	59,274	55,531	55,348	-	-
Capital Employed	424,458	405,728	377,513	353,705	317,014	261,818
Property, Plant & Equipment	329,877	282,155	261,957	253,374	204,409	157,355
Net Current Assets / Working Capital	75,168	113,182	110,823	80,625	84,908	76,087
<b>Summary of Profit and Loss</b>						
Sales	356,428	311,587	248,818	225,765	171,568	128,593
Gross Profit	103,517	99,455	76,045	68,599	51,108	34,806
EBITDA	113,318	101,690	88,017	72,331	49,507	40,079
Profit After Tax	46,111	52,612	44,112	30,288	23,633	16,290
<b>Summary of Cash Flows</b>						
Net Cash Flow from Operating Activities	76,720	48,605	63,392	38,866	28,940	21,120
Net Cash Flow from Investing Activities	(88,882)	35,750	(7,323)	(78,262)	(12,397)	(9,008)
Net Cash Flow from Financing Activities	(54,759)	(44,876)	(31,774)	(4,632)	14,213	3,186
<b>Summary of Actual Production</b>						
	(Units)					
Urea (metric tons)	1,954,528	2,104,722	2,263,806	2,003,035	1,928,080	1,806,977
NPK (metric tons)	137,075	144,564	140,552	134,784	132,790	109,059
PVC Resin (metric tons)	239,000	243,000	153,000	197,000	202,000	187,000
EDC (metric tons)	102,000	94,000	79,000	110,000	107,000	107,000
Caustic Soda (metric tons)	97,000	92,000	77,000	105,000	105,000	105,000
Caustic Flakes (metric tons)	9,000	8,000	2,000	4,000	-	-
VCM (metric tons)	219,000	203,000	148,000	184,000	195,000	180,000
Power (mega hours)	4,454,669	5,086,123	4,582,884	3,097,604	1,526,309	1,737,394
Dairy and Juices (liters in thousands)	373,722	334,986	314,979	328,627	281,903	320,344
Drying Unit of Rice Processing Plant (metric tons)	87,856	148,839	132,115	93,689	77,008	59,371
Ice Cream (liters in thousands)	29,392	24,218	18,157	21,392	18,254	17,467

# financial ratios of six years (2017 through 2022)

Ratios	2022	2021	2020	2019	2018	2017
<b>Profitability Ratios:</b>						
Gross Profit Margin	29%	32%	31%	30%	30%	27%
Net Profit Margin	13%	17%	18%	14%	14%	13%
EBITDA Margin to Sales	28%	31%	34%	32%	29%	30%
Operating Leverage Ratio	0.66	0.78	2.06	1.45	0.86	3.46
Return on Equity (after Tax)	15%	18%	18%	12%	9%	7%
Return on Equity (before Tax)	22%	24%	21%	18%	15%	12%
Return on Capital Employed	22%	22%	19%	18%	14%	13%
Return on Assets (before Tax)	9%	11%	9%	8%	9%	8%
Operating Margin	26%	27%	29%	27%	24%	24%
<b>Liquidity Ratios:</b>						
Current Ratio	1.14	1.47	1.58	1.38	1.96	2.00
Quick / Acid Test Ratio	0.99	1.24	1.39	1.19	1.64	1.68
Cash and Cash Equivalent to Current Liabilities	0.49	0.68	0.45	0.27	1.01	0.85
Cash Flow from Operations to Sales	0.22	0.16	0.25	0.17	0.17	0.16
<b>Activity / Turnover Ratios:</b>						
Total Assets Turnover Ratio	0.51	0.51	0.44	0.48	0.48	0.42
Fixed Assets Turnover Ratio	1.08	1.10	0.97	0.99	0.95	0.89
No. of Days Inventory	45	43	40	43	46	46
No. of Days in Receivables	67	65	75	57	34	39
No. of Days in Payables	189	167	170	145	131	23
Operating cycle	(78)	(60)	(55)	(45)	(51)	(62)
<b>Investment / Market Ratios:</b>						
Earnings per Share (Restated)	42.23	48.50	43.57	28.69	22.06	16.33
Price Earnings Ratio	6.20	5.62	7.06	12.03	13.20	16.83
Price to Book Ratio	0.63	0.65	0.81	1.02	0.90	0.93
Dividend Yield Ratio	13%	10%	7%	9%	8%	7%
Dividend Payout Ratio	81%	54%	57%	87%	95%	129%
Dividend Cover Ratio	1.24	1.87	1.74	1.15	1.05	0.78
Cash Dividend per Share	34.00	26.00	25.00	25.00	21.00	21.00
Market Value per Share at the end of the year; and	262.01	272.42	307.36	345.25	291.08	274.75
- High during the year	298.40	319.90	366.00	351.54	350.22	399.16
- Low during the year	225.30	265.31	237.65	226.14	280.30	253.43
Breakup value per share	417.56	421.41	381.13	338.88	322.11	296.92
<b>Capital Structure Ratios:</b>						
Financial Leverage Ratio	0.90	0.77	0.78	0.89	0.74	0.59
Weighted Average Cost of Debt	14%	10%	12%	9%	5%	6%
Debt to Equity Ratio - Book Value	0.76	0.67	0.72	0.81	0.71	0.53
Debt to Equity Ratio - Market Value	1.22	1.04	0.89	0.80	0.86	0.63
Interest Cover Ratio	3.37	5.12	3.61	4.14	7.68	6.34
Debt to Asset Ratio	0.25	0.25	0.27	0.29	0.33	0.28
Retention Ratio	19%	46%	43%	13%	5%	-29%
Sustainable Growth Rate	6%	9%	7%	2%	0%	-2%



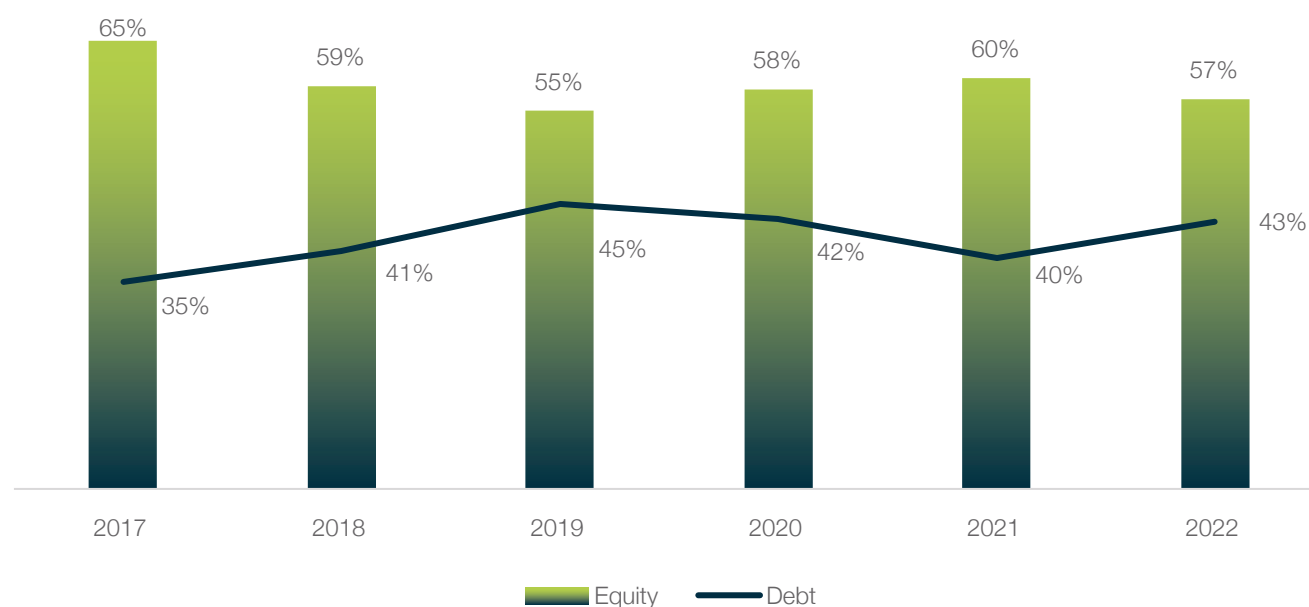
# financial analysis and graphical presentation

## of consolidated statement of financial position

### shareholders' equity

Share Capital has increased from Rs. 5,238 million to Rs. 5,762 million in 2019 due to issuance of bonus shares in 2019 with the ratio of 1 share for every 10 shares held. Reserves have increased significantly due to better profitability and Energy projects coming online in mid 2019.

### Debt / Equity



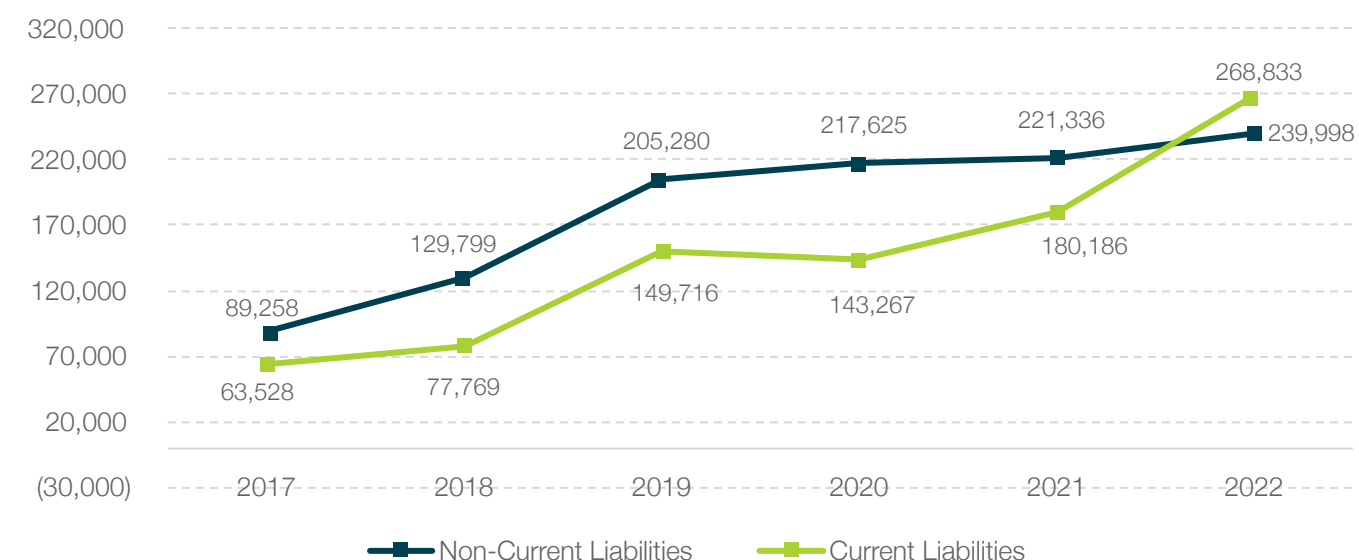
### non-current liabilities

Non-current liabilities majorly comprise of Long-Term borrowings from Financial Institutions, Deferred Taxation and Lease Liabilities.

Considering the 6 years trend, borrowings has increased from Rs. 78,850 million to Rs. 156,173 million to fund business expansion in Energy, Connectivity & telecommunication and Polymer verticals. Deferred tax liability has increased from Rs. 10,682 million to Rs. 13,395 million. Deferred tax liability as at December 31, 2022 is mainly represented by temporary differences due to accelerated depreciation allowance.

Liabilities have increased by 8% vs. last year. Subsequent to the adoption of IFRS-16 in 2019, lease liability of Rs. 62,369 million has been recorded as at December 31, 2022.

### Non-Current & Current Liabilities (in millions)



### current liabilities

Liabilities have increased by 49% vs. last year which is mainly due to increase in short term borrowings and trade and other payables.

Considering the 6 years trend, current liabilities has increased from Rs. 63,528 million to Rs. 268,833 million which includes increase in trade and other payables by Rs. 89,599 million. Trade and other payables as at December 31, 2022 mainly comprise of payable to SECMC against purchase of coal and increase in advances from customers. Also liabilities have increased by Rs. 6,993 million due to increase in provisions (in respect of GIDC). In 6 years, short term borrowings increased by Rs. 22,900 million (to provide liquidity to polymer and energy segments). Subsequent to the adoption of IFRS-16 in 2019, lease liability has been recorded and current portion amounts to Rs. 9,047 million as at December 31, 2022.

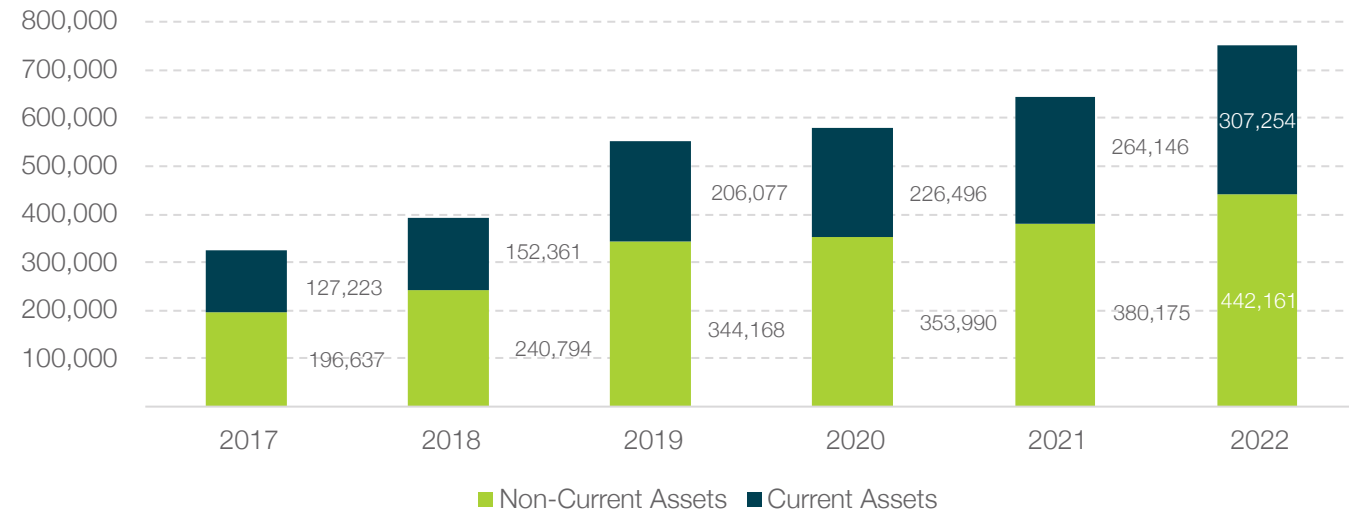
### non-current assets

Non-current assets have increased by 16% compared to last year which pertains to expansion in Polymer and Enfrashare businesses.

Furthermore, right of use assets were recognised against lease agreements entered by Enfrashare with landlords in respect of tenanted sites.

Non-current assets increased from Rs. 196,637 million to Rs. 442,161 million in last 6 years which consist of an increase in PPE by Rs. 172,522 million (mainly capitalization of Thar Power Project), increase in Net Investment in Lease by Rs. 52,160 million (sub-letting of FSRU in Elengy).

**Current & Non-current Assets** (Amount in Millions)



**current assets**

Current assets increased by 16% compared to last year. Considering the 6 years trend, the increase in current assets from Rs. 127,233 million to Rs. 307,254 million is due to increase in Short term Investment of Rs. 3,733 million, increase in Trade Debts by Rs. 20,303 million (increase in Energy related receivables) and other receivables by Rs. 10,181 million (includes subsidy receivable from GoP, sales tax receivable and delayed payment interest receivable in energy business).



# financial analysis and graphical presentation

## of consolidated statement of profit or loss

### revenue

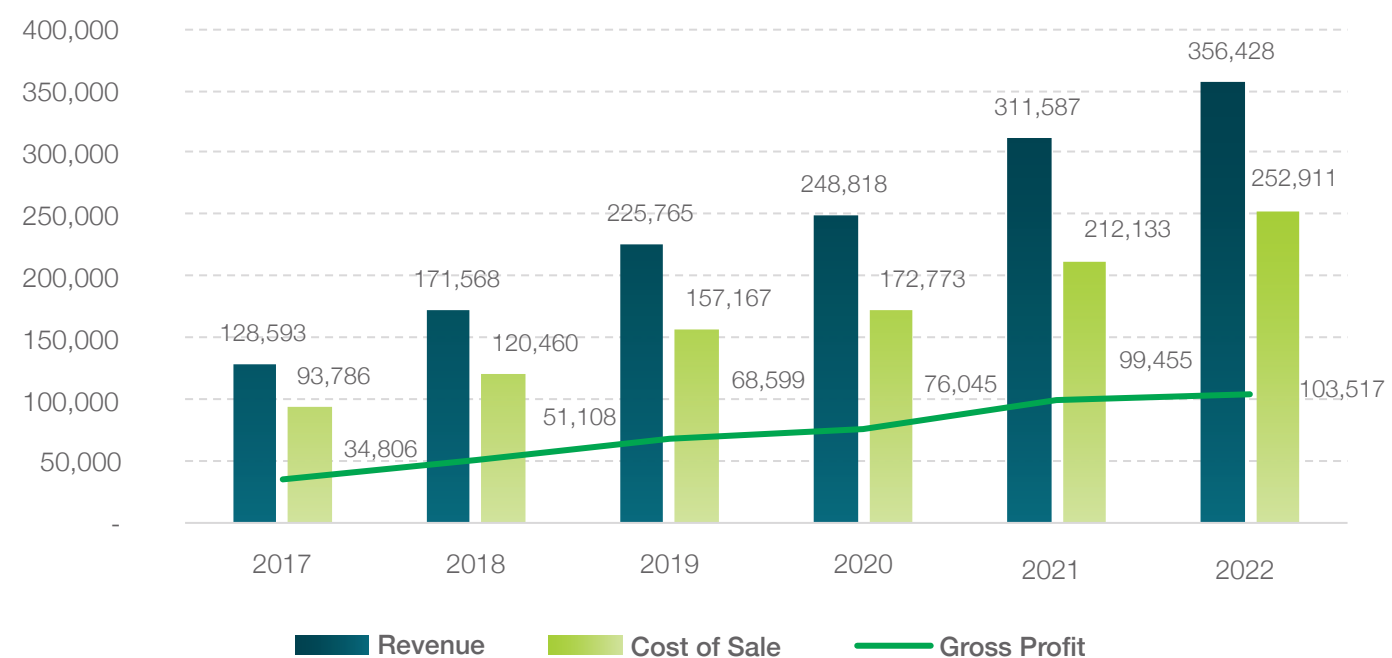
Revenue has increased by 14% (CY: 356,428 vs LY: 311,587). The main contributor in the revenue is Polymer, Fertilizer and Power & Mining segment.

Considering the 6 years trend, the consolidated revenue has an increasing trend from 2017 and onward mainly contributed by Fertilizer segment and Power & Mining segment (Thar power project started contributing in the consolidated revenue from 2019).

### cost of revenue

Cost of revenue has increased by 19% (CY:252,911 vs LY:212,133). Cost trend of last 6 years is in line with the variation in revenue.

Gross Profit Analysis (Amount in Millions)

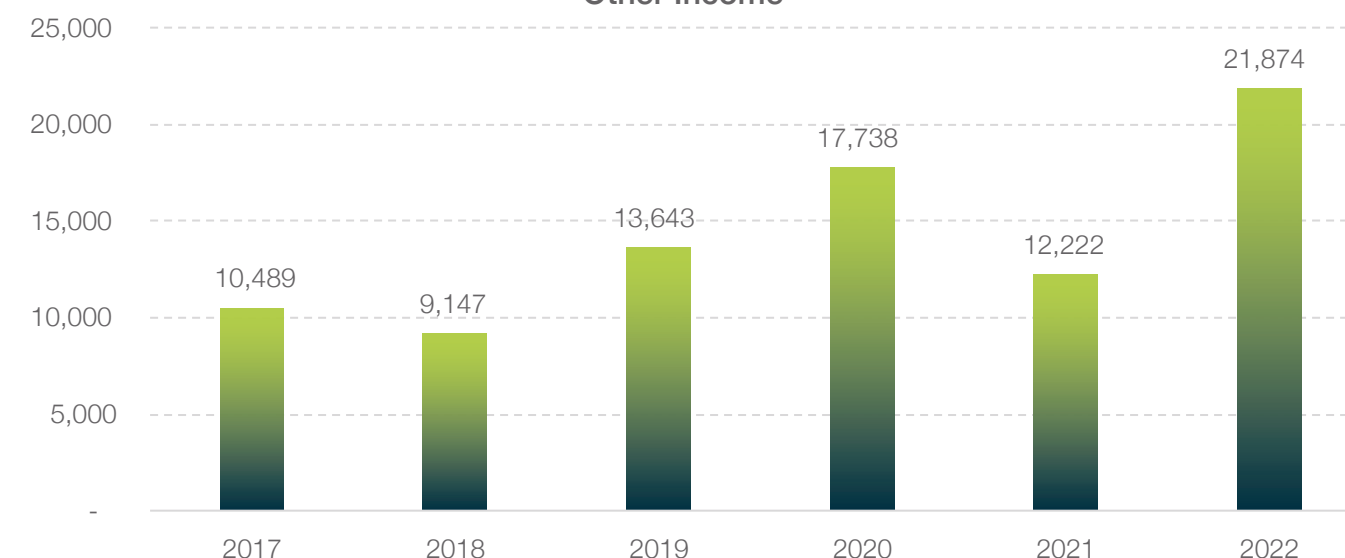


### other income

Income has increased by 79% vs. LY which is mainly due to increase in income on deposits and other financial assets by Rs. 6,442 million, delayed payment income by Rs. 1,531 million and reversal of impairment by Rs. 1,458 million.

Over the period of 6 years, income has increased mainly due to delayed payment charges on overdue receivables and income form financial assets.

Other Income

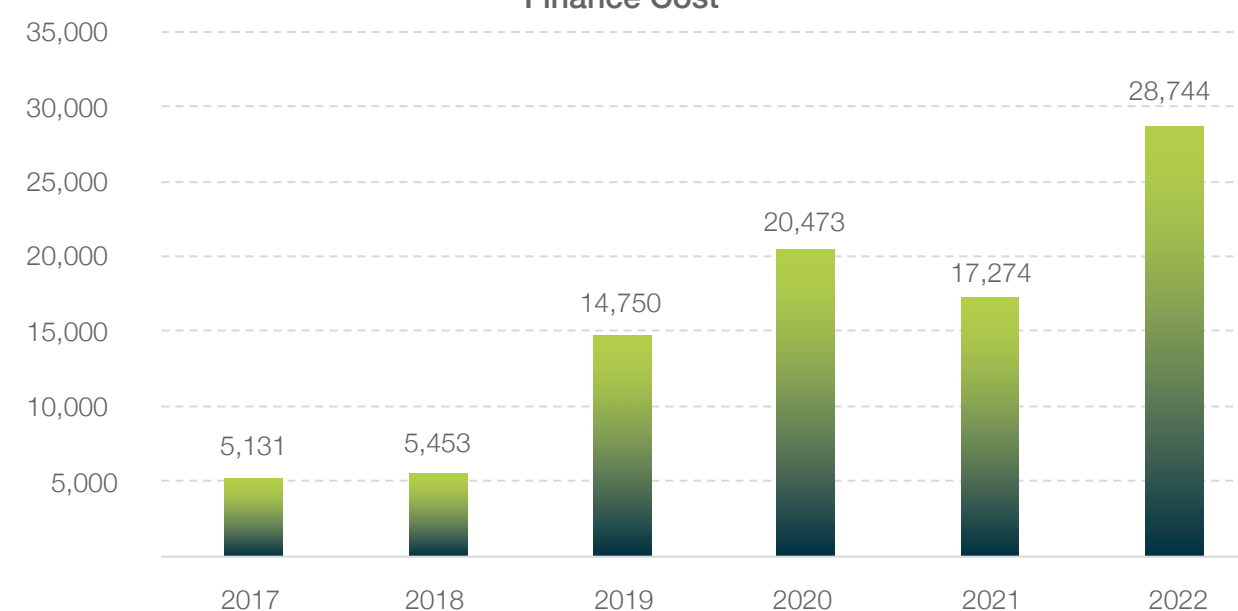


### finance cost

Finance cost has increased by 66% (CY: Rs. 28,744 million vs LY: Rs. 17,274 million). The main reason is increase in interest expense of Polymer, Fertilizer, Connectivity & Telecom and Power and Mining segment owing to repayment of loans.

Considering the 6 year trend, finance cost of the group has increased significantly from 2018 due to increased borrowings in Polymer and Energy segment to fund new projects. Thar power plant commenced operations in July 2019 and borrowing cost is accordingly expensed in profit or loss statement.

Finance Cost

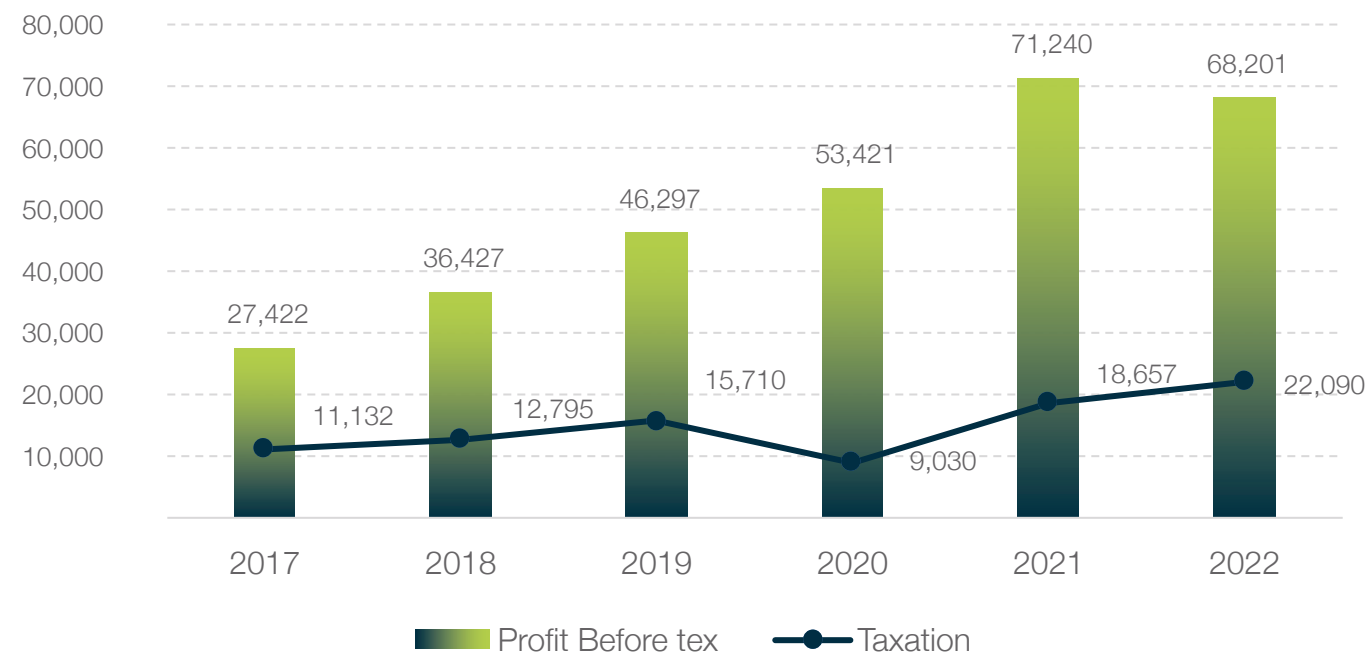


## taxation

Tax expense has increased by 18% vs. LY mainly due to incidence of super tax on current and prior income partially offset by lower PBT of EFERT and EPCL.

6 years trend shows steady increase in tax due to increase in profitability of the group.

PBT vs Tax Expense



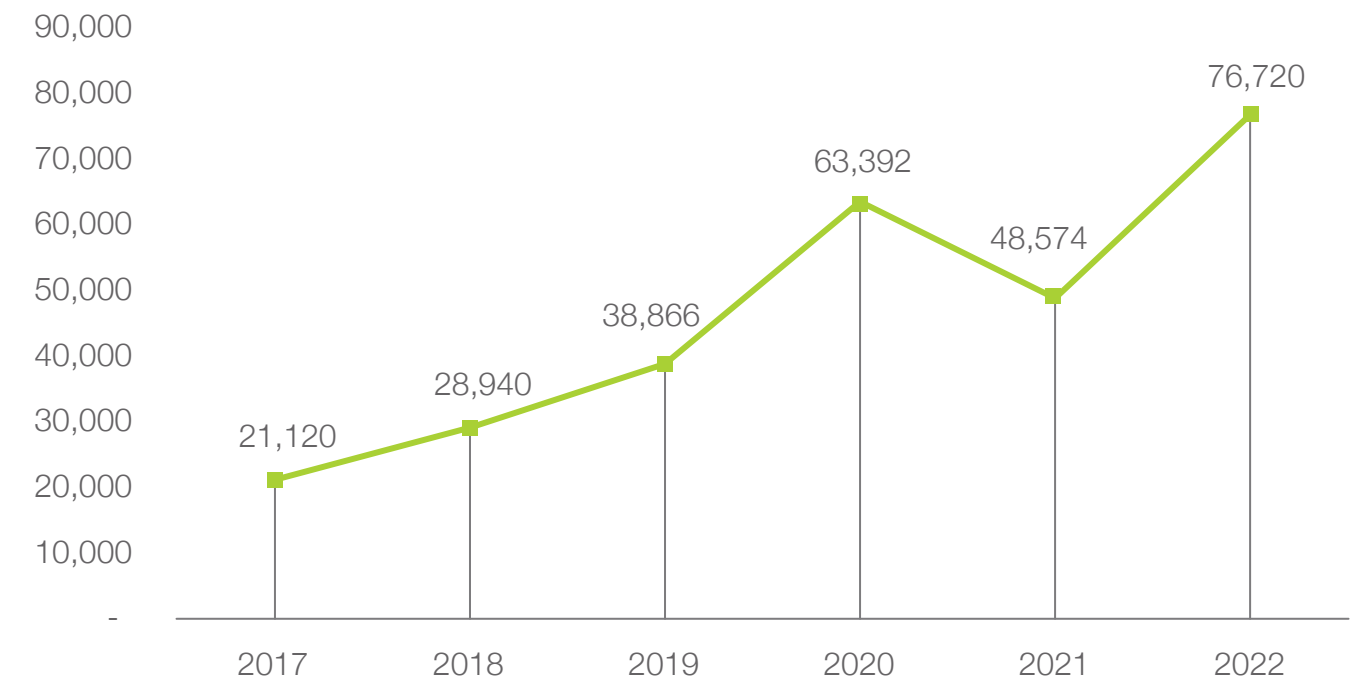
## financial analysis and graphical presentation of consolidated statement of cash flow

### cash flow from operating activities

Cash inflows from operations have increased by 58% (CY: Rs.76,720 million vs. LY: Rs.48,754 million). This mainly pertains to increase in stock in trade by Rs. 13,746 million and increase in trade and other payables by Rs. 36,640 million. Trade debts have decreased by Rs. 12,063 million and taxes paid have increased by Rs. 5,940 million vs LY as in 2021.

The cashflow from operations in last 6 years has significantly increased mainly due to increase in profitability of Fertilizer segment, turnaround of Polymer business and Energy projects coming online from July 2019.

Net Cashflow from Operating Activities

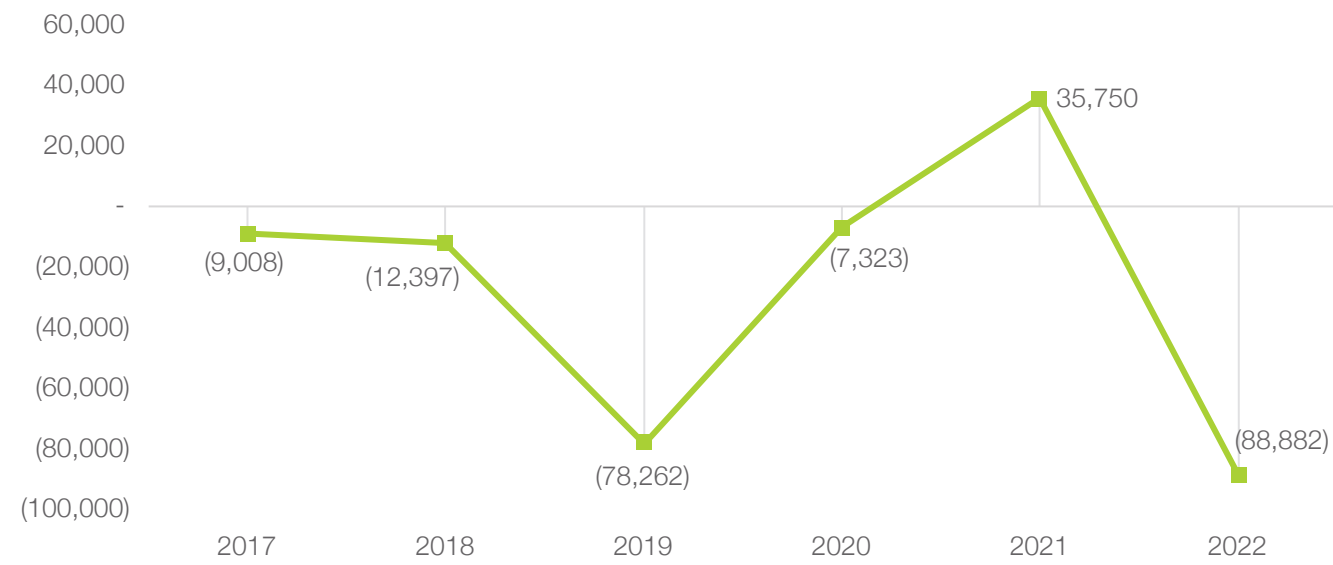


### cash flow from investing activities

Net cash outflow from investing activities has significantly increased by 349% vs. LY. This is mainly due to increase in investments made during the year by Rs. 109,865 million.

Over the last 6 years, the group has mainly spent on the Energy & Polymer segments.

Net Cash Flow from Investing Activities

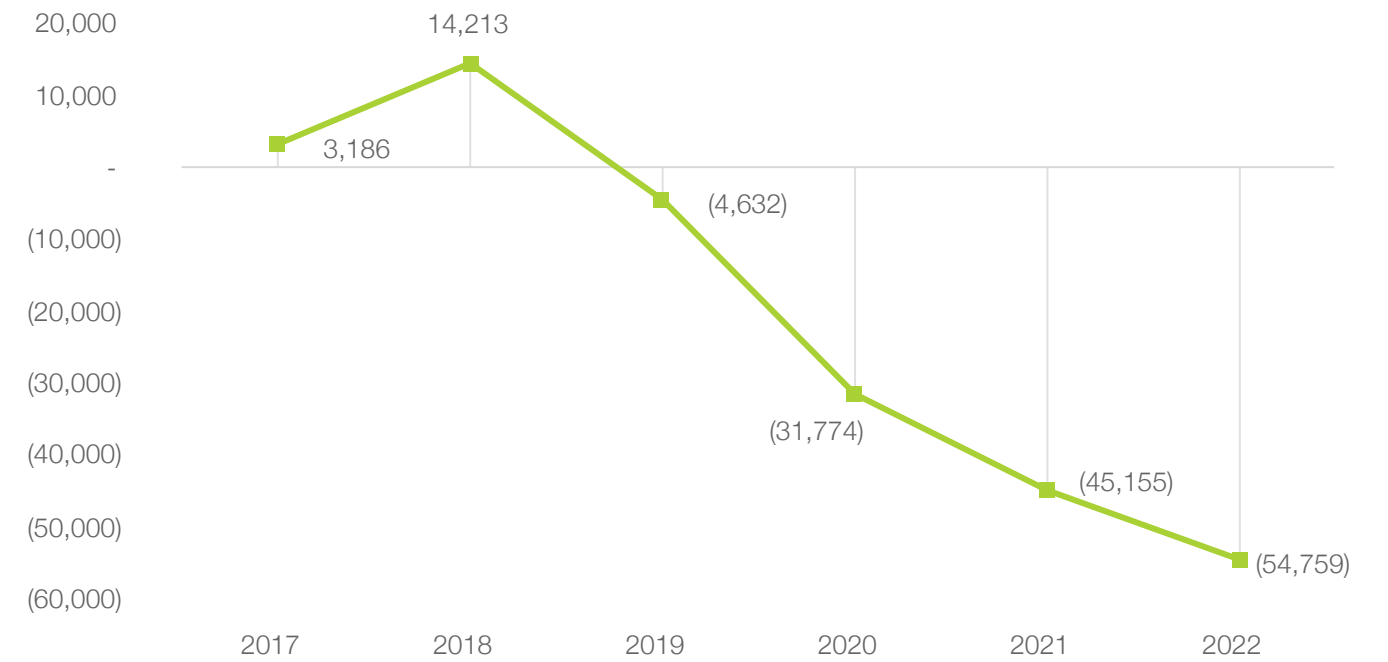


### cash flow from financing activities

Net cash outflow from financing activities has increased by Rs. 9,604 million (CY: Rs.-54,759 million vs LY: Rs. -45,155 million). This is mainly due to increased dividend payments by Rs. 8,257 million and increased finance cost on lease liability by Rs. 3,878 million.

Considering the 6 years trend, the group has significantly raised finance between 2017 to 2022 through borrowings to fund its new projects and operations.

Net Cash Flow from Financing Activities





# statement of value addition & distribution

Rs. in million

## wealth generated

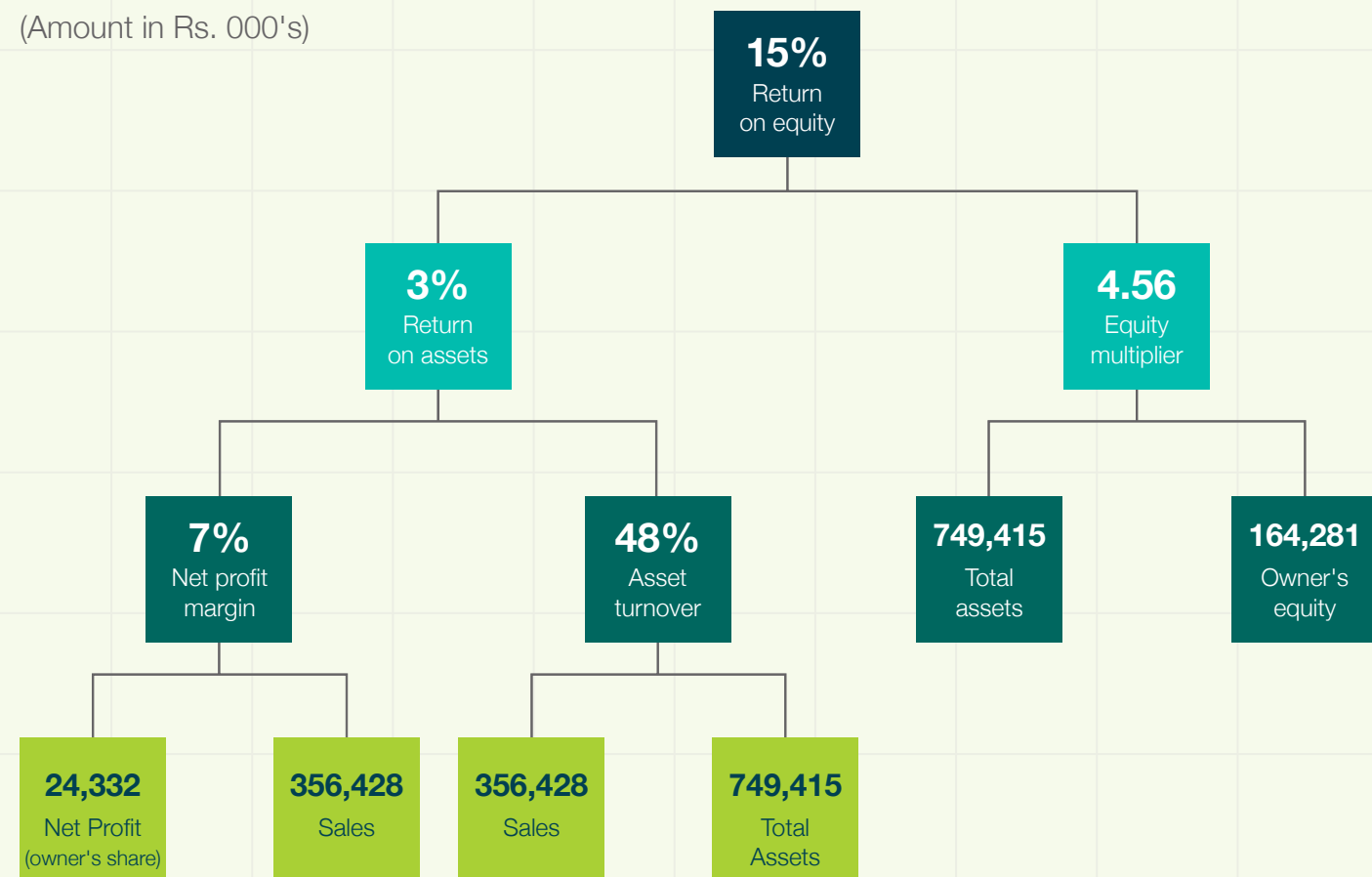
Total revenue inclusive of sales tax and other income  
Bought-in-material and services

2022 2021

	2022		2021	
Total revenue inclusive of sales tax and other income	409,914		349,284	
Bought-in-material and services	(246,176)		(202,365)	
	<u>163,738</u>		<u>146,919</u>	
<b>wealth distributed</b>				
<b>To Employees</b>				
Salaries, benefits and other costs	14,137	8.60%	12,149	8.30%
<b>To Government</b>				
Taxes, duties and development surcharge	62,566	38.20%	48,801	33.20%
<b>To Society</b>				
Donation towards education, health, environment and natural disaster	801	0.50%	1,197	0.80%
<b>To Providers of Capital</b>				
Dividend to shareholders	37,042	22.60%	29,751	20.20%
Mark-up/interest expense on borrowed money	28,744	17.60%	17,274	11.80%
Retained for reinvestment and future growth	20,448	12.50%	37,747	25.70%
Depreciation, amortization and retained profit				
	<u>163,738</u>	<u>100.00%</u>	<u>146,919</u>	<u>100.00%</u>

# dupont analysis

(Amount in Rs. 000's)



# investor relations

## financial calendar

Financial Year ended December 31, 2022	
April 21, 2022	Announcement of first quarter results
August 16, 2022	Announcement of second quarter results
October 18, 2022	Announcement of third quarter results
February 15, 2023	Announcement of fourth quarter results
March 30, 2023	57 <sup>th</sup> Annual General Meeting

Financial Year ended December 31, 2023	
April 19, 2023	Announcement of first quarter results
August 16, 2023	Announcement of second quarter results
October 23, 2023	Announcement of third quarter results
February 15, 2024	Announcement of fourth quarter results

Trading Performance During the Financial Period	2022
Opening price	276.38
Closing price	262.01
Highest closing price	296.23
Lowest closing price	227.64
Average daily volume traded (million shares)	0.41

Total Shareholder Return*	
1- year period (01 January 2022 to 31 December 2022)	8.68%
3 - year period (01 January 2020 to 31 December 2022)	0.17%
5 - year period (01 January 2018 to 31 December 2022)	9.40%

\* Total returns are computed based on the closing unit price on the last trading day of the preceding reporting period, compared with the closing unit price on the last trading day of the current period.

standalone  
**accounts**





**independent auditor's report  
to the members of engro corporation limited  
report on the audit of the financial statements**

**opinion**

We have audited the annexed financial statements of Engro Corporation Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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Key audit matter	How the matter was addressed in our audit
<p><b>income tax matters</b></p> <p>(Refer note 26 to the financial statements)</p> <p>The Company has recognized provisions and has disclosed contingent liabilities in respect of certain income tax matters, which are pending adjudication before various appellate and legal forums.</p> <p>Provisions and contingencies require management of the Company to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company in respect of such provisions and contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of these matters and use of significant management judgement and estimates to assess the same including related financial impacts, we have considered provisions and contingent liabilities relating to income tax involving the Company as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• obtained and examined details of the documentation relating to pending tax matters and discussed the same with the Company's management;</li> <li>• circularized confirmations to the Company's external legal and tax advisors for their views on matters being handled by them;</li> <li>• involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external advisors engaged by the Company;</li> <li>• checked correspondence of the Company with the relevant tax authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• checked mathematical accuracy of the calculations underlying the provisions, if any; and</li> <li>• assessed the adequacy of the related disclosures made in the financial statements in accordance with the applicable accounting and reporting standards.</li> </ul>

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**information other than the financial statements and consolidated financial statements and auditor's reports thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and consolidated financial statement and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**responsibilities of management and board of directors for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

**auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: 08 March, 2023

UDIN: AR2022101134nVCp6rBk

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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# statement of financial position

for the year ended december 31, 2022

(Amounts in thousand)

	Note	2022 -----Rupees-----	2021 -----Rupees-----
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	983,764	771,023
Right-of-use assets	5	970,153	263,413
Intangible assets	6	123,807	194,686
Long term investments	7	46,835,094	46,835,094
Long term loans and advances	8	5,372,573	384,154
Deferred taxation	9	475,159	73,537
		<u>54,760,550</u>	<u>48,521,907</u>
<b>Current assets</b>			
Loans, advances, deposits and prepayments	10	2,817,736	11,346,072
Receivables	11	1,316,708	784,106
Short term investments	12	47,604,776	40,247,237
Cash and bank balances	13	165,977	855,323
		<u>51,905,197</u>	<u>53,232,738</u>
		<b>106,665,747</b>	<b>101,754,645</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	14	5,761,633	5,761,633
Share premium		13,068,232	13,068,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits - Actuarial loss		(39,773)	(18,484)
Remeasurement of investments		(854,981)	-
Unappropriated profit		68,900,878	67,294,008
		<u>91,265,229</u>	<u>90,534,629</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement and other service benefit obligations		43,345	59,220
Lease liabilities	15	937,359	17,673
		<u>980,704</u>	<u>76,893</u>
<b>Current liabilities</b>			
Trade and other payables	16	5,398,425	4,840,491
Current portion of lease liabilities	15	214,074	339,073
Taxes payable		8,571,977	5,721,720
Unclaimed dividends	18	235,338	241,839
		<u>14,419,814</u>	<u>11,143,123</u>
		<u>15,400,518</u>	<u>11,220,016</u>
<b>Contingencies and commitments</b>			
	19		
		<b>106,665,747</b>	<b>101,754,645</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

Muhammad Abdul Aleem  
Director

Mazhar Abbas Hasnani  
Chief Financial Officer

Ghias Khan  
President & CEO

# statement of profit or loss and other comprehensive income

for the year ended december 31, 2022

(Amounts in thousand except for earnings per share)

	Note	2022 -----Rupees-----	2021 -----Rupees-----
Dividend income	20	22,174,693	19,399,463
Royalty income	21	1,328,906	1,284,441
		<u>23,503,599</u>	<u>20,683,904</u>
Administrative expenses	22	(4,455,338)	(2,739,030)
		<u>19,048,261</u>	<u>17,944,874</u>
Other income	23	7,549,556	4,761,464
Other operating expenses	24	(2,992,924)	(2,414,054)
		<u>23,604,893</u>	<u>20,292,284</u>
<b>Operating profit</b>			
Finance cost	25	(87,190)	(50,823)
		<u>23,517,703</u>	<u>20,241,461</u>
<b>Profit before taxation</b>			
Taxation	26	(2,321,283)	(1,725,308)
		<u>21,196,420</u>	<u>18,516,153</u>
<b>Other comprehensive loss</b>			
Items that will not be reclassified to profit or loss			
- Remeasurement of retirement benefit obligation - Actuarial loss	29.2.7	(21,289)	(2,109)
Items that will be reclassified to profit or loss			
- Remeasurement of investments	12.2	(854,981)	-
		<u>(876,270)</u>	<u>(2,109)</u>
		<b>20,320,150</b>	<b>18,514,044</b>
<b>Earnings per share - basic and diluted</b>	27	<b>36.79</b>	<b>32.14</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

Muhammad Abdul Aleem  
Director

Mazhar Abbas Hasnani  
Chief Financial Officer

Ghias Khan  
President & CEO

## statement of changes in equity

for the year ended december 31, 2022

(Amounts in thousand)

	Capital		Reserves			Total	
	Share capital	Share premium	General reserve	Remeasurement of post employment benefits - Actuarial gain / (loss)	Revenue		
					Remeasurement of investments	Unappropriated profit	
<b>Balance as at January 1, 2021</b>	5,761,633	13,068,232	4,429,240	(16,375)	-	63,758,171	87,000,901
Profit for the year	-	-	-	-	-	18,516,153	18,516,153
Other comprehensive loss	-	-	-	(2,109)	-	-	(2,109)
	-	-	-	(2,109)	-	18,516,153	18,514,044
<b>Transactions with owners</b>							
Final cash dividend for the year ended December 31, 2020 @ Rs. 2.00 per share	-	-	-	-	-	(1,152,327)	(1,152,327)
Interim cash dividends for the year ended December 31, 2021 :							
- 1st interim @ Rs. 12.00 per share	-	-	-	-	-	(6,913,959)	(6,913,959)
- 2nd interim @ Rs. 7.00 per share	-	-	-	-	-	(4,033,142)	(4,033,142)
- 3rd interim @ Rs. 5.00 per share	-	-	-	-	-	(2,880,888)	(2,880,888)
	-	-	-	-	-	(14,980,316)	(14,980,316)
<b>Balance as at December 31, 2021</b>	5,761,633	13,068,232	4,429,240	(18,484)	-	67,294,008	90,534,629
Profit for the year	-	-	-	-	-	21,196,420	21,196,420
Other comprehensive loss	-	-	-	(21,289)	(854,981)	-	(876,270)
	-	-	-	(21,289)	(854,981)	21,196,420	20,320,150
<b>Transactions with owners</b>							
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	(576,163)	(576,163)
Interim cash dividends for the year ended December 31, 2022 :							
- 1st interim @ Rs. 12.00 per share	-	-	-	-	-	(6,913,959)	(6,913,959)
- 2nd interim @ Rs. 11.00 per share	-	-	-	-	-	(6,337,796)	(6,337,796)
- 3rd interim @ Rs. 10.00 per share	-	-	-	-	-	(5,761,632)	(5,761,632)
	-	-	-	-	-	(19,589,550)	(19,589,550)
<b>Balance as at December 31, 2022</b>	5,761,633	13,068,232	4,429,240	(39,773)	(854,981)	68,900,878	91,265,229

The annexed notes from 1 to 40 form an integral part of these financial statements.

Muhammad Abdul Aleem  
Director

Mazhar Abbas Hasnani  
Chief Financial Officer

Ghias Khan  
President & CEO

## statement of cash flows

for the year ended december 31, 2022

(Amounts in thousand)

	Note	2022	2021
		-----Rupees-----	
<b>Cash flows from operating activities</b>			
Cash utilized in operations	30	(6,788,931)	(4,148,066)
Royalty received		1,249,917	1,178,244
Taxes paid		(806,851)	(826,950)
Proceeds from sale of tax losses		934,203	-
Retirement and other service benefits paid		(5,204)	(36,617)
Long term loans and advances - net		(13,419)	53,398
<b>Net cash utilized in operating activities</b>		(5,430,285)	(3,779,991)
<b>Cash flows from investing activities</b>			
Dividends received		22,174,693	23,156,023
Income on deposits and other financial assets including income earned on subordinated loans to subsidiaries		5,120,417	3,675,754
Investment in shares of subsidiary company		-	(20,656,050)
Loan disbursed to subsidiary companies		(19,540,000)	(14,450,000)
Repayment of loan by subsidiary companies		23,777,000	19,350,000
Purchase of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds		(605,128,276)	(336,669,333)
Proceeds from sale of Treasury bills, Units of Mutual Funds, fixed income placement and Pakistan Investment Bonds		560,993,617	366,337,980
Purchases of property, plant and equipment		(422,681)	(373,602)
Sale proceeds on disposal of property, plant and equipment		76,527	10,314
Purchases of intangibles		(3,504)	(129,354)
<b>Net cash (utilized in) / generated from investing activities</b>		(12,952,207)	40,251,732
<b>Cash flows from financing activities</b>			
Payment of financial charges		(25,381)	(27,443)
Lease rentals paid		(247,354)	(305,872)
Dividends paid		(19,596,051)	(15,007,130)
<b>Net cash utilized in financing activities</b>		(19,868,786)	(15,340,445)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(38,251,278)	21,131,296
Cash and cash equivalents at beginning of the year		41,101,610	19,970,314
<b>Cash and cash equivalents at end of the year</b>	31	<b>2,850,332</b>	<b>41,101,610</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

Muhammad Abdul Aleem  
Director

Mazhar Abbas Hasnani  
Chief Financial Officer

Ghias Khan  
President & CEO

# notes to the financial statements

## for the year ended december 31, 2022

### 1 legal status and operations

1.1 Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Company is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, power generation, telecommunications infrastructure, petrochemicals, mining, food, LNG and chemical storages.

1.2 These financial statements denote the standalone financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiaries have been presented separately. Details of investments held by the Company in its subsidiaries have been presented in note 7.

1.3 The business units of the Company include the following:

Business Unit Geographical Location

Head / Registered Office 6th and 8th floors, The Harbour Front Building, Plot Number HC # 3, Marine Drive, Block 4, Clifton, Karachi.

Islamabad Office 22nd floor, Ufone Tower Jinnah Avenue, Blue Area, Islamabad.

### 2 summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets and liabilities at fair value and recognition of certain staff retirement and other services benefits at present value.

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

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

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

2.1.3 Initial application of a Standard, Amendment or an Interpretation to existing Standards

a) Amendments to accounting and reporting standards that became effective during the year:

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on January 1, 2022 but does not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

b) Amendments to published approved accounting and reporting standards which are not yet effective but have been early adopted by the Company:

IFRS 16 'Leases' - The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Company has applied the practical expedient to all qualifying rent concessions granted in relation to office space acquire under rental basis. As a result, Rs. 12,729 (2021: Rs. 24,205) has been recognized in the statement of profit or loss and other comprehensive income to reflect changes in lease payments arising from rent concessions that meet the conditions of the practical expedient.

c) Standard and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company:

The following new standards are not effective for the financial year beginning on January 1, 2019 and have not been early adopted by the Company:

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2022. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.2 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which is stated at cost less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs (note 2.19). The cost of self constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.



Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Disposal of asset is recognized when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses / income' in the statement of profit or loss and other comprehensive income.

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 4.1. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

The assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

### 2.3 Intangible assets - Computer softwares

#### a) Acquired

These are stated at cost less accumulated amortization and impairment losses, if any.

Costs associated with maintaining computer software programmes are recognized as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Computer software and license cost treated as intangible assets are amortized from the date the software is put to use on a straight-line basis over a period of ranging from 4 to 8 years. Amortization on addition is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

#### b) Internally generated

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These are amortized using the straight-line basis over a period of 5 years. Amortization on addition is charged from the month following the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the year in which it is incurred.

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- a) completion of the intangible asset is technically feasible so that it will be available for use or sale;
- b) the Company intends to complete the intangible asset and use or sell it;
- c) the Company has the ability to use or sell the intangible asset;
- d) the intangible asset will generate probable future economic benefits. Among other things this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or if it is to be used internally, the asset will be used in generating such benefits;
- e) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the expenditure attributable to the intangible asset during its development can be measured reliably.

### 2.4 Right-of-use assets and lease liabilities

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liability.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortized cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of that right-of-use asset has been reduced to zero.

## 2.5 Investments

Investment in subsidiary, associate and joint venture companies are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss and other comprehensive income.

## 2.6 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 2.7 Financial instruments

### 2.7.1 Financial assets

Classification, initial recognition and measurement

Financial assets are classified as financial assets at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The management determines the classification of financial assets at initial recognition based on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVPL if it is not measured at amortized cost or at FVOCI.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income and impairment losses are recognized in profit or loss. Financial assets carried at FVOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income / (loss). Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVPL are included in profit or loss in the period in which they arise.

### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### 2.7.2 Financial liabilities

The Company recognizes a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial liability at its fair value minus, in the case of a financial liability not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

### 2.7.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the Counterparty.

### 2.8 Receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case they are recognized at fair value and subsequently measured at amortized cost using effective interest method less loss allowance.

### 2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts, if any.

### 2.10 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.11 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### 2.12 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business, if longer. If not, they are presented as non-current liabilities.

### 2.13 Income tax

The tax expense for the year comprises current and deferred tax. Tax expense is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case tax expense is also recognized in other comprehensive income or directly in equity, respectively.

#### 2.13.1 Current

The current income tax charge is based on the taxable income for the year calculated on the basis of tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### 2.13.2 Deferred

Deferred tax is recognized using the liability method on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary difference recognized to the extent it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

### 2.14 Retirement and other service benefit obligations

#### 2.14.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss and other comprehensive income when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates:

- a defined contribution provident fund for its permanent employees and permanent employees of its subsidiaries, associates and joint ventures (here-in-after referred to as Group companies). Monthly contributions are made both by the Company, other Group companies and employees to the fund at the rate of 10% of basic salary;
- a defined contribution pension fund for the benefit of its management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at rates ranging from 12.5% to 13.75% of basic salary; and
- a defined contribution gratuity fund for the benefit of management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at the rate of 8.33% of basic salary.



#### 2.14.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior years; that benefit is discounted to determine its present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Remeasurement gains and losses are recognized in other comprehensive income.

The Company operates a defined benefit funded gratuity scheme for its management employees.

Annual provision is also made under a service incentive plan for certain categories of experienced employees to continue in the Company's employment.

#### 2.14.3 Employees' compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the year.

#### 2.15 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

#### 2.16 Share based payment transaction

Cash-settled share-based payments to employees are measured at the fair value of the liability. The fair value determined of the cash-settled share-based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with all changes in fair value recognized in profit or loss for the period.

#### 2.17 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is Company's functional currency. Amounts presented in these financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of profit or loss and other comprehensive income, except where such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such gains and losses are capitalized as part of the cost of that asset.

#### 2.18 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized on the following basis:

- Dividend income from investments is recognized when the Company's right to receive the payment has been established.

- Mark-up on deposits and other financial assets is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.
- Royalty income from subsidiary and associated companies is recognized on an accrual basis in accordance with the agreements entered therewith.
- Gains and losses arising on sale of investments are included in the statement of profit or loss and other comprehensive income in the year in which they arise.
- Unrealize appreciation / (loss) in the value of investments classified as 'financial assets at fair value through profit or loss' are included in the other comprehensive income and profit or loss in the year in which they arise.

#### 2.19 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs include exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

#### 2.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) in respect of its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### 2.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

### 3. critical accounting estimates and judgements

The preparation of these financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. The accounting estimates will by definition, seldom equal the related actual results. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### 3.1 Impairment of investments in subsidiaries, associates and joint venture

In making estimates of future cash flows from investments in subsidiaries, associates and joint ventures, the management considers future dividend stream and an estimate of the terminal value of these investments, which are subject to change.

### 3.2 Income taxes

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made taking into account these judgments and the best estimates of future results of operations of the Company.

### 3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 29.

### 3.4 Share based payment transaction

The fair value of share-based compensation expense arising from the Long-term Incentive Plan (LTIP) is estimated using an appropriate option pricing model. It is recognized as expense from the date of grant over the vesting period with a corresponding increase in liability. Market conditions upon which vesting is conditioned, is taken into account when estimating the fair value at measurement date. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value at the measurement date. Instead, these are taken into account by adjusting the number of instruments included in the measurement of the transaction amount.

(Amounts in thousand)

#### 4. property, plant and equipment

Operating assets (note 4.1)  
Capital work-in-progress (note 4.2)

	2022	2021
	-----Rupees-----	
Operating assets (note 4.1)	604,260	703,970
Capital work-in-progress (note 4.2)	379,504	67,053
	<u>983,764</u>	<u>771,023</u>

(Amounts in thousand)

#### 4.1 Operating assets

##### As at January 1, 2021

	Furniture, fixture and equipment	Vehicles	Total
	------(Rupees)-----		
Cost	534,414	352,489	886,903
Accumulated depreciation	(296,583)	(123,242)	(419,825)
Net book value	<u>237,831</u>	<u>229,247</u>	<u>467,078</u>

##### Year ended December 31, 2021

Opening net book value	237,831	229,247	467,078
Additions - transfers from capital work-in-progress (note 4.2)	197,659	213,196	410,855
Disposals (note 4.4)			
Cost	(2,915)	(11,584)	(14,499)
Accumulated depreciation	2,586	4,862	7,448
	(329)	(6,722)	(7,051)
Depreciation charge (note 4.3)	(98,947)	(67,965)	(166,912)
Net book value	<u>336,214</u>	<u>367,756</u>	<u>703,970</u>

##### As at December 31, 2021

Cost	729,158	554,101	1,283,259
Accumulated depreciation	(392,944)	(186,345)	(579,289)
Net book value	<u>336,214</u>	<u>367,756</u>	<u>703,970</u>

##### Year ended December 31, 2022

Opening net book value	336,214	367,756	703,970
Additions - transfers from capital work-in-progress (note 4.2)	62,700	99,730	162,430
Disposals (note 4.4)			
Cost	(3,894)	(90,403)	(94,297)
Accumulated depreciation	3,782	39,609	43,391
	(112)	(50,794)	(50,906)
Depreciation charge (note 4.3)	(119,372)	(91,862)	(211,234)
Net book value	<u>279,430</u>	<u>324,830</u>	<u>604,260</u>

##### As at December 31, 2022

Cost	787,964	563,428	1,351,392
Accumulated depreciation	(508,534)	(238,598)	(747,132)
Net book value	<u>279,430</u>	<u>324,830</u>	<u>604,260</u>

##### Annual rate of depreciation (%)

15 to 20	20 to 25
----------	----------

(Amounts in thousand)

4.2 Capital work-in-progress

	Furniture, fixture and equipment	Advances to suppliers and others	Total
	------(Rupees)-----		
Year ended December 31, 2021			
Balance as at January 1, 2021	44,092	60,214	104,306
Additions during the year	186,176	316,780	502,956
Transferred to:			
- operating assets (note 4.1)	(197,659)	(213,196)	(410,855)
- intangible assets (note 6)	-	(129,354)	(129,354)
Balance as at December 31, 2021	<b>32,609</b>	<b>34,444</b>	<b>67,053</b>
Year ended December 31, 2022			
Balance as at January 1, 2022	32,609	34,444	67,053
Additions during the year	98,705	350,889	449,594
Reclassification	-	28,791	28,791
Transferred to:			
- operating assets (note 4.1)	(62,700)	(99,730)	(162,430)
- intangible assets (note 6)	-	(3,504)	(3,504)
Balance as at December 31, 2022	<b>68,614</b>	<b>310,890</b>	<b>379,504</b>

4.3 Depreciation has been allocated to administrative expenses (note 22) and capital work-in-progress amounting to Rs. 205,548 (2021: Rs. 162,427) and Rs. 5,686 (2021: Rs. 4,485) respectively.

4.4 Details of the operating asset disposed off during the year are as follows:

Description of asset	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain (note 23)		
	-----Rupees-----						
Vehicle	5,607	5,046	561	6,800	6,239	Buy Back Policy	Mr. Nadir Salaar Qureshi -employee
Vehicle	2,717	731	1,986	2,140	154	Buy Back Policy	Mr. Adeel Ibrahim- employee
Vehicle	3,520	249	3,271	3,165	(106)	Buy Back Policy	Mr. Rehman Ahmed-employee
Vehicle	2,669	265	2,404	2,493	89	Buy Back Policy	Mr. Ammad Hassan-employee
Vehicle	2,785	592	2,193	2,395	202	Buy Back Policy	Mr. Nadir Nasim-employee
Vehicle	15,058	13,552	1,506	11,000	9,494	Buy Back Policy	Mr. Eram Hassan-employee
Vehicle	9,202	4,432	4,770	8,600	3,830	Buy Back Policy	Mr. Eram Hassan-employee
Vehicle	5,554	2,203	3,351	3,428	77	Buy Back Policy	Mr. Fahad Dar-employee
Vehicle	2,882	245	2,637	2,841	204	Buy Back Policy	Mr. Zain Farooq-employee
Vehicle	5,554	2,282	3,272	4,258	986	Buy Back Policy	Mr. Shahbaz Ahmed Khan-employee
Vehicle	3,240	1,285	1,955	2,036	81	Buy Back Policy	Mr. Iftikhar Ahmed Dar-employee
Vehicle	3,267	1,296	1,971	2,332	361	Buy Back Policy	Mr. Khawaja Jawwad Hassan-employee
Vehicle	4,505	1,085	3,420	2,544	(876)	Buy Back Policy	Mr. Asad Shaikh-employee
Vehicle	3,074	653	2,421	2,615	194	Buy Back Policy	Mr. Abdullah Zubair-employee
Vehicle	2,750	662	2,088	2,420	332	Buy Back Policy	Mr. Zouhair Ansari-employee
Vehicle	3,393	577	2,816	2,958	142	Buy Back Policy	Mr. Mubeen Ashfaq-employee
Vehicle	2,772	785	1,987	2,438	451	Buy Back Policy	Mr. Muhammad Ashar-employee
Vehicle	5,507	858	4,649	5,498	849	Buy Back Policy	Mr. Sualeh Qamar-employee
Vehicle	3,625	359	3,266	3,275	9	Buy Back Policy	Miss Tabinda-employee
Other operating assets (having net book value less than Rs. 500 each)	6,616	6,234	382	3,291	2,908		
December 31, 2022	<b>94,297</b>	<b>43,391</b>	<b>50,906</b>	<b>76,527</b>	<b>25,620</b>		
December 31, 2021	<b>14,499</b>	<b>7,448</b>	<b>7,051</b>	<b>10,314</b>	<b>3,263</b>		

(Amounts in thousand)

4.5 This mainly represents advance paid to suppliers for purchase of operating assets.

5. right-of-use assets

	2022	2021
	-----Rupees-----	
Balance as at January 1	263,413	515,010
Additions during the year	964,527	-
Depreciation charge (note 5.1)	(257,787)	(251,597)
Balance as at December 31	<b>970,153</b>	<b>263,413</b>

5.1 Depreciation charged on right-of-use assets has been allocated to administrative expenses (note 22) and capital-work-in-progress (note 4.2) amounting to Rs. 240,064 (2021: Rs. 227,967) and Rs. 17,723 (2021: Rs. 23,630) respectively.

6. intangible assets

Represent various computer softwares which are amortized on straight line basis over a period ranging from 4 to 8 years. Movement during the year is as follows:

As at January 1, 2021

	-----Rupees-----
Cost	184,857
Accumulated amortization	(88,047)
Net book value	<b>96,810</b>

Year ended December 31, 2021

Opening net book value	96,810
Additions - Transfers from capital work-in-progress (notes 4.2 and 6.1)	129,354
Amortization charge (note 22)	(31,478)
Net book value	<b>194,686</b>

As at January 1, 2022

Cost	314,211
Accumulated amortization	(119,525)
Net book value	<b>194,686</b>

Year ended December 31, 2022

Opening net book value	194,686
Additions - Transfers from capital work-in-progress (notes 4.2)	3,504
Reclassification	(28,791)
Amortization charge (note 22)	(45,592)
Net book value	<b>123,807</b>

As at December 31, 2022

Cost	288,924
Accumulated amortization	(165,117)
Net book value	<b>123,807</b>

6.1 Includes Company's share of cost incurred in respect of One SAP project which is being amortized over a period of 8 years.



(Amounts in thousand)

**7. long-term investments**

Subsidiary companies - at cost (note 7.1)  
Less: Provision for impairment (note 7.1.1)

Joint venture company - at cost  
Engro Vopak Terminal Limited  
45,000,000 (2021: 45,000,000) Ordinary shares  
of Rs. 10 each, equity held 50% (2021: 50%)

Associated company - at cost  
FrieslandCampina Engro Pakistan Limited  
306,075,948 (2021: 306,075,948)  
Ordinary shares of Rs. 10 each,  
equity held 39.9% (2021: 39.9%)

Others - at cost

Arabian Sea Country Club Limited  
500,000 (2021: 500,000) Ordinary shares,  
of Rs. 10 each, equity held 6% (2021: 6%)

	2022	2021
	-----Rupees-----	
	47,219,777	47,219,777
	(3,900,442)	(3,900,442)
	<u>43,319,335</u>	<u>43,319,335</u>
	450,000	450,000
	3,060,759	3,060,759
	5,000	5,000
	<u><b>46,835,094</b></u>	<u><b>46,835,094</b></u>

**7.1 Subsidiary companies**

Engro Fertilizers Limited  
751,312,057 (2021: 751,312,057)  
Ordinary shares of Rs. 10 each

Engro Polymer and Chemicals Limited  
510,733,461 (2021: 510,733,461)  
Ordinary shares of Rs. 10 each

Unquoted

Engro Energy Limited  
- 105,581,016 (2021: 76,274,208)  
Ordinary shares of Rs. 10 each

- Advance against issuance of  
Nil (2021: 29,306,808)  
Ordinary shares of Rs. 10 each

Engro Eximp Agriproducts (Private) Limited  
- 190,860,900 (2021: 190,860,900)  
Ordinary shares of Rs. 10 each

- 10,000,000 (2021: 10,000,000) Redeemable  
Preference shares of Rs.10 each

Elengy Terminal Pakistan Limited  
113,493,731 (2021: 113,493,731)  
Ordinary shares of Rs. 10 each

Engro Infiniti (Private) Limited  
58,613,140 (2021: 58,613,140)  
Ordinary shares of Rs. 10 each

Engro Eximp FZE  
1 (2021: 1) Ordinary share of  
AED 1,000,000 each

Engro Connect (Private) Limited  
1,996,500,000 (2021: 1,996,500,000)  
Ordinary shares of Rs. 10 each

	2022		2021	
	-----Rupees-----			
	Equity % held	Investment at cost	Equity % held	Investment at cost
Engro Fertilizers Limited 751,312,057 (2021: 751,312,057) Ordinary shares of Rs. 10 each	56.27	7,519,968	56.27	7,519,968
Engro Polymer and Chemicals Limited 510,733,461 (2021: 510,733,461) Ordinary shares of Rs. 10 each	56.19	6,685,616	56.19	6,685,616
Unquoted				
Engro Energy Limited - 105,581,016 (2021: 76,274,208) Ordinary shares of Rs. 10 each	100	3,797,750	100	3,504,682
- Advance against issuance of Nil (2021: 29,306,808) Ordinary shares of Rs. 10 each		-	100	293,068
		3,797,750		3,797,750
Engro Eximp Agriproducts (Private) Limited - 190,860,900 (2021: 190,860,900) Ordinary shares of Rs. 10 each	100	4,927,000	100	4,927,000
- 10,000,000 (2021: 10,000,000) Redeemable Preference shares of Rs.10 each	100	100,000	100	100,000
		5,027,000		5,027,000
Elengy Terminal Pakistan Limited 113,493,731 (2021: 113,493,731) Ordinary shares of Rs. 10 each	56	1,134,938	56	1,134,938
Engro Infiniti (Private) Limited 58,613,140 (2021: 58,613,140) Ordinary shares of Rs. 10 each	100	1,117,000	100	1,117,000
Engro Eximp FZE 1 (2021: 1) Ordinary share of AED 1,000,000 each	100	1,972,505	100	1,972,505
Engro Connect (Private) Limited 1,996,500,000 (2021: 1,996,500,000) Ordinary shares of Rs. 10 each	100	19,965,000	100	19,965,000
		<u><b>47,219,777</b></u>		<u><b>47,219,777</b></u>

(Amounts in thousand)

7.1.1 The movement in provision for impairment during the year is as follows:

	2022	2021
	-----Rupees-----	
Balance as at beginning and end of the year	3,900,442	3,900,442

7.1.2 Represents provision held against the Company's investment in Engro Eximp Agriproducts (Private) Limited and Engro Infiniti (Private) Limited amounting to Rs. 3,270,092 (2021: Rs. 3,270,092) and Rs. 630,350 (2021: Rs. 630,350) respectively.

7.1.3 Certain investments held by the Company have been pledged as explained in note 19.

## 8. long-term loans and advances

- Considered good

Long term loans and advances to executives and other employees (notes 8.1, 8.4 and 8.5)  
Less: Current portion shown under current assets (note 10)

Subordinated loan to subsidiary (notes 8.2 and 8.3)

8.1 Reconciliation of the carrying amount of loans and advances to executives and other employees

Balance as at January 1  
Add: Disbursements  
Less: Repayments / Amortization  
Balance as at December 31

	2022	2021
	-----Rupees-----	
Long term loans and advances to executives and other employees (notes 8.1, 8.4 and 8.5)	20,083	44,529
Less: Current portion shown under current assets (note 10)	6,439	44,304
	13,644	225
Subordinated loan to subsidiary (notes 8.2 and 8.3)	5,358,929	383,929
	<b>5,372,573</b>	<b>384,154</b>
Balance as at January 1	44,529	82,710
Add: Disbursements	106,555	78,929
Less: Repayments / Amortization	(131,001)	(117,110)
Balance as at December 31	<b>20,083</b>	<b>44,529</b>

8.2 Represents subordinated loans availed by Engro Energy Limited, a wholly owned subsidiary company, pursuant to agreements entered into on December 23, 2022 and December 28, 2021 repayable on December 22, 2024 and December 28, 2024, respectively. The total facility available under these agreements amount to Rs 6,000,000 and USD 21,400 (PKR equivalent), and carries mark-up at the rate of 3 months KIBOR plus 0.1% and 6 months KIBOR plus 2% per annum payable on quarterly basis, respectively. There was no movement in the principal balances of loan during the period.

8.3 The maximum amount outstanding at the end of any month during the year ended December 31, 2022 from subsidiary aggregated to Rs. 5,358,929 (2021: Rs. 389,698).

8.4 The maximum amount outstanding at the end of any month during the year ended December 31, 2022 from executives aggregated to Rs. 21,483 (2021: Rs. 61,141).

8.5 Loans given to employees and executives are in accordance with the Company policy, return free and are repayable within a period of 1 to 5 years. Further, as at year-end, these include loans given to key management personnel aggregating to Rs. 9,607 (2021: Rs. 8,133).

(Amounts in thousand)

8.6 The carrying values of the loans and advances are neither past due nor impaired.

## 9. deferred taxation

Debit / (Credit) balances arising on account of:

- depreciation allowance
- provisions
- right-of-use of asset
- lease liabilities
- carried forward tax losses

	2022	2021
	-----Rupees-----	
- depreciation allowance	37,455	12,800
- provisions	4,392	42,395
- right-of-use of asset	(320,150)	(51,765)
- lease liabilities	379,973	70,107
- carried forward tax losses	373,489	-
	<b>475,159</b>	<b>73,537</b>

## 10. loans, advances, deposits and prepayments

Loans and advances - considered good

- Current portion of long term loans and advances to executives and other employees (note 8)

- Loan to subsidiary companies (note 10.1)

Less: Provision for impairment (note 10.4)

Advances  
Deposits and prepayments

	2022	2021
- Current portion of long term loans and advances to executives and other employees (note 8)	6,439	44,304
- Loan to subsidiary companies (note 10.1)	2,335,238	10,827,611
	2,341,677	10,871,915
Less: Provision for impairment (note 10.4)	(13,000)	(26,309)
	2,328,677	10,845,606
Advances	367,723	457,680
Deposits and prepayments	121,336	42,786
	<b>2,817,736</b>	<b>11,346,072</b>

10.1 This includes accrued interest amounting to Rs. 1,242,238 (2021: Rs. 522,611). Disbursements / repayments of loan during the year are as follows:

- loan amounting to Rs. 13,150,000 was further disbursed to Engro Fertilizers Limited, a subsidiary Company, pursuant to agreement entered into on September 02, 2022. The loan carries mark-up at the rate of 3-month KIBOR plus 0.1%. Out of the outstanding balance, Rs. 17,350,000 was repaid during the period. The balance outstanding as at December 31, 2022 aggregated to Rs. 1,000,000 (2021: Rs. 5,200,000);

- loan amounting to Rs. 2,000,000 was disbursed to Engro Polymer and Chemicals Limited, a subsidiary Company, pursuant to agreement entered into on February 01, 2022. The loan carried mark-up at the rate of 3-month KIBOR plus 0.1% and the same was repaid during the period;

- loan amounting to Rs. 3,100,000 was availed by Engro Powergen Qadirpur Limited, an indirect subsidiary, pursuant to agreement entered into on April 01, 2022. The loan carried mark-up at the rate of 3-month KIBOR plus 0.2%. Entire amount was repaid during the year;

- loan amounting to Rs. 1,290,000 was disbursed to Engro Connect (Private) Limited, a wholly owned subsidiary company, pursuant to agreement entered into on June 01, 2022. The loan carried mark-up at the rate of 3-month KIBOR plus 0.2% and the same was repaid during the year; and

(Amounts in thousand)

- loan to Engro Infiniti (Private) Limited, a wholly owned subsidiary Company, pursuant to agreement entered into on June 26, 2019, carries mark-up at the rate of 3-month KIBOR plus 0.2%. Out of the outstanding balance, Rs. 37,000 was repaid during the year. The balance outstanding as at December 31, 2022 aggregated to Rs. 93,000 (2021: Rs. 130,000).

10.2 The maximum amount outstanding at the end of any month during the year ended December 31, 2022 from subsidiary companies aggregated to Rs. 13,541,691 (2021: Rs. 19,030,207).

10.3 The carrying values of the loans and advances are neither past due nor impaired.

10.4 The movement in provision for impairment during the year is as follows:

	2022 -----Rupees-----	2021 -----Rupees-----
Balance at beginning of the year	26,309	40,000
Provision reversed during the year	(13,309)	(13,691)
Balance at end of the year	<u>13,000</u>	<u>26,309</u>

(Amounts in thousand)

## 11. receivables

Considered good

Due from:

- Parent Company - Dawood Hercules Corporation Limited

- Direct / Indirect subsidiary companies

- Engro Energy Limited

- Engro Connect (Private) Limited

- Engro Fertilizers Limited

- Engro Elengy Terminal (Private) Limited

- Engro Infiniti (Private) Limited

- Engro Powergen Thar (Private) Limited

- Engro Powergen Qadirpur Limited

- Engro Power Investments International B.V.

- Engro Eximp Agriproducts (Private) Limited

- Thar Foundation

- Engro Enfrashare (Private) Limited

- EFert Agritrade (Private) Limited

- Engro Peroxide (Private) Limited

- Engro Energy Services Limited

- Think PVC (Private) Limited

- Engro Plasticizer (Private) Limited

- Engro Polymer and Chemicals Limited

- Joint venture

- Engro Vopak Terminal Limited

- Associated companies

- FrieslandCampina Engro Pakistan Limited

- Sindh Engro Coal Mining Company Limited

- Thar Power Company Limited

- Engro Foundation

- Retirement benefit funds

- Others

Considered doubtful

Due from:

- FrieslandCampina Pakistan Holdings B.V.

- Financial advisors

Less: Provision against doubtful receivables

2022                      2021  
-----Rupees-----

- Parent Company - Dawood Hercules Corporation Limited	265	-
- Direct / Indirect subsidiary companies		
- Engro Energy Limited	78,379	196,401
- Engro Connect (Private) Limited	-	43,012
- Engro Fertilizers Limited	582,395	40,273
- Engro Elengy Terminal (Private) Limited	34,185	36,036
- Engro Infiniti (Private) Limited	-	34,099
- Engro Powergen Thar (Private) Limited	1,253	32,342
- Engro Powergen Qadirpur Limited	28,114	30,376
- Engro Power Investments International B.V.	-	25,064
- Engro Eximp Agriproducts (Private) Limited	46,154	11,523
- Thar Foundation	740	5,048
- Engro Enfrashare (Private) Limited	461	3,262
- EFert Agritrade (Private) Limited	689	2,525
- Engro Peroxide (Private) Limited	1,433	550
- Engro Energy Services Limited	3,767	328
- Think PVC (Private) Limited	452	50
- Engro Plasticizer (Private) Limited	605	23
- Engro Polymer and Chemicals Limited	213,971	-
- Joint venture		
- Engro Vopak Terminal Limited	47,554	37,714
- Associated companies		
- FrieslandCampina Engro Pakistan Limited	-	40,724
- Sindh Engro Coal Mining Company Limited	16,085	14,879
- Thar Power Company Limited	3,483	1,810
	<u>1,059,985</u>	<u>556,039</u>
- Engro Foundation	-	163
- Retirement benefit funds	125,797	58,605
- Others	130,926	169,299
Considered doubtful		
Due from:		
- FrieslandCampina Pakistan Holdings B.V.	143,366	143,366
- Financial advisors	46,952	46,952
Less: Provision against doubtful receivables	(190,318)	(190,318)
	<u>-</u>	<u>-</u>
	<u>1,316,708</u>	<u>784,106</u>



(Amounts in thousand)

11.1 The maximum amount due from related parties at the end of any month during the year aggregated to Rs. 1,548,919 (2021: Rs. 956,804).

11.2 As at December 31, 2022, receivables from related parties aggregating to Rs. 213,866 (2021: Rs. 365,866) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2022	2021
	-----Rupees-----	
Upto 3 months	123,740	266,723
3 to 6 months	13,842	19,405
More than 6 months	76,284	79,738
	<u>213,866</u>	<u>365,866</u>

## 12. short-term investments

Fair value through other comprehensive income  
- Pakistan Investment Bonds (notes 12.1 and 12.2)

29,380,322

-

Fair value through profit or loss  
- Mutual fund units (note 12.3)

3,078,051

950

Amortized cost

- Treasury bills (note 12.4)  
- Pakistan Investment Bonds (note 12.1)  
- Fixed income placements (note 12.5)

14,799,413

-

-

5,642,143

346,990

34,604,144

15,146,403

40,246,287

47,604,776

40,247,237

12.1 These Bonds carries yield of 12.75% to 17.56% (2021: 11.33%) per annum and have maturity terms ranging between two to ten years.

12.2 This amount is net of loss on remeasurement of Pakistan Investment Bonds amounting to Rs. 854,981.

12.3 This represents investment in 30,467 units (2021: 90,820 units) of Mutual Funds having cost amounting to Rs. 3,050,220 (2021: Rs. 950).

12.4 These bills carries yield of 14.75% to 16.87% per annum and have maturity terms ranging from January 2023 to September 2023.

12.5 These represent placements with banks and carries interest at rates ranging from 14.07% to 16.00% (2021: 6.55% to 12.95%) per annum and have maturity terms ranging from January 2023 to October 2023.

12.6 Certain investments held by the Company are pledged as disclosed in note 19.

(Amounts in thousand)

## 13. cash and bank balances

Cash at banks:  
In saving accounts  
- conventional (note 13.1)  
- islamic (note 13.2)  
In current accounts

2022  
-----Rupees-----

2021

-----Rupees-----

119,003

446,993

483

973

45,791

406,657

165,277

854,623

Cash in hand

700

700

165,977

855,323

13.1 These carry return ranging from 8.25% to 14.50% (2021: 5.5% to 8.25%) per annum.

13.2 These are shariah compliant bank balances and carry profit at rates ranging from 4% to 9.10% (2021: 2.94% to 4.22%) per annum.

## 14. share capital

14.1 Authorized capital

2022  
-----Rupees-----

2021

-----Rupees-----

-----Rupees-----

-----Rupees-----

-----Rupees-----

-----Rupees-----

-----Rupees-----

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Ordinary shares of Rs. 10 each

2022  
-----Rupees-----

2021

-----Rupees-----

-----Rupees-----

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14.2 Issued, subscribed and paid-up capital

2022  
-----Rupees-----

2021

-----Rupees-----

-----Rupees-----

-----Rupees-----

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Ordinary shares of Rs. 10 each  
fully paid in cash

2022  
-----Rupees-----

2021

-----Rupees-----

-----Rupees-----

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Ordinary shares of Rs. 10 each  
issued as fully paid bonus shares

2022  
-----Rupees-----

2021

-----Rupees-----

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14.3 As at December 31, 2022, the Parent Company and associated companies held 214,469,810 and 39,038,015 (2021: 214,469,810 and 39,038,015) ordinary shares in the Company, respectively.

## 15. lease liabilities

Balance at beginning of the year

2022  
-----Rupees-----

2021

-----Rupees-----

-----Rupees-----

-----Rupees-----

-----Rupees-----

-----Rupees-----

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Additions in lease  
Add: Finance cost (note 25)  
Less: Lease rental paid  
Less: Rent concession on lease liability

2022  
-----Rupees-----

2021

-----Rupees-----

-----Rupees-----

-----Rupees-----

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(Amounts in thousand)

**16. trade and other payables**

	2022	2021
	-----Rupees-----	
Creditors (note 16.1)	264,862	226,232
Accrued liabilities	3,227,497	3,035,915
Withholding tax payable	63,316	49,976
Payable to :		
- FrieslandCampina Pakistan Holdings B.V. (note 16.2)	932,367	732,762
- Engro Eximp FZE	452,216	371,781
- Dawood Hercules Corporation Limited	-	197,074
- Engro Polymer and Chemicals Limited	-	50,468
- Engro Digital Limited	-	20,517
- Engro Foundation	40,027	-
- Engro Power Investments International B.V.	36,887	-
- Engro Infiniti (Private) Limited	11,066	-
- The Dawood Foundation	17,428	-
Current portion of retirement and other service benefit obligations (note 16.3)	158,132	76,260
Others (note 16.4)	194,627	79,506
	<b>5,398,425</b>	<b>4,840,491</b>

- 16.1 Includes directors' fee amounting to Rs. 9,448 (2021: Rs. 2,657).
- 16.2 Includes an amount recognized in respect of sales tax receivables of FrieslandCampina Engro Pakistan Limited, matter as more fully explained in note 24.4.
- 16.3 Includes liability towards defined benefit gratuity fund amounting to Rs. 86,833 (2021: Rs. 49,135).
- 16.4 Includes liability towards Long Term Incentive Plan (LTIP) amounting Rs. 133,993 (2021: Nil). During the year, the Board of Directors of the Company approved LTIP for granting of cash-settled phantom shares to certain executive employees. Under the LTIP, the actual amount of phantom shares that may vest at exercise price of nil ranges from 0% to 121% of the awards, depending on the outcomes of prescribed service and performance conditions over a three-year period.

**17. borrowings - secured**

The facilities for short term running finance arranged from various banks, amount to Nil (2021: Rs. 1,500,000). The facilities were primarily secured against ranking floating charge over all present and future loans, advances, receivables and other current assets (excluding investments) of the Company. Additionally, the facilities were also secured through a pledge over shares of Engro Fertilizers Limited and FrieslandCampina Engro Pakistan Limited, as well as through Pakistan Investment Bonds. The rate of mark-up on these finances ranged from one month KIBOR plus 0.5% per annum to one month KIBOR plus 1% per annum.

**18. unclaimed dividends**

Includes unclaimed dividend amounting to Rs. 219,939 (2021: Rs. 225,932) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Act, subject to fulfilment / clarification on certain pre-conditions specified in the Act.

(Amounts in thousand)

**19. contingencies and commitments**

- 19.1 Contingencies
- 19.1.1 As at December 31, 2022, bank guarantees of Rs. 3,801,129 (2021: Rs. 2,732,540) have been issued in favour of third parties.
- 19.1.2 Following are the details of securities pledged by the Company in favour of Engro Energy Limited (EEL):
- Standby Letters of Credit (Equity SBLC) have been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 5,660 (2021: US Dollars 8,635) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) October 31, 2023; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Company by pledging Treasury Bills.
  - Standby Letter of Credit (Put Option SBLC) has been provided by EEL, a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (2021: US Dollars 21,070) in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2029; or (ii) fulfilment of sponsor obligations pursuant to Put Option SSA. This guarantee was secured by pledging Company's shares of Engro Fertilizer Limited (EFERT) and Friesland Campina Engro Pakistan Limited (FCEPL) of quantities 97,000,000 and 25,000,000 respectively.
- 19.1.3 Engro Elengy Terminal Pakistan Limited has issued SBLCs amounting to US Dollars 22,500 (2021: US Dollars 22,500). This has been secured by the Company by pledging Treasury Bills.
- 19.1.4 On March 28, 2022, and as supplemented from time-to-time Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account (PSRA) SBLCs amounting to US Dollars 23,316 and Rs. 1,029,044 respectively on behalf of EEL, a wholly owned subsidiary, for its PSRA commitments related to Engro Powergen Thar (Private) Limited in favour of their project lenders. These SBLCs are partially secured by pledging 53,000,000, 58,000,000 and 33,500,000 shares of Engro Fertilizer Limited, Engro Polymer and Chemicals Limited and FrieslandCampina Engro Pakistan Limited respectively.
- 19.1.5 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Company is required to reimburse 51% of the amount together with all reasonable cost and expenses to FCP in case any such penalty materializes. The Company, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal, and accordingly, no provision has been recognized in these financial statements in this respect.
- 19.1.6 In the year 2016, the Company entered into a Share Purchase Agreement (SPA) with FCP for the sale of 47.1% of the total issued shares of FCEPL. In accordance with the terms of the SPA, the Company is required to pay to FCP, an amount equivalent to 47.1% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses incurred, in case any tax contingency materializes. The Company, based on the opinion of FCEPL's tax and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognized in these financial statements in this respect.

(Amounts in thousand)

19.1.6 For tax related matters refer note 26.

19.2 Commitments

19.2.1 Commitments in respect of capital expenditure

**20. dividend income**

Subsidiary companies:

- Engro Fertilizers Limited
- Engro Energy Limited
- Elengy Terminal Pakistan Limited
- Engro Polymer and Chemicals Limited
- Engro Eximp FZE

Joint venture:

- Engro Vopak Terminal Limited

	2022	2021
	-----Rupees-----	
	251,063	299,120
Subsidiary companies:		
- Engro Fertilizers Limited	10,142,713	11,645,337
- Engro Energy Limited	1,800,000	-
- Elengy Terminal Pakistan Limited	1,372,139	418,792
- Engro Polymer and Chemicals Limited	7,916,369	6,152,878
- Engro Eximp FZE	11,072	27,456
Joint venture:		
- Engro Vopak Terminal Limited	932,400	1,155,000
	<b>22,174,693</b>	<b>19,399,463</b>

**21. royalty income**

The Company has granted Engro Fertilizers Limited, a subsidiary company, the right to use trade marks and copy rights of the Company for marketing of fertilizer products under a licensing agreement effective January 1, 2010.

**22. administrative expenses**

- Salaries, wages and staff welfare (notes 22.1 and 22.2)
- Staff recruitment, training and safety
- Purchased services
- Repairs and maintenance
- Advertising, promotion and corporate branding
- Rent, rates and taxes
- Communication, stationery and other office expenses
- Travelling
- Compensation expense (note 22.4)
- Depreciation (note 4.3)
- Depreciation on right-of-use assets (notes 5 and 22.3)
- Amortization (note 6)
- Directors' fee, remuneration and travelling

	2022	2021
	-----Rupees-----	
Salaries, wages and staff welfare (notes 22.1 and 22.2)	1,762,922	1,355,576
Staff recruitment, training and safety	160,969	143,270
Purchased services	43,816	72,513
Repairs and maintenance	28,785	4,272
Advertising, promotion and corporate branding	402,261	228,158
Rent, rates and taxes	344,022	157,547
Communication, stationery and other office expenses	239,385	172,236
Travelling	494,238	84,166
Compensation expense (note 22.4)	133,993	-
Depreciation (note 4.3)	205,548	162,427
Depreciation on right-of-use assets (notes 5 and 22.3)	120,609	114,779
Amortization (note 6)	45,592	31,478
Directors' fee, remuneration and travelling	473,198	212,608
	<b>4,455,338</b>	<b>2,739,030</b>

22.1 Salaries, wages and other staff welfare is net-off recoveries from subsidiaries amounting to Rs. 1,746,044 (2021: Rs. 1,336,773) in accordance with the expense sharing agreements.

22.2 Includes Rs. 226,193 (2021: Rs. 168,097) in respect of staff retirement benefits.

22.3 Depreciation on right-of-use assets is net-off recoveries from subsidiaries amounting to Rs. 119,455 (2021: Rs. 113,188) in respect of their share in rent of office premises.

(Amounts in thousand)

22.4 This includes expense recognized for cash settled share based payment transactions of Rs. 133,993 (2021: Nil) (note 16.4).

22.5 The expenses above are net-off recoveries from subsidiaries amounting to Rs. 1,040,762 (2021: Rs. 623,334) in accordance with the expense sharing agreements.

**23. other income**

**Financial assets**

Income on:

- Bank and term deposits
- Subordinated loans to subsidiary companies
- Mutual funds
- Government securities

**Non financial assets**

- Gain on disposal of property, plant and equipment (note 4.4)
- Reversal for impairment on loan (note 10.4)
- Others (note 23.1)

	2022	2021
	-----Rupees-----	
Bank and term deposits	1,944,899	1,262,576
Subordinated loans to subsidiary companies	1,229,333	1,238,709
Mutual funds	413,360	350,213
Government securities	3,765,646	1,594,279
	7,353,238	4,445,777
Gain on disposal of property, plant and equipment (note 4.4)	25,620	3,263
Reversal for impairment on loan (note 10.4)	13,309	13,691
Others (note 23.1)	157,389	298,733
	<b>7,549,556</b>	<b>4,761,464</b>

23.1 Includes income received amounting to Rs.155,910 (2021: Rs. 298,412) under Emission Reduction Purchase Agreement with Holt Global Group International AGHofstrasse entered into on January 24, 2020, for the sale of contract Emission Reductions (ERs).

**24. other operating expenses**

- Auditor's remuneration (note 24.1)
- Legal and professional charges
- Donations (note 37)
- Human resource development (note 24.2)
- Research and business development (note 24.3)
- Others (note 24.4)

**24.1 Auditor's remuneration**

Fee for:

- audit of annual financial statements
- review of half yearly financial statements
- review of statement of compliance with Code of Corporate Governance
- Certifications and other advisory / assurance services
- Taxation services
- Reimbursement of expenses

	2022	2021
	-----Rupees-----	
Auditor's remuneration (note 24.1)	39,463	24,303
Legal and professional charges	140,775	326,205
Donations (note 37)	46,264	82,490
Human resource development (note 24.2)	21,351	165,397
Research and business development (note 24.3)	2,507,929	1,541,659
Others (note 24.4)	237,142	274,000
	<b>2,992,924</b>	<b>2,414,054</b>
Fee for:		
- audit of annual financial statements	930	750
- review of half yearly financial statements	310	275
- review of statement of compliance with Code of Corporate Governance	60	35
Certifications and other advisory / assurance services	26,682	14,902
Taxation services	11,471	7,952
Reimbursement of expenses	10	389
	<b>39,463</b>	<b>24,303</b>



(Amounts in thousand)

- 24.2 Represents professional consultancy charges incurred under an agreement, for the development of human resource strategies and the Engro Leadership Academy.
- 24.3 This includes an amount of Rs. 2,158,744 (2021: Rs. 1,422,265) incurred in connection with propane dehydrogenation and polypropylene project.
- 24.4 Under the Share Purchase Agreement (SPA) with FCP, the Company is required to pay FCP an amount equal to 51% of the sales tax receivable of FCEPL, an associated company, recognized in the financial years 2012 to 2016, if it is not recovered by FCEPL within six years after it is recognized. Accordingly, on prudence basis, the Company has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered till December 31, 2022.

	2022	2021
	-----Rupees-----	
<b>25. finance cost</b>		
Interest expense on lease liability (note 25.1)	52,904	25,980
Others	34,286	24,843
	<u>87,190</u>	<u>50,823</u>

- 25.1 Interest expense is net-off recoveries from subsidiaries amounting to Rs. 52,398 (2021: Rs. 30,852) in respect of their share in rent of office premises.

	2022	2021
	-----Rupees-----	
<b>26. taxation</b>		
Current		
- for the year (note 26.1)	4,315,977	3,421,559
- for prior years (notes 26.1 and 26.5)	(658,869)	(1,642,232)
	<u>3,657,108</u>	<u>1,779,327</u>
Deferred (note 26.2)	<u>(1,335,825)</u>	<u>(54,019)</u>
	<u>2,321,283</u>	<u>1,725,308</u>

- 26.1 This includes an amount of Rs. 785,356 and Rs 876,892 on account of provision made by the Company in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 through Finance Act, 2022, whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022), December 31, 2022 (tax year 2023) respectively and onwards.
- 26.2 This includes amount, in accordance with section 59B (Group relief) of the Income Tax Ordinance, 2001 where the Company has surrendered its assessed tax losses to its subsidiary companies for the years ended December 31, 2019, 2020 and 2021 (Tax years 2020 to 2022) for consideration of Rs. 426,599, Rs. 373,489 and Rs. 507,604 respectively, being equivalent to tax benefit / effect surrendered thereof.
- 26.3 Through Finance Act 2015, levy of 'Super Tax for rehabilitation of temporarily displaced persons' under section 4B of the Income Tax Ordinance, 2001 was introduced for tax year 2015. The said levy was extended and made applicable on succeeding years via subsequent Finance Acts upto financial year ended December 31, 2018. In the year 2019, through Finance Supplementary Act, 2019, the levy of Super Tax is prescribed at zero percent from financial year ended December 31, 2019 onwards for companies other than banking companies.

(Amounts in thousand)

In 2020, the petition filed by the Company along with other taxpayers against the imposition of Super Tax in the High Court of Sindh (HCS) was rejected vide order dated July 21, 2020. The Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the HCS in the Supreme Court of Pakistan (SCP). Consequent to the High Court judgement, the tax authorities issued notices to the Company and subsequently framed orders for recovery of Super Tax for tax years 2017 to 2019 with total tax demand of Rs. 2,232,966. Appeal was filed against these orders with the Commissioner Inland Revenue (Appeals) [CIR (Appeals)] on certain contentions and factual grounds. The CIR (Appeals) has decided all appeals against the Company and maintained the levy of Super Tax considering the HCS judgement. The Company has filed a further appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending to be heard.

In November 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Company) subject to them depositing 50% of the impugned outstanding tax amount.

The Company has till date paid Super Tax amounting to Rs. 265,389 through adjustments of excess tax refunds against the demand for tax years 2018 and 2019. Adequate provision for Super Tax for the respective tax years is being maintained in these financial statements.

- 26.4 In 2016, an amendment was introduced in the Income Tax Ordinance 2001, (the Ordinance) via the Finance Act, 2016 imposing tax on Inter-Corporate Dividends (ICD) which were previously exempt to companies designated as a Group under section 59B of the Ordinance. Subsequently, in December 2019, the exemption on ICD was restored through amendment in the Ordinance vide Tax Laws (Second Amendment) Ordinance, 2019 (the Amendment Ordinance). However, in respect of the dividends received before the said amendment, the Company had challenged the imposition of tax on ICD in the HCS and has been granted a stay in this respect.

In 2020, the Amendment Ordinance was laid down before the Parliament and enacted as Tax Laws (Amendment) Act 2020 (the 2020 Act). The 2020 Act ratified the exemption on ICD restored by the Amendment Ordinance, however, the provision granting exemption from application of withholding tax on ICD, as previously deleted by Finance Act 2016, was not restored. Hence, in respect of the ICD received by the Company from its subsidiaries during the year 2020, the Company obtained stay from the HCS against deduction of withholding of tax.

Subsequently in 2021, the exemption of income tax on ICD was again withdrawn via Tax Laws (Second Amendment) Ordinance, 2021 in March 2021 and subsequently by Finance Act 2021. The Company has again challenged the amendment before the HCS and stay has been granted in this respect. The management, on prudent basis, has recognized a tax charge of Rs. 9,218,658 (2021: Rs. 6,408,991) in these financial statements pertaining to periods during which exemption of income tax on ICD remained withdrawn.

- 26.5 During the year, the Company's management has reassessed its income tax provisions based on the finalization of its income tax assessments of prior tax years by the income tax department. Upon such assessment, the Company's management has recognized a reversal of tax provisions amounting in aggregate to Rs. 1,444,225 in these financial statements.
- 26.6 Following is the position of the Company's open tax assessments:

(Amounts in thousand)

26.6.1 In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs. 218,790 and raised a demand of Rs. 139,575 whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed an appeal with the CIR (Appeals) who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs. 184,191 and revised the demand to Rs. 104,976. The Company paid Rs. 53,250 there against and simultaneously filed an appeal against the CIR - Appeals decision with Appellate Tribunal Inland Revenue (ATIR) which granted a stay to the Company. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officers for denovo proceedings, thereby accepting the Company's contention.

In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Company filed an appeal against the said order with CIR (Appeals), who based on ATIR's order for tax year 2011, has remanded back the order to assessing officers for denovo proceedings.

During 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Company received notices of demand amounting to Rs. 105,955 and Rs. 250,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue – Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed appeals thereagainst before the CIR - Appeals and also obtained stays from the HCS from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of both tax years, the CIR (Appeals) accepted the Company's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR (Appeals) for both tax years, which were subsequently dismissed. In 2017, the Company reversed excess provision of Rs. 168,896 in respect of tax years 2011 and 2012 consequent to denovo proceedings after which the amended orders were passed in respect of the aforementioned tax years, wherein, the Commissioner has maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". In response, the Company filed an appeal challenging this contention before the CIR (Appeals). In January 2019, the CIR (Appeals) passed the appellate orders for both the years and has again remanded the matter to the assessing officer for denovo proceedings.

During 2020, the Company received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs. 75,308 and Rs. 112,681, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". During the year, Appellate Order was framed by CIR (Appeals) and favorable decision was made in respect of classification of interest income as "income from business" and allocation of expenses to dividend income and capital gains. The income tax department, in response there against, had filed an appeal with the High Court of Sindh, which is still pending.

26.6.2 In 2020, the income tax department, in respect of the tax year 2014, amended the return by creating tax demand of Rs. 401,240 whereby the Additional Commissioner Inland Revenue (ACIR) has levied tax on capital gains on disposal of shares of listed subsidiary, apportioned expenses against dividend income, disallowed the classification of 'Interest Income' as "Income from Business" as well as not allowing the adjustment of brought forward capital losses and brought forward minimum tax paid under section 113(2)(c) of the Ordinance. As a normal recourse, the Company filed an appeal against the order of ACIR before the CIR (Appeals). During the year, Appellate Order has been framed by the CIR (Appeals) and favorable decision was made in respect of taxation of capital gains on disposal of shares of listed subsidiary whereas other matters have been remanded back to the ACIR for reconsideration.

(Amounts in thousand)

26.6.3 During 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs. 128,400, whereby, the Additional Commissioner Inland Revenue (ACIR) - Audit has levied tax on inter-corporate dividends, Super Tax including on exempt income, the effects of classification of 'Interest Income' as "Income from Other Sources" as well as not allowing the adjustment of the minimum tax paid under section 113(2)(c) of the Ordinance. In the year 2019, the CIR (Appeals) vide order dated May 6, 2019 has maintained the matter relating to taxation of intercorporate dividend, Super Tax under section 4B, the classification of the interest income and carry forward of minimum tax for adjustment whereas the rectificatory matters including the levy of Super Tax on exempt income was remanded back. The Company has preferred an appeal before ATIR on all issues adjudicated against it.

The Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Company. However, on prudence, the Company has recorded provision against Super Tax.

26.6.4 In 2017, the ACIR through order dated June 13, 2017 amended the return for the tax year 2016 creating tax demand of Rs. 1,573,876 mainly on account of tax levied on inter-corporate dividend, Super Tax including on exempt income and disallowance on account of allocation of expenses to dividend and capital gains including minimum tax paid under section 113 of the Ordinance. The CIR (Appeals) while disposing off the Company's appeal maintained the order of ACIR with respect to certain issues which were further contested before the ATIR. During 2019, the ATIR in its order dated July 31, 2019 has annulled the order of ACIR and validated the exemption on intercorporate dividend as well as the non-applicability of Super Tax on such exempt income whereas the issues relating to the levy of Super Tax under section 4B and the carry forward of minimum have been linked to the pending decisions of the HCS (where the matter is separately being contested by the Company) and the carry forward under section 113(2)(c) has been linked to the decision of the Supreme Court in the case of another taxpayer.

Against the order dated June 13, 2017, the Company had filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs. 1,084,733. Through the said order, the ACIR accepted the Company's contention relating to various matters except the issue of allocation of expenses to capital gains. The Company contested this matter in appeal before the CIR - Appeals who has maintained the order of ACIR through order dated December 18, 2018. The Company filed an appeal before the ATIR against the CIR (Appeals) order.

In 2020, the Company received appeal effect order dated November 20, 2020 issued by the ACIR giving effect to the findings of appellate orders of CIR (Appeals) and ATIR by deleting the tax levied on inter-corporate dividends and Super Tax on exempt income which resulted in revised demand of Rs. 149,257. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in the Company's favour as "income from business".

During the year, Appellate Order has been framed by the CIR (Appeals) wherein the levy of Super Tax under section 4B of the Ordinance has been maintained. An appeal has been filed before the ATIR which is pending.

In addition to the above, the ACIR issued a further amendment order dated November 24, 2020 for the same tax year and determined additional income tax liability of Rs. 21,808 on account of capital gain tax on debt securities. The same has been discharged by the Company.

(Amounts in thousand)

26.6.5 In 2020, the ACIR - Audit through order dated December 22, 2020 amended the return for the tax year 2017 by creating tax demand of Rs. 4,335,176 mainly on account of tax levied on undistributed profits under section 5A and Super Tax under section 4B. The Company had obtained stay from HCS against the levy of tax on undistributed profits, therefore the said demand was not recoverable by the tax department. In April 2021, the HCS disposed of the appeal against the levy of tax under section 5A as ultra vires to the Constitution. During the year, the ACIR passed the order dated December 30, 2022 rectifying the earlier order in relation to the levy of tax on undistributed profits. Thereafter, the demand of Rs. 4,335,176 was reduced and refundable of Rs. 392,231 was determined. As normal recourse, the Company filed an appeal against the order of ACIR - Audit before the CIR (Appeals) which has been heard on January 31, 2023 and is reserved for order. The management is confident of a positive outcome of the case.

26.6.6 During the year, the DCIR - Audit has finalized the tax audit proceedings for tax year 2018 which is a "Group Return" filed under section 59AA of the Ordinance with its wholly owned subsidiaries Engro energy Limited [EEL] and Engro Eximp (Private) Limited [EEAPL]. The Amended Order dated January 9, 2023, creates tax demand of Rs. 211,992 which is mainly on account of disallowances made of the provision pertaining to retirement benefits in the case of the Company, a portion of disallowance of 'Purchases' for alleged non-withholding of taxes thereon in the case of EEAPL and taxation of project management fee in the case of EEL as 'services rendered' at the rate of 7 percent vis a vis 8 percent as per the return.

Super Tax under section 4B of the Ordinance has also been reworked to Rs. 321,581 in this order based on the revised amounts of taxes determined. Moreover, the entire amount has been considered recoverable despite the adjustments made as identified in note 26.3.

The Company is in the process of filing an appeal against the order before the CIR (Appeals). The management is confident of a positive outcome of the case.

26.7 Relationship between tax expense and accounting profit

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2022	2021
	-----Rupees-----	
Profit before tax	23,517,703	20,241,461
Tax calculated at the rate of 29% (2021: 29%)	6,820,134	5,870,024
Effect of Super tax of current year	876,892	-
Effect of tax loss sale	(1,307,692)	-
Effect of applicability of different tax rate on:		
- Dividend	(3,428,781)	(2,661,705)
- Capital gain	-	2,507
- Profit on debt	-	129,325
Tax credits	11,600	26,761
Prior year tax charge reversal	(658,869)	(1,642,232)
Effect of change in tax rate	10,143	-
Others	(2,144)	628
<b>Tax charge for the year</b>	<b>2,321,283</b>	<b>1,725,308</b>

(Amounts in thousand)

## 27. earnings per share

As at December 31, there is no dilutive effect on the basic earnings per share of the Company. Earnings per share is based on following:

	2022	2021
	-----Rupees-----	
Profit for the year	21,196,420	18,516,153
	(Number of shares)	
Weighted average number of ordinary shares (in thousand)	576,163	576,163
	-----Rupees-----	
Earning per share - basic and diluted	36.79	32.14

## 28. remuneration of chief executive, directors and executives

The aggregate amounts for remuneration, including all benefits, to chief executive, directors and executives of the Company are given below:

	2022			2021		
	Directors		Executives	Directors		Executives
	Chief Executive Officer	Others		Chief Executive Officer	Others	
	-----Rupees-----					
Managerial remuneration	95,931	-	1,746,001	75,862	-	1,455,415
Bonus	70,195	-	875,054	102,623	-	689,933
Retirement benefits funds	-	-	232,176	-	-	193,307
Fees	-	136,242	-	-	103,458	-
Other benefits	-	-	24,271	-	-	20,536
Advisory fee	-	100,484	-	-	-	-
<b>Total</b>	<b>166,126</b>	<b>236,726</b>	<b>2,877,502</b>	<b>178,485</b>	<b>103,458</b>	<b>2,359,191</b>
Number of persons including those who worked part of the year	<b>1</b>	<b>9</b>	<b>308</b>	<b>1</b>	<b>10</b>	<b>264</b>

28.1 The Company also provides household items for use of some employees and Chief Executive Officers. Cars are also provided for use of certain employees and directors. In addition, directors of the Company are also entitled for travelling benefits in respect of which Rs. 318,498 (2021: Rs. 63,084) have been incurred. Further, an amount of Rs. 133,993 (2021: Nil) has been recognized in these financial statements for the share based payment transactions as disclosed in note 16.4. Further, individual allocations of this amount will be determined upon completion of the vesting conditions.

28.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Company, amounts to Rs. 261 (2021: Rs. 261).



(Amounts in thousand)

28.3 The above remuneration of executives is stated before accounting for the impact of recoveries from subsidiaries in accordance with the expense sharing agreements.

## 29. retirement benefits

### 29.1 Defined benefit gratuity plan

The Company faces the following risks on account of its gratuity plan:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in risk free investments of 3, 5 or 10 year Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

**Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

In addition to above, the gratuity plan exposes the Company to longevity risk i.e. the members survive longer than the expectation used in determining the obligation.

### 29.2 Valuation results

The latest actuarial valuation of the defined benefit gratuity plan was carried out as at December 31, 2022, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	Defined Benefit Gratuity Plan	
	2022	2021
	-----Rupees-----	
29.2.1 Statement of financial position reconciliation		
Present value of defined benefit obligation (note 29.2.3)	100,009	61,531
Fair value of plan assets (note 29.2.4)	(13,176)	(12,396)
Deficit	86,833	49,135
Payable to defined contribution fund	-	-
Net liability recognized in the statement of financial position (note 16.3)	<b>86,833</b>	<b>49,135</b>

(Amounts in thousand)

### 29.2.2 Movement in net liability recognized

	2022	2021
	-----Rupees-----	
Net liability at beginning of the year	49,135	41,202
Charge for the year (note 29.2.5)	7,713	5,337
Payments made to outgoing members	-	(374)
Remeasurement loss recognized in other comprehensive income (note 29.2.7)	29,985	2,970
Net liability at end of the year	<b>86,833</b>	<b>49,135</b>

### 29.2.3 Movement in present value of defined benefit obligation

	2022	2021
As at beginning of the year	61,531	55,666
Current service cost (note 29.2.5)	2,251	2,004
Interest cost	7,302	4,585
Remeasurement loss recognized in other comprehensive income	28,925	2,926
Benefits paid during the year	-	(3,650)
As at end of the year	<b>100,009</b>	<b>61,531</b>

### 29.2.4 Movement in fair value of plan assets

	2022	2021
As at beginning of the year	12,396	14,838
Expected return on plan assets	1,840	1,252
Benefits paid during the year	-	(3,650)
Remeasurement loss recognized in other comprehensive income (note 29.2.7)	(1,060)	(44)
As at end of the year	<b>13,176</b>	<b>12,396</b>

### 29.2.5 Charge for the year recognized in the statement of profit or loss

	2022	2021
Current service cost	2,251	2,004
Net interest cost	5,462	3,333
	<b>7,713</b>	<b>5,337</b>

### 29.2.6 Actual return on plan assets

	2022	2021
	816	1,208

### 29.2.7 Remeasurement recognized in other comprehensive income

	2022	2021
Loss from change in experience adjustments	28,925	2,926
Actual return on plan assets	(816)	(1,208)
Expected return on plan assets	1,840	1,252
Difference in opening fair value of plan assets	36	-
	1,060	44
	29,985	2,970
Tax impact at 29% (2021: 29%)	(8,696)	(861)
Remeasurement of retirement benefit obligation - net of tax	<b>21,289</b>	<b>2,109</b>

(Amounts in thousand)

29.2.8 Principal actuarial assumptions used in the actuarial valuation	Defined Benefit Gratuity Plan	
	2022	2021
	-----Rupees-----	
Discount rate	13.25	11.75
Expected per annum rate of return on plan assets	13.25	11.75
Expected per annum rate of increase in future salaries	13.25	11.75

29.2.9 Plan assets comprise of the following	2022		2021	
	Rupees	(%)	Rupees	(%)
Fixed income instruments	9,958	76	8,939	72
Equity instruments	2,763	21	3,081	25
Others (including cash)	455	3	376	3
	<u>13,176</u>	<u>100</u>	<u>12,396</u>	<u>100</u>

29.2.9 Plan assets comprise of the following

Fixed income instruments	9,958	76	8,939	72
Equity instruments	2,763	21	3,081	25
Others (including cash)	455	3	376	3
	<u>13,176</u>	<u>100</u>	<u>12,396</u>	<u>100</u>

29.2.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

29.2.11 Historical information

	2022	2021	2020	2019	2018
	-----Rupees-----				
Present value of defined benefit obligation	(100,009)	(61,531)	(55,666)	(58,898)	(73,787)
Fair value of plan assets	13,176	12,396	14,838	15,866	51,209
Payable to Defined contribution gratuity fund	-	-	(374)	(374)	(374)

29.2.13 Demographic assumptions	Defined Benefit Gratuity Plan	
	2022	2021
	-----Rupees-----	
Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Heavy	Heavy

(Amounts in thousand)

29.2.14 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in Assumption	Decrease in Assumption
	-----Rupees-----	
Discount rate	98,926	62,827
Long term salary increases	101,129	60,274

29.2.15 Maturity profile

Defined Benefit Gratuity Plan		(Rupees)
Time in years		
1		54,639
2		57,481
3		349
4		378
5-10		13,454
11-15		-
16-20		-
Weighted average duration (years)		1.08

29.3 Defined contribution plans

An amount of Rs. 387,350 (2021: Rs. 207,645) has been charged during the year in respect of defined contribution plans maintained by the Company.

	2022	2021
	-----Rupees-----	
Profit before taxation	23,517,703	20,241,461
Adjustment for non-cash charges and other items:		
Depreciation (note 22)	205,548	162,427
Amortization (note 22)	45,592	31,478
Depreciation on right-of-use assets (note 22)	120,609	114,779
Rent concession on lease liability	(12,729)	(24,205)
Gain on disposal of property, plant and equipment (note 23)	(25,620)	(3,263)
Income on bank deposits and other financial assets (note 23)	(7,353,238)	(4,445,777)
Dividend income (note 20)	(22,174,693)	(19,399,463)
Royalty income	(1,328,906)	(1,284,441)
Finance cost	87,190	50,823
Provision for retirement and other service benefits	71,202	69,350
Reversal for impairment on loan (note 23)	(13,309)	(13,691)
Working capital changes (note 30.1)	71,720	352,456
	<u>(6,788,931)</u>	<u>(4,148,066)</u>

(Amounts in thousand)

	2022	2021
	-----Rupees-----	
30.1 Working capital changes		
(Increase) / Decrease in current assets		
- Loans, advances, deposits and prepayments	49,272	(722)
- Receivables (net)	(453,614)	(222,618)
	<u>(404,342)</u>	<u>(223,340)</u>
Increase in current liabilities		
- Trade and other payables including other service benefits (net)	476,062	575,796
	<u>71,720</u>	<u>352,456</u>
<b>31. cash and cash equivalents</b>		
Short term investments	2,684,355	40,246,287
Cash and bank balances (note 13)	165,977	855,323
	<u>2,850,332</u>	<u>41,101,610</u>
<b>32. financial instruments by category</b>		
Financial assets		
- Financial assets measured at amortized cost		
Long term loans and advances	5,372,573	384,154
Loans and deposits	2,328,677	10,845,6064
Receivables	1,190,911	725,501
Short term investments	15,146,403	40,246,287
Cash and bank balances	165,977	855,323
	<u>24,204,541</u>	<u>53,056,871</u>
- Financial assets measured at fair value through other comprehensive income		
Pakistan Investment Bonds	29,380,322	-
- Financial assets measured at fair value through profit or loss		
Mutual fund units	3,078,051	950
Financial liabilities		
- Financial liabilities measured at amortized cost		
Lease liabilities	1,151,433	356,746
Trade and other payables	5,176,977	4,714,255
Unclaimed dividends	235,338	241,839
	<u>6,563,748</u>	<u>5,312,840</u>

(Amounts in thousand)

### 33. financial risk management`

#### 33.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Senior Management.

##### a. Market risk

###### i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk primarily with respect to receivable and payable balances denominated in currency other than Pakistan Rupee.

As at December 31, 2022, if Pakistan Rupee appreciated / depreciated by 1% against USD with all other variables held constant, the Company's post tax profit for the year would have been higher / lower by Rs. 4,891 as a result of exchange gain / loss on translation of foreign currency denominated financial instruments.

###### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on balances maintained with banks, government securities and loans given to subsidiary companies.

As at December 31, 2022, if interest rate on bank accounts / loans given to subsidiary companies had been 1% higher / lower with other variables held constant, post tax profit for the year would have been higher / lower by Rs. 25,472.

As at December 31, 2022, if interest rate on government securities had been 1% higher / lower with other variables held constant, post tax profit for the year would have been higher / lower by Rs. 26,736.

###### iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. As at reporting date, the Company does not have any material price sensitive instruments.

##### b. Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, loans and advances, deposits and other receivables. The credit risk on liquid funds and mutual fund securities is limited because counter



(Amounts in thousand)

parties are financial institutions with a reasonably high credit rating. The Company maintains an internal policy to place funds with commercial banks / mutual funds having a minimum short term credit rating of A1 / AM3. Investment in Pakistan Investment Bonds and Treasury Bills is government guaranteed.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
	-----Rupees-----	
Long term loans and advances	5,372,573	384,154
Loans and advances	2,328,677	10,845,606
Receivables	977,045	359,635
Short term investments	47,604,776	40,247,237
Bank balances	165,277	854,623
	<b>56,448,348</b>	<b>52,691,255</b>

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history, however, no losses incurred. The credit quality of Company's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Rating agency	Rating		
Allied Bank Limited	PACRA	AAA	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Al-Falah Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AAA	A1+
Citi Bank	Moody's	Aa3	P-1
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
Meezan Bank Limited	JCR-VIS	AAA	A1+
National Bank of Pakistan Limited	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
United Bank Limited	JCR-VIS	AAA	A1+
ABL Asset Management Company Limited	PACRA	AM1	-
HBL Asset Management Limited	JCR-VIS	AM1	-
Pak Brunei Investment Company Limited	JCR-VIS	AA+	A1+
Pak China Investment Company Limited	JCR-VIS	AAA	A1+
Pak Oman Investment Company Limited	JCR-VIS	AA+	A1+
Pak Kuwait Investment Company (Private) Limited	PACRA	AAA	A1+
National Investment Trust Limited	PACRA	AM1	-
UBL Fund Managers Limited	JCR-VIS	AM1	-

#### c. Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(Amounts in thousand)

These objectives are achieved by maintaining sufficient cash and marketable securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022			2021		
	Maturity upto one year	Maturity after one year	Maturity total one year	Maturity upto one year	after	Total
	----- Rupees -----					
Financial liabilities						
Lease liabilities	357,915	1,117,205	1,475,120	362,035	18,009	380,044
Trade and other payables	5,176,977	-	5,176,977	4,714,255	-	4,714,255
	<b>5,534,892</b>	<b>1,117,205</b>	<b>6,652,097</b>	<b>5,076,290</b>	<b>18,009</b>	<b>5,094,299</b>

#### 33.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

	2022	2021
	-----Rupees-----	
The proportion of borrowings to equity at the year end was:		
Borrowings (Lease liabilities)	1,151,433	356,746
Total Equity	91,265,229	90,534,629
	<b>92,416,662</b>	<b>90,891,375</b>
Gearing ratio	<b>1.26%</b>	<b>0.39%</b>

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

#### 33.3 Fair value estimation

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

(Amounts in thousand)

The table below analyses financial instruments carried at fair value by valuation method. The different level 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 level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
As at December 31, 2022				
Fair value through other comprehensive income				
- Pakistan Investment Bonds (PIBs)	-	29,380,322	-	29,380,322
Fair value through profit or loss				
- Mutual fund units	-	3,078,051	-	3,078,051
As at December 31, 2021				
Fair value through profit or loss				
- Mutual fund units	-	950	-	950

Level 2 fair values have been determined on the basis of PKRV rates and closing Net Asset Values for government securities and Mutual Fund Units respectively.

There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

33.4 The current macroeconomic climate is challenging with high devaluation pushing inflation to decade-high levels. The Company navigated these challenges successfully in 2022. Its growth in topline, despite the headwinds, demonstrates its diversified operations and robust portfolio. Our human capital is well-equipped to guide the Company through future turbulence which will likely comprise of high inflation and interest rate environment. The Company will continue to focus on delivering value to all stakeholders.

### 34. contributory retirement funds

The investments out of the contributory retirement funds have been made in accordance with the provisions of Section 218 of the Act and the conditions specified there under.

### 35. number of employees

	Number of employees as at		Average number of employees	
	2022	2021	2022	2021
Management employees	320	306	314	305

(Amounts in thousand)

### 36. related parties

36.1 Following are the details of associated, undertakings and other related parties with whom the Company has arrangement / agreement during the year:

S.No	Name of Related Party	Direct Shareholding %	Relationship
1	Dawood Hercules Corporation Limited	37.22%	Holding Company
2	Engro Eximp Agriproducts (Private) Limited	100.00%	Subsidiary
3	Engro Energy Limited	100.00%	Subsidiary
4	Engro Infiniti (Private) Limited	100.00%	Subsidiary
5	Engro Connect (Private) Limited	100.00%	Subsidiary
6	Engro Fertilizers Limited	56.27%	Subsidiary
7	Engro Polymer and Chemicals Limited	56.19%	Subsidiary
8	Elengy Terminal Pakistan Limited	56.00%	Subsidiary
9	Engro Eximp FZE	100.00%	Subsidiary
10	Engro Enfrashare (Private) Limited	N/A	Indirect subsidiary
11	Engro Elengy Terminal (Private) Limited	N/A	Indirect subsidiary
12	Engro Power Investments International B.V - Netherlands	N/A	Indirect subsidiary
13	Engro Powergen Qadirpur Limited	N/A	Indirect subsidiary
14	Engro Powergen Thar (Private) Limited	N/A	Indirect subsidiary
15	EFERT Agritrade (Private) Limited	N/A	Indirect subsidiary
16	Engro Energy Services Limited	N/A	Indirect subsidiary
17	Engro Power Services Limited	N/A	Indirect subsidiary
18	Engro Peroxide (Private) Limited	N/A	Indirect subsidiary
19	Engro Plasticizer (Private) Limited	N/A	Indirect subsidiary
20	Think PVC (Private) Limited	N/A	Indirect subsidiary
21	Thar Power Company Limited	N/A	Associated company
22	Thar Foundation	N/A	Associated company
23	Engro Vopak Terminal Limited	50.00%	Joint Venture
24	FrieslandCampina Engro Pakistan Limited	39.90%	Associated company
25	Sindh Engro Coal Mining Company Limited	N/A	Associated company
26	Engro Foundation	N/A	Associated Entity
27	Mr. Ghias Khan	N/A	Key Management Personnel / Director
28	Mr. Hussain Dawood	2.90%	Director
29	Mrs. Kulsum Dawood	1.26%	Spouse of director
30	Mr. Mohammad Abdul Aleem	0.04%	Director
31	Mrs. Humera Aleem	0.01%	Spouse of director
32	Mr. Abdul Samad Dawood	0.29%	Director
33	Mrs. Ayesha Dawood	N/A	Spouse of director
34	Mr. Shahzada Dawood	1.00%	Director
35	Ms. Sabrina Dawood	0.64%	Director
36	Ms. Azmeh Dawood	0.26%	Daughter of director
37	Mr. Khawaja Iqbal Hassan	0.01%	Director
39	Ms. Henna Inam	N/A	Director
40	Mr. Rizwan Diwan	N/A	Director
41	Ms. Dominique Russo	N/A	Director
42	Dawood Investments	2.01%	Common Directorship
43	Inbox Business Technologies Private Limited	N/A	Common Directorship
44	Karachi School for Business & Leadership	N/A	Common Directorship
45	The Dawood Foundation	N/A	Common Directorship
46	Dawood Corporation (Private) Limited	0.01%	Common Directorship
47	The Karachi Education Initiative	N/A	Common Directorship
48	Engro Corporation Provident Fund	N/A	Post Employment Benefits
49	Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
50	Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
51	Engro Corporation Limited DB Gratuity Fund	N/A	Post Employment Benefits

52	Mr. Abdul Qayoom	N/A	Key Management Personnel
53	Mr. Shariq Abdullah	N/A	Key Management Personnel
54	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
55	Mr. Mazhar Abbas Hasnani	N/A	Key Management Personnel
56	Ms. Shomaila Loan	N/A	Key Management Personnel
57	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
58	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
59	Mr. Eram Hasan	N/A	Key Management Personnel
60	Mr. Nadir Salar Qureshi	N/A	Key Management Personnel

(Amounts in thousand)

### 36.2 Transactions with related parties

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2022	2021
	-----Rupees-----	
Parent Company		
Dividend paid	7,291,974	7,720,913
Reimbursements under advisory agreement	14,617	117,000
Reimbursements of expenses	16,098	-
Subsidiary companies		
Mark-up from subsidiaries	1,229,333	1,238,709
Disbursement of loan	19,540,000	14,450,000
Repayment of loan	23,777,000	19,350,000
Investment in subsidiary company	-	20,656,050
Dividend income	21,242,293	18,244,463
Royalty income	1,328,906	1,284,441
Reimbursements from	3,512,083	2,792,910
Reimbursements to	785,012	101,203
Tax losses surrendered to EFERT	934,203	-
Associated companies		
Purchases and services	126,040	313,799
Contribution for Corporate Social Responsibility	40,000	77,936
Dividend paid	526,761	588,310
Purchase of fixed income placements	-	12,186,000
Proceeds from fixed income placements	-	12,246,491
Reimbursements from	73,883	224,650
Reimbursements to	86,553	692
Joint venture		
Dividend income	932,400	1,155,000
Reimbursements from	157,793	169,098
Reimbursements to	1,019	3,589
Others		
Remuneration of key management personnel	541,405	632,446
Reimbursements to key management personnel	-	1,249
Dividend paid to key management personnel	15,750	-
Dividend paid to directors and others	1,259,953	1,201,160
Advisory fee	100,484	-
Contribution to staff retirement benefit funds	222,637	171,532
Directors' fee	136,242	103,458



(Amounts in thousand)

36.3 Details of subsidiary companies incorporated outside Pakistan with whom the Company had transaction or arrangements in place are as follows:

	Engro Eximp FZE (EEF)
Registered address	BCW JAFZA 18 & 19, Office No 110, UAE
Country of incorporation	UAE
Chief Executive Officer	Syed Kaleem Asghar Naqvi
"Percentage of holding of the Company"	100% (Direct)

### 37. donations

37.1 Donations include the following in which directors are interested:

Name of Director	Interest in Donee	Name of Donee	2022 -----Rupees-----	2021 -----Rupees-----
Hussain Dawood	Director	Karachi Education Initiative	-	37,936
Sabrina Dawood	Director			
Dominique Russo	Director			
Abdul Samad Dawood	Director			
Ghias Khan	Chairman	Engro Foundation	40,000	40,000

37.2 The name of donees to whom donation amount exceeds Rs. 500 are:

Name of Donees	2022 -----Rupees-----	2021 -----Rupees-----
Engro Foundation	40,000	40,000
Karachi Education Initiative	-	37,936
Hunar Foundation	-	3,000
Empowering Communities for Change	-	1,000
Old Grammarians Society	-	200
Developments in Literacy	2,150	-
The Kidney Centre Post Graduate	2,000	-
Lady Dufferin Hospital	1,500	-
Others	614	354
	<b>46,264</b>	<b>82,490</b>

(Amounts in thousand)

### 38. non-adjusting event after reporting date

- 38.1 The Board of Directors of Engro Polymer and Chemicals Limited, a subsidiary company, in its meeting held on February 7, 2023 has proposed a final cash dividend of Rs. 2.5 per share for the year ended December 31, 2022, amounting to Rs. 2,272,308 of which the proportionate share of the Company amounts to Rs. 1,276,834.
- 38.2 The Board of Directors of Engro Energy Limited, a subsidiary company, in its meeting held on February 10, 2023 has proposed a final cash dividend of Rs. 20.36 per share for the year ended December 31, 2022, amounting to Rs. 2,149,629 of which the proportionate share of the Company amounts to Rs. 2,149,629.
- 38.3 The Board of Directors of Engro Fertilizers Limited, a subsidiary company, in its meeting held on February 9, 2023 has proposed a final cash dividend of Rs. 5 per share for the year ended December 31, 2022, amounting to Rs. 6,676,497 of which the proportionate share of the Company amounts to Rs. 3,756,560.

These financial statements do not include the effects of the aforementioned dividend income, which will be accounted for in the financial statements for the year ending December 31, 2023 once the proposed dividends are approved in the Annual General Meetings of respective companies.

- 38.4 The Board of Directors of the Company in its meeting held on February 15, 2023 has proposed a final cash dividend of Rs.1 per share for the year ended December 31, 2022 amounting to Rs.576,163 for approval of the members at the Annual General Meeting to be held on March 30, 2023.

These financial statements do not include the effect of the proposed dividends, which will be accounted for in the financial statements for the year ending December 31, 2023.

- 38.5 The members of the Company in its meeting held on January 26, 2023 have approved purchase / buy-back by the Company up to an aggregate number of 70,000,000 issued ordinary shares of the Company, having paid-up / face value of Rs. 10 each, representing approximately 12.1% of the total issued and paid-up ordinary shares of the Company, at the spot / current price share acceptable to the Company prevailing during the purchase period, through the stock exchange.

### 39. corresponding figures

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

### 40. date of authorization for issue

These financial statements were authorized for issue on February 15, 2023 by the Board of Directors of the Company.



**Muhammad Abdul Aleem**  
Director



**Mazhar Abbas Hasnani**  
Chief Financial Officer



**Ghias Khan**  
President & CEO

consolidated  
**accounts**



**independence auditor's report  
to the members of engro corporation limited  
report on the audit of the consolidated financial statements  
opinion**

We have audited the annexed consolidated financial statements of Engro Corporation Limited and its subsidiaries (together 'the Group'), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**following is the key audit matter:**

Key audit matter	How the matter was addressed in our audit
<p><b>income tax matters</b></p> <p>(Refer notes 33.1, 33.2, 33.3, 42.4, 42.5 and 42.6 to the consolidated financial statements)</p> <p>The Group has recognised provisions and has disclosed contingent liabilities in respect of certain income tax and sales tax matters which are pending adjudication before various appellate and legal forums.</p> <p>Provisions and contingencies require management of the Group to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for recognition and measurement of any provision and disclosure in respect of such provisions and contingencies.</p> <p>Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of these matters, legal forums at which these are currently pending and use of significant management judgements and estimates to assess the same including related financial impacts, which may change over time as new facts emerge and matters progress, we have considered provisions and contingent liabilities relating to income tax and sales tax matters involving the Group as a key audit matter.</p>	<p>Our audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> <li>• obtained and examined details of the documentation relating to pending tax matters and discussed the same with the management;</li> <li>• circularised confirmations to the external legal and tax advisors for their views on matters being handled by them;</li> <li>• involved internal tax professionals to assess management's conclusions on tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors;</li> <li>• checked correspondence with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• checked the mathematical accuracy of the calculations underlying the provisions; and</li> <li>• assessed the adequacy of the related disclosures made in the consolidated financial statements in accordance with the applicable accounting and reporting standards.</li> </ul>

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Key audit matter	How the matter was addressed in our audit
<p><b>receivables from central power purchasing agency (guarantee) limited (CPPA-G)</b></p> <p>(Refer notes 1.3.1.1, 15.1 and 17 to the consolidated financial statements)</p> <p>The Group under the Power Purchase Agreement (PPA) sells available capacity and electrical output to CPPA-G. As at December 31, 2022, the Group has following receivables from CPPA-G:</p> <ul style="list-style-type: none"> <li>• Trade debts amounting to Rs. 61,326,079 thousand which include overdue debts of Rs. 41,155,626 thousand;</li> <li>• Delayed payment charges amounting to Rs. 9,868,982 thousand which include overdue receivables of Rs. 7,467,066 thousand; and</li> <li>• Reimbursable costs amounting to Rs. 2,745,350 thousand.</li> </ul> <p>The above balances relate to subsidiary companies Engro Powergen Thar (Private) Limited (EPTL) and Engro Powergen Qadirpur Limited (EPQL).</p> <p>During the year, pursuant to the execution of Master Agreement (Agreement) between EPQL and CPPA-G, EPQL received first and second installments aggregating to Rs. 8,147,368 thousand and revised tariff was notified by NEPRA for Return on Equity and Return on Equity During Construction with effect from July 1, 2022.</p> <p>In view of the above developments, on-going delays in settlement of receivables, materiality of the amount involved, and the consequential impact of the delay in settlement on liquidity and operations of the subsidiary companies, EPTL and EPQL, we have considered this to be an area of higher assessed risk and a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessed whether revenue and related receivables have been recognised in accordance with the applicable accounting policies;</li> <li>• tested whether invoices raised during the year were in accordance with the requirements of PPA;</li> <li>• circularised confirmation of receivable balance from CPPA-G;</li> <li>• checked receipts from CPPA-G with bank statements;</li> <li>• made inquiries from the management and inspected minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of outstanding amounts;</li> <li>• inspected terms of the Agreement and discussed the same with the management;</li> <li>• checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised thereagainst;</li> <li>• assessed the availability of finance with EPQL and EPTL to fund its business operations through committed credit lines obtained from various financial institutions; and</li> <li>• assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.</li> </ul>

**information other than the unconsolidated and consolidated financial statements and auditor's reports thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**responsibilities of management and the board of directors for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

**auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

Chartered Accountants  
Karachi

Date: 08 March, 2023

UDIN: AR2022101137HVz81GqJ

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## consolidated statement of financial position as at december 31, 2022

(Amounts in thousand)

	Note	2022 -----Rupees-----	2021 -----Rupees-----
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	329,877,228	282,154,538
Right-of-use asset	5	13,328,823	9,819,009
Intangible assets	6	2,274,561	2,398,324
Long term investments	7	36,081,246	34,217,070
Deferred taxation	8	101,660	80,346
Financial assets at amortized cost	9	3,783,265	3,592,784
Derivative financial instruments	10	737,319	92,805
Net investment in leases	11	52,160,406	45,203,623
Long term loans, advances, deposits and other receivables	12	3,816,788	2,616,236
		<b>442,161,296</b>	<b>380,174,735</b>
<b>Current assets</b>			
Stores, spares and loose tools	13	9,834,814	9,310,131
Stock-in-trade	14	30,242,789	31,513,007
Trade debts	15	71,195,463	58,528,771
Loans, advances, deposits and prepayments	16	6,849,714	5,020,705
Other receivables	17	35,962,591	25,780,784
Accrued income		2,269,306	633,633
Contract assets	18	14,124,293	6,487,105
Current portion of net investment in leases	11	5,683,292	4,004,522
Short term investments	19	86,105,467	82,372,051
Cash and bank balances	20	44,986,627	40,495,601
		<b>307,254,356</b>	<b>264,146,310</b>
<b>Total Assets</b>		<b>749,415,652</b>	<b>644,321,045</b>

Muhammad Abdul Aleem  
Director

Mazhar Abbas Hasnani  
Chief Financial Officer

Ghias Khan  
President & CEO

(Amounts in thousand)

## Equity and liabilities

### Equity

	Note	2022 -----Rupees-----	2021 -----Rupees-----
Share capital	21	5,761,632	5,761,632
Share premium		13,068,232	13,068,232
Revaluation reserve on business combination		2,678	2,678
Maintenance reserve	22	156,301	156,301
Exchange revaluation reserve		1,615,497	937,769
Hedging reserve		702,570	66,031
General reserve		4,429,240	4,429,240
Remeasurement of investments		(866,814)	39,248
Remeasurement of post-employment benefits		(176,248)	(108,064)
Unappropriated profit		142,128,483	137,385,981
		<b>161,059,939</b>	<b>155,977,416</b>
		<b>166,821,571</b>	<b>161,739,048</b>
Non-controlling interest		73,762,386	81,060,639
<b>Total equity</b>		<b>240,583,957</b>	<b>242,799,687</b>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Borrowings	23	156,173,794	139,818,216
Government grant	24	1,472,279	1,079,703
Deferred taxation	8	13,395,214	16,256,649
Lease liabilities	25	62,369,918	53,163,136
Deferred liabilities	26	3,633,893	2,845,835
Long term provisions	27	2,952,970	8,172,253
		<b>239,998,068</b>	<b>221,335,792</b>
<b>Current liabilities</b>			
Trade and other payables	28	125,775,973	95,232,315
Contract liabilities	29	12,980,370	1,024,361
Accrued interest / mark-up	30	2,764,706	1,366,497
Current portion of:			
- borrowings	23	27,699,919	23,110,031
- Government grant	24	353,201	183,624
- lease liabilities	25	9,046,896	6,111,288
- deferred liabilities	26	577,116	736,953
- long term provisions	27	25,503,815	18,510,399
Taxes payable		18,188,222	9,298,370
Short term borrowings	31	32,984,960	23,270,314
Dividend payable	32	12,958,449	1,341,414
		<b>268,833,627</b>	<b>180,185,566</b>
<b>Total liabilities</b>		<b>508,831,695</b>	<b>401,521,358</b>
<b>Contingencies and commitments</b>	33		
<b>Total equity and liabilities</b>		<b>749,415,652</b>	<b>644,321,045</b>

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.

Muhammad Abdul Aleem  
Director

Mazhar Abbas Hasnani  
Chief Financial Officer

Ghias Khan  
President & CEO



## consolidated statement of profit or loss for the year ended december 31, 2022

(Amounts in thousand except for earnings per share)

	Note	2022 -----Rupees-----	2021 -----Rupees-----
<b>Continuing operations</b>			
Revenue	34	356,427,526	311,587,401
Cost of revenue	35	(251,808,480)	(211,854,704)
<b>Gross profit</b>		104,619,046	99,732,697
Selling and distribution expenses	36	(9,325,850)	(7,819,291)
Administrative expenses	37	(11,776,647)	(7,658,843)
Other income	38	21,873,860	12,227,387
Other operating expenses	39	(10,034,948)	(9,235,681)
Other losses:			
- Remeasurement loss on provision for GIDC	27.1	(1,102,678)	(1,401,519)
- Loss allowance on subsidy receivable from GoP	17.1.1	(522,936)	(557,700)
<b>Operating profit</b>		93,729,847	85,287,050
Finance cost	40	(28,744,239)	(17,274,058)
Share of income from joint venture and associates	41	3,215,276	3,226,697
<b>Profit before taxation</b>		68,200,884	71,239,689
Taxation	42	(22,089,678)	(18,657,213)
<b>Profit from continuing operations</b>		<b>46,111,206</b>	<b>52,582,476</b>
<b>Discontinued operations</b>			
Profit from discontinued operations (attributable to Owners of the Holding Company)	43	71	29,283
<b>Profit for the year</b>		<b>46,111,277</b>	<b>52,611,759</b>
<b>Profit attributable to:</b>			
- Owners of the Holding Company		24,332,052	27,941,514
- Non-controlling interest		21,779,225	24,670,245
		<b>46,111,277</b>	<b>52,611,759</b>
<b>Earnings per share - basic and diluted</b>			
- continuing operations		42.23	48.45
- discontinued operations		0.00	0.05
	44	<b>42.23</b>	<b>48.50</b>

The annexed notes from 1 to 63 form an integral part of these financial statements.



Muhammad Abdul Aleem  
Director



Mazhar Abbas Hasnani  
Chief Financial Officer



Ghias Khan  
President & CEO

## consolidated statement of comprehensive income for the year ended december 31, 2022

(Amounts in thousand)

	Note	2022 -----Rupees-----	2021 -----Rupees-----
<b>Profit for the year</b>		46,111,277	52,611,759
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
<b>Hedging reserve - cash flow hedges</b>			
Profit arising during the year		644,514	92,805
Less: Reclassification adjustment for loss included in the statement of profit or loss		(11,577)	(874)
		632,937	91,931
<b>Revaluation reserve on business combination</b>			
Exchange differences on translation of foreign operations		677,728	254,829
		1,310,665	346,760
Continuing operations' (loss) / gain on remeasurement of long-term investment classified at fair value through other comprehensive income	7.9 & 19.4	(906,062)	39,248
<b>Items that will not be reclassified subsequently to profit or loss</b>			
- Remeasurement of post employment benefits obligation - Actuarial loss	46.1.3	(44,249)	(58,542)
- Remeasurement of post employment benefits obligation - Actuarial loss (associate)		(58,023)	-
		(102,272)	(58,542)
Less: Income tax relating to remeasurement of post employment benefits obligation		29,659	16,978
		(72,613)	(41,564)
		331,990	344,444
<b>Other comprehensive income for the year, net of tax</b>		<b>46,443,267</b>	<b>52,956,203</b>
<b>Total comprehensive income for the year</b>		<b>46,443,267</b>	<b>52,956,203</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Holding Company		24,672,073	28,303,485
- Non-controlling interest		21,771,194	24,652,718
		<b>46,443,267</b>	<b>52,956,203</b>
<b>Total comprehensive income attributable to:</b>			
- continuing operations		46,443,196	52,926,920
- discontinued operations		71	29,283
		<b>46,443,267</b>	<b>52,956,203</b>

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.



Muhammad Abdul Aleem  
Director



Mazhar Abbas Hasnani  
Chief Financial Officer



Ghias Khan  
President & CEO

## consolidated statement of changes in equity for the year ended december 31, 2022

(Amounts in thousand)

	-----Attributable to Owners of the Holding Company-----												
	-----Capital reserves-----					-----Reserves-----							
	Share capital	Share premium	Revaluation reserve on business combination	Maintenance reserve (note 22)	Exchange revaluation reserve	Hedging reserve	Remeasurement of investments	General reserve	Unappropriated profit	Remeasurement of post employment benefits	Sub total	Non-controlling interest	Total
Balance as at January 1, 2021	5,761,632	13,068,232	2,678	156,301	682,940	(26,173)	-	4,429,240	124,424,783	(83,754)	148,415,879	71,178,776	219,594,655
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	254,829	92,204	39,248	-	27,941,514	(24,310)	27,941,514	24,670,245	52,611,759
Other comprehensive income	-	-	-	-	254,829	92,204	39,248	-	-	(24,310)	361,971	(17,527)	344,444
<b>Transactions with owners</b>													
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(14,768,965)	(14,768,965)
Share issuance cost	-	-	-	-	-	-	-	-	-	-	-	(1,890)	(1,890)
Final cash dividend for the year ended December 31, 2020 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(1,152,327)	-	(1,152,327)	-	(1,152,327)
Interim cash dividends for the year ended December 31, 2021:													
- 1st interim @ Rs. 12.00 per share	-	-	-	-	-	-	-	-	(6,913,959)	-	(6,913,959)	-	(6,913,959)
- 2nd interim @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(4,033,142)	-	(4,033,142)	-	(4,033,142)
- 3rd interim @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,880,888)	-	(2,880,888)	-	(2,880,888)
Balance as at December 31, 2021	5,761,632	13,068,232	2,678	156,301	937,769	66,031	39,248	4,429,240	137,385,981	(108,064)	161,739,048	81,060,639	242,799,687

	-----Attributable to Owners of the Holding Company-----												
	-----Capital reserves-----					-----Reserves-----							
	Share capital	Share premium	Revaluation reserve on business combination	Maintenance reserve (note 22)	Exchange revaluation reserve	Hedging reserve	Remeasurement of investments	General reserve	Unappropriated profit	Remeasurement of post employment benefits	Sub total	Non-controlling interest	Total
Balance as at January 1, 2022	5,761,632	13,068,232	2,678	156,301	937,769	66,031	39,248	4,429,240	137,385,981	(108,064)	161,739,048	81,060,639	242,799,687
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	677,728	636,539	(906,062)	-	24,332,052	(68,184)	24,332,052	21,779,225	46,111,277
Other comprehensive income	-	-	-	-	677,728	636,539	(906,062)	-	-	(68,184)	340,021	(8,031)	331,990
<b>Transactions with owners</b>													
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(29,069,447)	(29,069,447)
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	(576,163)	-	(576,163)	-	(576,163)
Interim cash dividends for the year ended December 31, 2022:													
- 1st interim @ Rs. 12.00 per share	-	-	-	-	-	-	-	-	(6,913,959)	-	(6,913,959)	-	(6,913,959)
- 2nd interim @ Rs. 11.00 per share	-	-	-	-	-	-	-	-	(6,337,796)	-	(6,337,796)	-	(6,337,796)
- 3rd interim @ Rs. 10.00 per share	-	-	-	-	-	-	-	-	(5,761,632)	-	(5,761,632)	-	(5,761,632)
Balance as at December 31, 2022	5,761,632	13,068,232	2,678	156,301	1,615,497	702,570	(866,814)	4,429,240	142,128,483	(176,248)	166,821,571	73,762,386	240,583,957

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.



**Muhammad Abdul Aleem**  
Director



**Mazhar Abbas Hasnani**  
Chief Financial Officer



**Ghias Khan**  
President & CEO

## consolidated statement of cash flows

### for the year ended december 31, 2022

(Amounts in thousand)

Note	2022	2021
	-----Rupees-----	-----
<b>Cash flows from operating activities</b>		
Cash generated from operations	104,110,755	61,832,875
Retirement and other service benefits paid - net	(16,699)	(274,483)
Proceeds from net investment in lease	4,789,991	3,218,108
Finance income received on net investment in lease	6,139,802	5,163,724
Deferred incentive	(23,282)	333,885
Financial charges paid	(20,910,989)	(12,042,844)
Taxes paid	(16,082,575)	(10,141,753)
Long term loans and advances - net	(1,287,068)	506,319
Discontinued operations	-	(21,688)
	<b>76,719,935</b>	<b>48,574,143</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment and intangible assets	(40,730,263)	(20,499,983)
Sale proceeds on disposal of property, plant and equipment	614,122	218,446
Payment for dismantling towers	-	(76,967)
Investment in associated companies	-	(474,839)
Investments (made) / redeemed during the year - net	(62,421,239)	47,444,148
Income on deposits / other financial assets	12,722,838	7,931,687
Deposit in respect of bank guarantees	-	52,784
Dividends received	932,500	1,155,000
	<b>(88,882,042)</b>	<b>35,750,276</b>
<b>Cash flows from financing activities</b>		
Proceeds / repayments of borrowings - net	(5,156,806)	(7,315,025)
Share issuance cost	-	528,177
Repayment of lease liability	(4,108,332)	(5,010,069)
Finance cost paid on lease liability	(8,451,670)	(4,573,207)
Dividends paid	(37,041,962)	(28,784,564)
	<b>(54,758,770)</b>	<b>(45,154,688)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(66,920,877)</b>	<b>39,169,731</b>
Cash and cash equivalents at beginning of the year	91,353,468	51,425,511
Effect of exchange rate changes on cash and cash equivalents	2,163,458	758,226
<b>Cash and cash equivalents at end of the year</b>	<b>26,596,049</b>	<b>91,353,468</b>

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.



Muhammad Abdul Aleem  
Director



Mazhar Abbas Hasnani  
Chief Financial Officer



Ghias Khan  
President & CEO

## notes to the consolidated financial statements

### for the year ended december 31, 2022

(Amounts in thousand)

#### 1 legal status and operations

1.1 Engro Corporation Limited (the Holding Company) is a public listed company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Holding Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Holding Company is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunications infrastructure and chemical terminal and storage businesses.

The business units of the Holding Company and its subsidiaries include the following:

Business Unit	Geographical Location
Head / Registered offices	
- The Holding Company	6 <sup>th</sup> and 8 <sup>th</sup> floors, The Harbour Front Building, Plot Number HC # 3, Marine Drive, Block 4, Clifton, Karachi
- Engro Fertilizers Limited	7 <sup>th</sup> and 8 <sup>th</sup> floors, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited	12 <sup>th</sup> Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
- Elengy Terminal Pakistan Limited	4 <sup>th</sup> Floor, Corporate Offices Block, Dolmen City, Plot Number HC-3, Block 4, Clifton, Karachi
- Engro Energy Limited	16 <sup>th</sup> Floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private) Limited	8 <sup>th</sup> Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp FZE	BCW JAFZA 18 & 19, Office No 110 Dubai, United Arab Emirates
- Engro Infiniti (Private) Limited	8 <sup>th</sup> Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Clifton, Karachi
- Engro Connect (Private) Limited	8 <sup>th</sup> Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Clifton, Karachi



(Amounts in thousand)

Business Unit	Geographical Location
Regional offices	
- The Holding Company	22 <sup>nd</sup> Floor, Ufone Tower Jinnah Avenue, Blue Area, Islamabad
- Engro Polymer and Chemicals Limited	9 <sup>th</sup> Floor, 301-R Hally Tower, Phase II, DHA, Lahore
Manufacturing plants	
- Engro Fertilizers Limited	District Ghotki, Sindh (Daharki Plant) EZ/1/P-1-II Eastern Zone, Port Qasim, Karachi (Zarkhez Plant)
	Rahim Yar Khan, Punjab (Seeds Processing Plant)
- Engro Polymer and Chemicals Limited	EZ/I/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi
- Engro Eximp Agriproducts (Private) Limited	13-Km, Sheikhpura Road, Muridke, 54800
Power plants	
- Engro Powergen Qadirpur Limited	Deh Belo Sanghari, Ghotki, Sindh
- Engro Powergen Thar (Private) Limited	Thar Block II, Islamkot District, Tharparkar, Sindh
Terminal	
- Elengy Terminal Pakistan Limited	Plot # OZ-I-P-81, South Western Zone, Berth no. 13, Port Qasim Karachi
Branded outlet	
- Engro Polymer and Chemicals Limited	Plot 41 - C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi

1.2 The "Group" consists of:

Holding Company: Engro Corporation Limited

Associated Companies: Associated companies are entities over which the Group has significant influence but not control.

Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights, or companies directly controlled by the Holding Company:

(Amounts in thousand)

- Engro Energy Limited (note 1.3.1)
- Engro Eximp Agriproducts (Private) Limited (note 1.3.2)
- Engro Infiniti (Private) Limited (note 1.3.3)
- Engro Eximp FZE (note 1.3.4)
- Elengy Terminal Pakistan Limited (note 1.3.5)
- Engro Fertilizers Limited (note 1.3.6)
- Engro Polymer and Chemicals Limited (note 1.3.7)
- Engro Connect (Private) Limited (note 1.3.8)

Joint Venture Company:

- Engro Vopak Terminal Limited (note 1.3.9)

Associated Company:

- FrieslandCampina Engro Pakistan Limited (note 1.3.10)

1.3 Subsidiary companies

1.3.1 Engro Energy Limited

Engro Energy Limited (EEL), a wholly owned subsidiary of the Holding Company, is a public unlisted company incorporated in Pakistan on May 13, 2008. It is established with the primary objective of analyzing potential opportunities in power sector, undertake supply and service related contracts and Independent Power Projects (IPPs).

Following are the companies in which EEL owns 50% or more of the voting rights or are directly controlled by EEL:

	Percentage of shareholding 2022	Percentage of shareholding 2021
- Engro Powergen Qadirpur Limited (note 1.3.1.1)	68.89	68.89
- Engro Powergen Thar (Private) Limited (note 1.3.1.2)	50.10	50.10
- Engro Energy Services Limited (note 1.3.1.3)	100	100
- Engro Power International Holding B.V. (note 1.3.1.4)	100	100
- Kolachi Portgen (Private) Limited (note 1.3.1.5)	-	100

Following are the associated companies of EEL in which it holds direct shareholding:

	Percentage of direct holding 2022	Percentage of direct holding 2021
- GEL Utility Limited (note 1.3.1.6)	45	45
- Sindh Engro Coal Mining Company Limited (note 1.3.1.7)	11.9	11.9
- Pakistan Energy Gateway Limited (note 1.3.1.8)	33.3	33.3
- Siddiqsons Energy Limited (note 1.3.1.9)	19	19

Percentage of direct shareholding  
2022 2021  
-----Rupees-----

	100	100
	100	100
	100	100
	100	100
	56	56
	56.27	56.27
	56.19	56.19
	100	100
	50	50
	39.9	39.9

(Amounts in thousand)

1.3.1.1 Engro Powergen Qadirpur Limited (EPQL) is a public listed company incorporated in Pakistan on February 28, 2006 with the primary objective to undertake the business of power generation, distribution, transmission and sale. EPQL completed construction and testing of its 217.3 MW combined cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007, which is valid for a period of 25 years.

On August 12, 2020, EPQL, along with other Independent Private Power Producers (“IPPs”) representing the 2002 Power Policy projects (collectively referred to as the “Parties”), signed a Memorandum of Understanding (MOU) with the Committee for negotiations with IPPs. The Board of Directors of EPQL in their meeting dated August 17, 2020 in-principle approved the terms of the MoU. In line with the understanding reached in the MOU, EPQL and CPPA - G (the “Parties”) entered into a Master Agreement on February 11, 2021, based on the terms of the MOU, which also included that all undisputed outstanding amounts due and payable to EPQL under the PPA, as on November 30, 2020, would be paid in two (2) instalments [each instalment comprising of one-third cash and two-thirds government issued Pakistan Investment Bonds (PIBs) and Sukuks]. Further, in the larger national interest, EPQL agreed to (prospectively) accept a reduction in the tariff component, whereby the Return on Equity (“RoE”) and the Return on Equity During Construction (“RoEDC”) was to be fixed at 17% per annum in PKR on National Electric Power Regulatory Authority (NEPRA) approved equity at Commercial Operations Date for RoE and RoEDC, calculated at USD / PKR exchange rate of PKR 148/ USD, with no future USD indexation. However, the then existing RoE and RoEDC, together with the applicable indexations, were to apply until the date the applicable exchange rate under the then Tariff reached PKR 168 / USD and instalments were received by EPQL, whereupon the Revised RoE and RoEDC were to become applicable and would apply for the remainder of the term of the PPA. In addition to this, fuel and operations and maintenance cost have been considered as single consolidated item and any savings, if determined, from July 1, 2021 will be shared in the ratio of 60:40 between CPPA and EPQL. During the year, EPQL received both installments on January 6, 2022 and June 30, 2022 aggregating to Rs. 8,147,368. Accordingly, the revised tariff has been notified by NEPRA with effect from July 1, 2022.

1.3.1.2 Engro Powergen Thar (Private) Limited (EPTL) was established on September 23, 2014 with the primary objective to develop 2 x 330 MW mine mouth power plants at Thar Block II, Sindh for power generation, distribution, transmission and sale. The electricity generated is transmitted to NTDC under the Power Purchase Agreement (PPA) dated May 04, 2015. This agreement is valid for a period of 30 years. As at December 31, 2022, EEL holds 50.10% (2021: 50.10%) of the issued capital of EPTL while the balance shares are held by CMEC Thar Power Investment Limited (35%), Habib Bank Limited (9.5%) and Liberty Mills Limited (5.4%). EPTL achieved its Commercial Operations Date (COD) on July 10, 2019.

During the year, on March 2, 2022, an explosion occurred on the coal conveyor belt system which feeds the coal into the power plant. The power plant was under schedule maintenance where one of the units was already shutdown and other was operational. For safety reasons, EPTL's management decided to shutdown the other unit as well. Post rehabilitation work of the coal conveyor belt system, operations from one of the units were resumed in April 2022, while the other unit came online in May 2022. EPTL utilized forced outage allowance and continued to bill Capacity Purchase Price. For rehabilitation works, an aggregate of Rs. 903,388 had been incurred and insurance claim has been lodged under the policy for the recovery of the same which has been acknowledged by the insurance company. All related financial impacts have been incorporated in these consolidated financial statements as at the reporting date.

(Amounts in thousand)

1.3.1.3 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 01, 2018 with the primary objective of analyzing potential opportunities in the power sector and undertaking service related contracts for Independent Power Projects (IPPs) based on feasibility of new ventures and to provide operations and maintenance services to IPPs.

1.3.1.4 Engro Power International Holding B.V. (EPIH), was established as a wholly owned subsidiary of EEL on June 26, 2014 with the objective to incorporate, participate, manage and supervise businesses and companies.

EPIH has two wholly owned subsidiaries namely Engro Power Services Holding B.V. (EPSH) and Engro Power Investments International B.V. (EPII) both based in Netherlands. EPSH has a wholly owned subsidiary namely Engro Power Services Limited (EPSL) established in Nigeria with the objective to carry on business as power generation, transmission, distribution and servicing company. EPSL has a joint venture EngroGen Energy Services Limited established in Mauritius.

1.3.1.5 Kolachi Portgen (Private) Limited (KPPL) was established and incorporated in Pakistan on September 17, 2015, as a wholly owned subsidiary of EEL, with the objective to operate and own a Regasified Liquefied Natural Gas (RLNG) based power generation plant.

During the year, EEL received acceptance for the winding up of KPPL from the relevant authorities under the Companies (Easy Exit) Regulations, 2014. Accordingly, the Group has written off its investment in KPPL amounting to Rs. 100.

1.3.1.6 GEL Utility Limited (GEL) is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. EEL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2021: 45%) equity stake.

1.3.1.7 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS), EEL and the Holding Company. The aforementioned JVA is consequent to the selection of SECMC as GoS's joint venture partner, through an International Competitive Bidding process, for the development, construction and operations of an open cast lignite mine in Block-II of Thar Coal Field, Sindh (the Project). SECMC achieved its CoD for Phase I and Phase II of the project on July 10, 2019 and October 1, 2022, respectively. SECMC has entered into Offshore agreements with China Machinery Engineering Corporation (CMEC) and Onshore agreement with China East Resource Import and Export Corporation (CERIEC) dated December 21, 2017 for expansion of mine to supply coal to the power plants. In its 79th meeting, Board of Directors of SECMC approved the plan to expand the mine to 12.2 million tonnes per annum to cater to coal off-take requirements of Lucky Electric Power Company Limited (LEPCL) and instructed the management to finalize all modalities for this expansion. EEL holds 11.9% (2021: 11.9%) equity stake in SECMC.

1.3.1.8 Pakistan Energy Gateway Limited (PEGL) is a special purpose vehicle incorporated jointly with Shell Gas B.V. and Pakarab Fertilizers Limited for the purpose of developing a private integrated LNG terminal, with each of the three subscribers / shareholders having a 33.3% shareholding. PEGL is yet to commence its business operations.

(Amounts in thousand)

1.3.1.9 EEL entered into a Joint Venture Agreement (JVA), dated May 04, 2018 with Siddiqsons Limited (SL) and Arif Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW of coal-fired power generation facility in Thar Block - II, District Tharparkar, Sindh through a joint venture company, namely Siddiqsons Energy Limited (SEL). The JVA became effective from May 26, 2018 as per the terms of which EEL, AHEPL and SL, were initially required to have shareholding proportions equal to 19%, 19% and 62% respectively in their mutual capacity as the members of SEL. As at December 31, 2022, EEL has subscribed to 38,392,920 (2021: 38,392,920) ordinary shares of Rs. 10 each of SEL. EEL in its Board meeting held on August 12, 2021 decided to resign from the Project Management Agreement with SEL in view of the significant project delays to achieve financial close of the power project. Accordingly, an impairment loss of Rs. 383,929 was recognized in 2021, representing the write-down of carrying amount of investments in SEL determined with reference to fair value less cost of disposal.

In addition, the Group has also recognized provision of Rs. 81,911 (2021: Rs. 182,801) and Rs. 163,822 (2021: Rs. 128,638) against the performance guarantees given by EEL and Engineering, Procurement and Construction contractors' liability of SEL, respectively, on the basis of shareholding proportion in SEL.

1.3.2 Engro Eximp Agriproducts (Private) Limited

Engro Eximp Agriproducts (Private) Limited (EEAPL) is a private limited company, incorporated in Pakistan on November 3, 2009. The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture, dairy and farming products. EEAPL has set up a rice processing plant in District Sheikhpura, which commenced commercial production in 2011.

1.3.3 Engro Infiniti (Private) Limited

Engro Infiniti (Private) Limited, (EInfiniti) was incorporated as a wholly owned subsidiary in Pakistan on December 29, 2017. The primary objective of EInfiniti is to analyze potential opportunities inside and outside Pakistan and to make available digital assets and ventures related to intellectual capital, data collection and analytics of every kind and any activities relating to or ancillary thereto.

1.3.3.1 Engro Digital Limited (EDL) was a public unlisted company, incorporated in Pakistan on October 29, 2017 under the Companies Act, 2017 (the Act). EDL was established with the primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

The Board of EDL in its meeting held on February 16, 2022 decided to amalgamate EDL with and into EInfiniti, in accordance with the Scheme of Amalgamation (the Scheme) with effect from March 31, 2022. The scheme was approved by SECP on July 1, 2022. As a result, EDL amalgamated with EInfiniti on March 31, 2022 through transfer to and vesting in EInfiniti, the cancellation of EDL shares and the dissolution of EDL without winding up.

1.3.4 Engro Eximp FZE

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 and operates under a trade license issued by the Jebel Ali Free Zone Authority. EEF is a wholly owned subsidiary of the Holding Company.

(Amounts in thousand)

EEF has obtained a General Trading License issued by Jafza Jebel Ali Free Zone and is engaged in the business of trading.

1.3.5 Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL), is a public unlisted company, incorporated in Pakistan on January 4, 2012. The principal business of ETPL is to establish and operate a terminal for handling, re-gasification, storage, treatment and processing, along with import, export and trading of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and all other related liquids, gases and chemical and petroleum products.

1.3.5.1 Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of ETPL. The principal business of EETPL is to establish and operate LNG Terminal including a jetty, pipeline with all machinery and equipment and supporting facilities for the receipt, storage and re-gasification of LNG.

1.3.6 Engro Fertilizers Limited

Engro Fertilizers Limited (EFert), is a public listed company, incorporated in Pakistan on June 29, 2009. The principal activity of EFert is manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services.

1.3.6.1 In 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of EFert to carry out trading and distribution of imported fertilizers as part of business reorganization. EFert transferred its business of trading and distribution of imported fertilizers to EAPL.

1.3.7 Engro Polymer and Chemicals Limited

Engro Polymer and Chemicals Limited (EPCL), is a public listed company, incorporated in Pakistan. The principal activity of EPCL is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. It is also engaged in the supply of surplus power generated from its power plants to EFert.

Following are the subsidiaries of EPCL:

	Percentage of shareholding	
	2022	2021
- Think PVC (Private) Limited (note 1.3.7.1)	100	100
- Engro Peroxide (Private) Limited (note 1.3.7.2)	100	100
- Engro Plasticizer (Private) Limited (note 1.3.7.3)	100	100

1.3.7.1 Think PVC (Private) Limited (TPPL) was incorporated in Pakistan on November 6, 1999, as a wholly owned subsidiary of EPCL. TPPL's principal activity was to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals. However, TPPL is now focused on marketing of PVC products through its branded outlet instead of trading in PVC products.



(Amounts in thousand)

1.3.7.2 Engro Peroxide (Private) Limited (EPPL) was incorporated in Pakistan on July 22, 2019, as a wholly owned subsidiary of EPCL. The main objective of EPPL is to manufacture and market Hydrogen Peroxide and related chemicals.

1.3.7.3 Engro Plasticizer (Private) Limited (EPPPL) was incorporated in Pakistan on July 22, 2019, as a wholly owned subsidiary of EPCL. EPCL is currently assessing the projects for which EPPPL will be utilized.

1.3.8 Engro Connect (Private) Limited

Engro Connect (Private) Limited (ECPL) is a private limited company, incorporated in Pakistan on March 16, 2021 as a wholly owned subsidiary of the Holding Company. ECPL has been established with the primary objective to engage in buying, building, maintaining and operating telecommunication infrastructure.

1.3.8.1 Engro Enfrashare (Private) Limited (Enfrashare) was incorporated in Pakistan as a private limited company on November 13, 2018. Enfrashare is principally engaged in buying, building, maintaining and operating telecommunication infrastructure and any products and by products and any activities relating to or ancillary thereto. On September 23, 2021, the Board of the Holding Company resolved for change in ownership of Enfrashare from Engro Infiniti (Private) Limited to Engro Connect (Private) Limited. Engro Connect (Private) Limited has met all regulatory requirements in relation to the change in ownership and has acquired 100% ordinary shares of Enfrashare from Engro Infiniti (Private) Limited.

1.3.9 Engro Vopak Terminal Limited

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of the Holding Company and Royal Vopak Netherlands B.V, is a public unlisted company incorporated in Pakistan on November 7, 1995. EVTL has been granted the exclusive concession, right and license to design, finance, insure, construct, test, commission, complete, operate, manage and maintain an Integrated Liquid Chemical Terminal and Storage Farm at the South Western Zone of Port Qasim on Build, Operate and Transfer (BOT) basis.

1.3.10 FrieslandCampina Engro Pakistan Limited

FrieslandCampina Engro Pakistan Limited (FCEPL), is a public listed company, incorporated in Pakistan on April 26, 2005. FCEPL is a subsidiary of FrieslandCampina Pakistan Holdings B.V., which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA (the Ultimate Parent Company of FCEPL).

The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. FCEPL also owns and operates a dairy farm.

## 2. summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(Amounts in thousand)

2.1 Basis of preparation

2.1.1 These consolidated financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets and financial liabilities, including derivative financial instruments, at fair value, and recognition of certain staff retirement and other service benefits at present value.

2.1.2 Statement of compliance

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

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

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

2.1.3 The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.4 Initial application of Standards, Amendments or an Interpretation to existing Standards

a) Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2022; however, these are considered not to have a significant impact on the Group's financial reporting and operations, and therefore have not been presented here.

b) Standards, amendments to accounting and reporting standards that are not yet effective and have been early adopted by the Group

IFRS 16 'Leases' - The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Group has applied the practical expedient to all qualifying rent concessions granted in relation to office space acquired under rental basis. As a result, Rs. 12,729 (2021: Rs. 24,205) has been recognized in the consolidated statement of profit or loss (note 25) to reflect changes in lease payments arising from rent concessions that meet the conditions of the practical expedient.

(Amounts in thousand)

- c) Standards, amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Group

The new standard and amendments to published standards that are not effective for the period beginning on January 1, 2022 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

#### 2.1.5 Basis of consolidation

- i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date the control ceases. These consolidated financial statements include Engro Corporation Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed (including contingent liabilities) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in the consolidated statement of profit or loss.

(Amounts in thousand)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

- ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

- iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

#### 2.2 Exploration and evaluation assets

Exploration and evaluation assets in respect of area of interest includes license fee, detailed feasibility study and all other related studies to ensure bankability of the project including ancillary (operating and administrative) cost related thereto.

The aforementioned expenditure supporting the technical feasibility and economic / commercial viability, are capitalized as exploration and evaluation assets, where:

- such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and / or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Capitalized exploration and evaluation expenditure is recorded at cost less impairment charges, if any. As asset is not available for use, it is not depreciated, however, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

(Amounts in thousand)

### 2.3 Development properties

Development expenditure represents expenditure incurred in area in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation asset is transferred to development expenditure and classified under non-current assets as 'development properties'.

Capitalized development properties expenditure is recorded at cost less impairment, if any. As the asset is not available for use, it is not depreciated; however, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis.

Cash flows associated with development properties are classified as investing activities in the consolidated statement of cash flows.

### 2.4 Property, plant and equipment

#### 2.4.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for free-hold land and capital work in progress which are stated at cost less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Capital work in progress mainly comprises of expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Disposal of asset is recognized when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other operating expenses / income' in the consolidated statement of profit or loss in the financial year of disposal.

Depreciation is charged to the consolidated statement of profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

(Amounts in thousand)

The Group reviews and adjusts (if required) the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation on a regular basis.

#### 2.4.2 Dredging expenditure

Dredging expenditure is categorized into capital dredging and major maintenance dredging. Capital dredging is expenditure, which creates new harbour and deepens or extends the basin in front of jetty in order to allow access to larger ships. This expenditure is capitalized and is being depreciated over a period of 30 years.

Major maintenance dredging is expenditure incurred to restore the depth to its previous condition. The management estimates that maintenance dredging has an average service potential of 5 years. Maintenance dredging is regarded as a separate component and is capitalized and depreciated over a period of 5 years on straight line basis.

### 2.5 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. These are valued at weighted average cost less impairment except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

### 2.6 Intangible assets

#### a) Computer software and licenses

##### i) Acquired

Costs associated with maintaining computer software programmes are recognized as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Following initial recognition, computer software and licenses are carried at cost less accumulated amortization and impairment losses, if any.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Computer software and license cost treated as intangible assets are amortized from the date the software is put to use on a straight-line basis over their respective useful lives, ranging from 4 years to 10 years.

The amortization on additions, if any, is charged from the month following the month in which the asset is available for use and on disposals upto the month of disposal.



(Amounts in thousand)

ii) Internally generated

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These are amortized on straight-line basis over a period upto 5 years. The amortization on additions, if any, is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

b) Rights for future gas utilization

Rights for future gas utilization represents premium paid to the Government of Pakistan for allocation of 100 MMCFD natural gas for a period of 20 years for EFert's Enven plant. The rights are being amortized from the date of commercial production on a straight-line basis over the remaining allocation period.

2.7 Leasing activities as a lessee

Lease liabilities and right-of-use assets:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

(Amounts in thousand)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentives received, variable lease payments that are based on an index or a rate which are initially measured using the index or a rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option, if any, if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, and is recorded in the consolidated statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right of use asset.

The right-of-use asset is initially measured based on the initial amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

(Amounts in thousand)

## 2.8 Leasing activities as a lessor

The Group enters into lease arrangements with respect to its LNG infrastructure for receipt, storage and regasification of LNG.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivable at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

## 2.9 Impairment of non-financial assets

Assets that are subject to depreciation / amortization are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 2.10 Investments in Joint Arrangements and Associates

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Group classifies a joint arrangement as joint operation when the Group has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group classifies a joint arrangement as a joint venture when it has the rights to the net assets of the arrangement.

(Amounts in thousand)

Investment in joint venture / associates is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in joint venture / associates includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective evidence that the investment in joint venture / associate is impaired. If this is the case, the Group calculates the impairment loss as the difference between the recoverable amount of joint venture / associates and its carrying value and recognizes the loss in the consolidated statement of profit or loss.

In respect of an interest in a joint operation, the Group recognizes its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue, including its share of the output arising from the joint operation; its expenses, including its share of any expenses incurred jointly.

## 2.11 Financial assets

### 2.11.1 Classification, initial recognition and measurement

Financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The management determines the classification of financial assets into appropriate categories based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss if it is not measured at amortized cost or at fair value through other comprehensive income.

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income and impairment losses are recognized in profit or loss. Financial assets carried at fair value through

(Amounts in thousand)

other comprehensive income are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair values of the financial assets and liabilities held at fair value through profit or loss are included in the profit or loss in the period in which they arise.

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### 2.11.2 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the profit or loss or other comprehensive income, as the case maybe.

#### 2.11.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables except for debts due from the Government of Pakistan as a consequence of circular debt which were initially exempted from the application of Expected Credit Loss model under IFRS 9 by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 985(I) / 2019 dated September 2, 2019 for a limited period of three years till June 30, 2021. On September 13, 2021, October 24, 2022 and January 20, 2023, the SECP further extended the aforementioned exemption till June 30, 2022, June 30, 2023 and December 31, 2024, respectively.

#### 2.11.4 Financial liabilities

The Group recognizes a financial liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortized cost.

(Amounts in thousand)

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of profit or loss.

#### 2.11.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

#### 2.12 Hedging relationships

The Group currently accounts for two types of hedging relationships:

##### Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or a component of any such item, that is attributable to a particular risk and could affect the consolidated statement of profit or loss.

The Group accounts for fair value hedging relationships as follows:

- (a) the gain or loss on the hedging instrument is recognized in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income).
- (b) the hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item (if applicable) and be recognized in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item is recognized in profit or loss. However, if the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, those amounts remain in other comprehensive income. When a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognized as an asset or a liability with a corresponding gain or loss recognized in profit or loss. When the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

##### Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.



(Amounts in thousand)

The Group accounts for cash flow hedging relationships as follows:

- (a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
  - (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
  - (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
- (b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge [i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)] is recognized in other comprehensive income.
- (c) any remaining gain or loss on the hedging instrument [or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with (a)] is hedge ineffectiveness, that is recognized in profit or loss.
- (d) the amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:
  - (i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability.
  - (ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
  - (iii) however, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered to profit or loss as a reclassification adjustment.

#### 2.13 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if any.

#### 2.14 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material, and certain purchased products in transit which are stated at cost (invoice value) plus other charges incurred thereon till the reporting date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

(Amounts in thousand)

Net realizable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving and obsolete stocks, where considered necessary.

#### 2.15 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value plus directly attributable transaction costs, if any. The Group holds trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortized cost using effective interest method. A provision for impairment is established under the simplified model stipulated in IFRS 9. Under this model, expected credit losses are measured based on lifetime expected loss allowance for all trade debts and other receivables. The Group measures expected credit losses on trade debts and other receivables in a way that reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonableness and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of provision is charged to the consolidated statement of profit or loss. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation of receivables in foreign currency are added to their respective carrying amounts.

A contract asset is recognized for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows includes cash in hand and in transit, cheques in hand, balances with banks in current, deposit and saving accounts, other short term highly liquid investments with original maturities of three months or less and short-term borrowings other than term finance.

#### 2.17 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(Amounts in thousand)

## 2.18 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional contractual right to defer settlement of the liability for at least 12 months after the reporting date.

Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

## 2.19 Government grant

Government grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful lives of the related asset.

Government grant includes any benefit earned on account of a government loan obtained at below market rate of interest. The loan is recognized and measured in accordance with IFRS 9 "Financial Instruments". The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Group is recognized in the consolidated statement of profit or loss of the period in which the Group qualifies to receive it.

Government grant that compensates the Group for expenses incurred is recognized in the consolidated statement of profit or loss on a systematic basis in the same period in which the expenses are recognized. Government grants are deducted in reporting the related expenses.

## 2.20 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Exchange gains and losses arising from translations in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

(Amounts in thousand)

## 2.21 Deferred income

Amount received on account of operating lease rental income for terminal is recognized as deferred income where not earned and credited to the consolidated statement of profit or loss in the relevant period of provision of services for recognition of rentals on straight line basis.

## 2.22 Contract liability

A contract liability is recognized for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the Group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

## 2.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, is probable that outflow of an economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

## 2.24 Share based payment transaction

Cash-settled share-based payments to employees are measured at the fair value of the liability. The fair value determined of the cash-settled share-based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with all changes in fair value recognized in the consolidated statement of profit or loss for the period.

## 2.25 Income tax

The tax expense for the year comprises current and deferred tax. Tax expense is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax expense is also recognized in other comprehensive income or directly in equity, respectively.

### 2.25.1 Current

Provision for current taxation is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### 2.25.2 Deferred

Deferred tax is recognized using the balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

(Amounts in thousand)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 2.26 Retirement and other service benefits

### 2.26.1 Defined contribution plans

A defined contribution plan is a post - employment benefit plan under which the Group pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the consolidated statement of profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group operates

- defined contribution provident funds for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate of 10% of basic salary;
- defined contribution pension funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate ranging from 12.5% to 13.75% of basic salary; and
- defined contribution gratuity funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate of 8.33% of basic salary.

### 2.26.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognized directly in equity through other comprehensive income.

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Group operates defined benefit funded gratuity schemes for management employees and non-management employees of EFert.

(Amounts in thousand)

The Group also operates a defined benefit funded pension scheme for EFert's management employees. The pension scheme provides life time pension to retired employees or to their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme. Actuarial gains on curtailment are recognized immediately once the certainty of recovery is established.

In June 2011, the Group gave a one time irrevocable option to selected members of EFert's Management Permanent Employees' (MPT) Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employees' Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

### 2.26.3 Employees' compensated absences

The Group accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the year.

### 2.26.4 Other benefits - Service Incentive Plan

Annual provision is made under a service incentive plan for certain category of experienced employees to continue in the Group's employment. The provision is made on the basis of management's estimates of incentives to be paid to employees on the fulfillment of criteria given in the incentive plan.

## 2.27 Foreign currency transactions and translation

2.27.1 These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. Amounts presented in these consolidated financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and property, plant and equipment as explained in note 4.3.

2.27.2 The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position items presented are translated at the closing rate at the reporting date;
- income and expenses for each consolidated statement of profit or loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and



(Amounts in thousand)

- all resulting exchange differences are recognized as a separate component of equity.

## 2.28 Revenue / Income recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized on the following basis:

- The Group recognizes revenue at a point in time as or when performance obligations are satisfied by transferring the control of product to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by the customer from the Group's premises or when it is delivered by the Group at customer premises.
- Revenue from contracts and long term service agreements is recognized as or when performance obligations are satisfied by transferring control of promised services to a customer, and control either transfers over time or at a point in time. Where, revenue over time is recognized based on the percentage of completion method, the stage of completion is assessed by milestones which ascertain the completion of the proportion of contract work or the performance of services provided in the agreement.
- Income on bank deposits and other financial assets is recognized on an accrual basis.
- Dividend income on investments is recognized when the Group's right to receive such payment has been established.
- Operation and maintenance fee under various contracts is measured at fair value of the consideration received or receivable and is recognized on accrual basis when services are rendered i.e. performance obligations are fulfilled in accordance with the terms of agreements.
- Revenue from supply of electricity to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the sole customer of Engro Powergen Qadirpur Limited (EPQL) and Engro Powergen Thar (Private) Limited (EPTL), is recognized when the following performance obligations are satisfied:
  - Capacity revenue is recognized based on the capacity made available to CPPA-G; and
  - Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to CPPA-G.

Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the Power Purchase Agreements (PPAs).

- Consultancy fee is recognized at the time the services are rendered.
- Delayed payment charges on overdue trade receivables are recognized on an accrual basis.

(Amounts in thousand)

- Revenue from re-gasification and transportation of Liquefied Natural Gas (LNG) to Sui Southern Gas Company Limited (SSGCL) under LNG operations and Services Agreement (LSA) is recognized on the following basis:

- Utilization revenue on the basis of Re-gasified LNG throughput to SSGCL over time.
- Operations and maintenance revenue over time.

- Revenue from tower infrastructure provisioning is recognized on straight line basis over the non-cancellable agreement period, regardless of whether the payments from customers are received, in equal monthly amounts during the contract term. The Group considers all fixed elements of the relevant contractual escalation provisions in calculating the straight-line revenue. Revenue for cancellable agreements are recorded at the amounts invoiced to the customers, as per the agreement.

- Revenue from operations and maintenance services for telecommunication infrastructure is recognized when services are rendered as the performance obligations are generally met over time as customer simultaneously receives and consumes benefits of services as and when the services are performed by the Group. The Group generally uses output method to measure progress towards satisfying a performance obligation. The Group recognizes revenue at the amount of the Group's right to invoice as per the agreements with the customers if the Group's right to invoice the customers is based on the value of services transferred and the amount invoiced represents the value transferred to the customers.

- Deferred incentive revenue is recognized based on the present value of discount provided by the Group in its bundled contracts with the customers. The unwinding of discount on deferred incentive revenue is recognized as finance cost in the consolidated statement of profit or loss. Subsequent amortization of deferred incentive revenue is credited to revenue on a systematic basis.

- Revenue from energy support services is recognized by the Group through bills on a pass through basis as the Group does not consider that it controls the specific services before their delivery to customers. Accordingly, the Group recognizes revenue arising from pass through billings on net basis.

The payment term varies from 15 to 180 days depending on the credit worthiness of the Group's customers.

## 2.29 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments. All other borrowing costs are charged to the consolidated statement of profit or loss.

(Amounts in thousand)

2.30 Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognized as intangible assets when it is probable that the developed project will be a success and certain criteria, including commercial and technical feasibility have been met.

2.31 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.32 Dividend and appropriation to reserves

Dividends and appropriations to reserves are recognized in the consolidated financial statements in the period in which these are approved.

2.33 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Holding Company that makes strategic decisions.

**3. critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Property, plant and equipment and intangibles

The Group annually reviews appropriateness of the method of depreciation and amortization, useful life and residual value used in the calculation of depreciation and amortization. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. These calculations require the use of estimates. Any change in these estimates in the future, might affect the carrying amount of the respective item of property, plant and equipment and intangibles, with a corresponding effect on the depreciation and amortization charge, and impairment.

(Amounts in thousand)

In case of acquisition of group of assets and liabilities, the Group allocates the purchase consideration to individual assets and liabilities on the basis of their relative fair value at the date of purchase. For determination of fair value, the Group takes into account its principle ability to generate economic benefits by either using the asset in its highest and best use or by selling it to another customer. Estimation of highest and best use is made on basis of estimated net cash in flows associated with the assets or group of assets. The consideration for selling it to another customer is based on the fair market value after adjusting the impacts of obsolescence.

b) Investments at fair value through profit or loss / other comprehensive income

The Group determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

c) Provision for stock-in-trade

The Group regularly reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

d) Income taxes

In making the estimates for provision for current income taxes payable by the Group, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of current and deferred taxes is made taking into account these judgments and the best estimates of future results of operations of the Group.

e) Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations.

f) Impairment of investment in associates and joint venture

In making an estimate of future cash flows from the Group's financial assets including investment in joint venture and associates, the management considers future dividend stream and an estimate of the terminal value of these investments.

g) Impairment of financial assets

The Group uses external credit ratings to determine default rates for trade debts, net investment in lease, short-term investments, other financial assets at amortized cost and balances with banks to calculate expected credit losses. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in future.

(Amounts in thousand)

h) Provision for slow-moving stores and spares

The Group regularly reviews the provision for slow moving stores and spares to assess the consumption of stores and spares, thereby ensuring that slow moving items are provided for.

i) Tariff adjustment determination

As per the mechanism laid out in National Electric Power Regulatory Authority's (NEPRA) decision dated June 15, 2022, EPTL seeks adjustment for fuel price, cost of power purchase, operation and maintenance cost and unrecovered cost including non-recoverable dues written-off. EPTL's monthly / quarterly / annual submissions of tariff adjustment are approved / determined by NEPRA on a time to time basis, resulting in provisional amounts being recognized by the Group based on its judgement and interpretation of NEPRA decision, till the determination from NEPRA is received.

j) Contingencies and provisions

Significant estimates and judgments are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgments.

k) Right of use asset and corresponding lease liability

IFRS 16 requires the Group to assess the lease term as the non-cancellable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is not reasonably certain to exercise.

The rate used on transition to discount future lease payments represents the Group's incremental borrowing rate.

With specific reference to EETPL's arrangement under Time Charter Party (TCP) and LNG operations and Services Agreement (LSA), significant estimates further included:

i) Classification of lease

The classification of lease of terminal required use of estimates of cash flows during the contract period, margins, residual values and allocation of amounts under daily capacity charges to lease and non-lease components and determine minimum lease payments at the inception of lease from terminal and sublease of right-of-use asset. As a result the lease of terminal has been determined as an operating lease as significant risk and rewards relating to the same remain with EETPL at the end of the lease term, taking into account the useful life and fair value of terminal assets, minimum lease payments, residual value and the assessment that customer is not likely to exercise purchase option.

(Amounts in thousand)

ii) Discount rate

The rate used on transition to discount future lease payments under TCP represent EETPL's incremental borrowing rate. The rate has been estimated using LIBOR rates available in the lease currency and adjusted to reflect the underlying lease term based on observable inputs.

l) Provision for decommissioning costs

The timing of recognition of provision for decommissioning costs requires the application of judgment of existing facts and circumstances, which can be subject to change. In determining the present value of the provision for decommissioning costs, assumptions and estimates are made in relation to discount rates, the expected cost to decommission and remove the equipment from the site and the expected timing of those costs.

m) Revenue recognition

Revenue on long-term service agreements / construction contracts is recognized based on the percentage of completion method. The Group reviews the appropriateness of the stage of completion through milestones / cost incurred which ascertain the completion of a proportion of the contract work or the performance of services provided.

n) Share based payment transaction

The fair value of share-based compensation expense arising from the Long-term Incentive Plan (LTIP) is estimated using an appropriate option pricing model. It is recognized as expense from the date of grant over the vesting period with a corresponding increase in liability. Market conditions upon which vesting is conditioned, are taken into account when estimating the fair value at measurement date. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value at the measurement date, instead, these are taken into account by adjusting the number of instruments included in the measurement of the transaction amount.

4. property, plant and equipment

Operating assets, at net book value (note 4.1)  
Capital work in progress  
- Expansion and other projects (note 4.7)  
Capital spares and standby equipment

	2022 -----Rupees-----	2021
Operating assets, at net book value (note 4.1)	300,654,940	257,997,137
Capital work in progress		
- Expansion and other projects (note 4.7)	24,839,815	20,265,122
Capital spares and standby equipment	4,382,473	3,892,279
	<b>329,877,228</b>	<b>282,154,538</b>



(Amounts in thousand)

**4.1 Operating assets**

**As at January 1, 2021**

	Land		Building on		Pipelines	Plant and Machinery		Catalyst		Furniture, fixtures and equipment		Aircraft	Jetty (note 4.8)	Dredging	Total
	Freehold	Leasehold	Freehold land	Leasehold land		Owned (note 4.8)	Owned	Owned	Leased	Owned	Leased				
Cost	344,168	699,144	10,078,670	1,871,752	3,123,607	285,795,965	1,982,247	6,621,617	21,723	3,589,666	624,228	5,309,282	3,048,524	323,110,613	
Accumulated depreciation	-	(212,651)	(2,448,829)	(743,792)	(1,438,999)	(76,294,730)	(1,592,536)	(2,000,559)	(21,002)	(911,373)	(8,695)	(1,083,754)	(1,115,712)	(67,872,632)	
Accumulated impairment	-	(121,622)	-	(595,858)	-	(1,793,717)	-	(86,091)	-	-	-	-	-	(2,597,298)	

Net book value	344,168	364,871	7,629,841	532,102	1,684,608	207,707,518	389,711	4,534,967	721	2,678,313	615,533	4,225,528	1,932,812	232,640,693
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**Year ended December 31, 2021**

Opening net book value	344,168	364,871	7,629,841	532,102	1,684,608	207,707,518	389,711	4,534,967	721	2,678,313	615,533	4,225,528	1,932,812	232,640,693
Amortization of revaluation surplus (note 4.4)	-	2,488	-	-	-	(32,581)	-	-	-	-	-	-	-	(30,093)
Additions including transfers	39,140	-	4,200,516	653,527	150,047	16,953,999	-	6,087,067	-	951,501	-	-	-	29,035,797
Transfer from right-of-use asset (note 5)	-	-	-	-	-	-	-	-	-	5,596	-	-	-	5,596
Capitalization of exchange loss by the subsidiary company (note 4.3)	-	-	-	-	-	8,432,804	-	-	-	-	-	-	-	8,432,804
Reclassification to intangible assets	-	-	-	-	-	(58,327)	-	-	-	-	-	-	-	(58,327)

Assets classified from held for sale

Cost	-	-	-	-	-	400,930	-	-	-	-	-	-	-	400,930
Accumulated depreciation	-	-	-	-	-	(62,732)	-	-	-	-	-	-	-	(62,732)
Accumulated impairment - reversal	-	-	-	-	-	(271,144)	-	-	-	-	-	-	-	(271,144)
	-	-	-	-	-	67,054	-	-	-	-	-	-	-	67,054

Disposals / Write offs

Cost	-	-	-	-	(1,285)	(256,663)	-	(130,105)	-	(65,812)	-	-	-	(453,866)
Accumulated depreciation	-	-	-	-	959	151,661	-	87,098	-	12,020	-	-	-	251,738
Accumulated impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Depreciation charge (note 4.4)	-	-	-	-	(326)	(105,002)	-	(43,007)	-	(53,792)	-	-	-	(202,127)
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Depreciation charge (note 4.4)

-	(51,347)	(422,859)	(71,841)	(78,776)	(114,645)	(879,914)	-	(546,564)	(34,778)	(174,825)	(130,733)	(11,894,260)
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Net book value	383,308	316,012	11,407,498	1,113,788	1,755,553	223,577,487	275,066	9,699,113	721	3,035,054	580,755	4,050,703	1,802,079	257,997,137
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**As at December 31, 2021**

Cost	383,308	696,656	14,279,186	2,525,279	3,272,369	311,236,127	1,982,247	12,578,579	21,723	4,480,971	624,228	5,309,282	3,048,524	360,438,479
Accumulated depreciation	-	(259,022)	(2,871,888)	(815,633)	(1,516,816)	(85,593,779)	(1,707,181)	(2,793,375)	(21,002)	(1,445,917)	(43,473)	(1,258,579)	(1,246,445)	(99,572,910)
Accumulated impairment	-	(121,622)	-	(595,858)	-	(2,004,861)	-	(86,091)	-	-	-	-	-	(2,868,432)

Net book value	383,308	316,012	11,407,498	1,113,788	1,755,553	223,577,487	275,066	9,699,113	721	3,035,054	580,755	4,050,703	1,802,079	257,997,137
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(Amounts in thousand)

**Year ended December 31, 2022**

Opening net book value	383,308	316,012	11,407,498	1,113,788	1,755,553	223,577,487	275,066	9,699,113	721	3,035,054	580,755	4,050,703	1,802,079	257,997,137
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Amortization of revaluation surplus (note 4.4)

-	2,488	-	-	-	-	(32,581)	-	-	-	-	-	-	-	(30,093)
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Additions including transfers

-	-	4,972,806	22,975	967	14,423,713	402,520	9,731,952	3,284	683,366	2,634,870	9,724	369,996	33,256,193
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Capitalization of exchange loss by the subsidiary company (note 4.3)

-	-	-	-	-	-	23,282,056	-	-	-	-	-	-	-	23,282,056
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Disposals / Write offs

Cost	-	-	(43,968)	(63,117)	-	(2,086,344)	-	(85,354)	-	(291,576)	-	-	-	(2,570,359)
Accumulated depreciation	-	-	4,723	63,117	-	1,641,846	-	34,666	-	106,430	-	-	-	1,850,782
Accumulated impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-

-	-	(39,245)	-	-	(444,498)	-	(50,888)	-	(185,146)	-	-	-	-	(719,577)
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Depreciation charge (note 4.4)

-	(46,368)	(630,389)	(77,806)	(83,368)	(10,923,777)	(222,384)	(1,588,676)	(1,134)	(546,208)	(152,073)	(175,096)	(141,794)	(14,589,073)
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Reversal of impairment (note 4.5)

-	111,943	-	310,120	-	1,036,234	-	-	-	-	-	-	-	-	1,458,297
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Net book value	383,308	384,075	15,710,670	1,369,077	1,673,152	250,918,634	455,202	17,791,701	2,871	2,987,086	3,063,552	3,885,331	2,030,281	300,654,940
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**As at December 31, 2022**

Cost	383,308	696,656	19,208,024	2,485,137	3,273,336	346,855,552	2,384,767	22,225,177	25,007	4,872,781	3,259,098	5,319,006	3,418,520	414,406,369
Accumulated depreciation	-	(302,902)	(3,497,354)	(830,322)	(1,600,184)	(94,908,291)	(1,929,565)	(4,347,385)	(22,136)	(1,888,695)	(195,546)	(1,433,675)	(1,386,239)	(112,341,294)
Accumulated impairment	-	(9,679)	-	(285,738)	-	(1,028,627)	-	(86,091)	-	-	-	-	-	(1,410,135)

Net book value	383,308	384,075	15,710,670	1,369,077	1,673,152	250,918,634	455,202	17,791,701	2,871	2,987,086	3,063,552	3,885,331	2,030,281	300,654,940
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**Annual rate of depreciation (%)**

-	1 to 30	2.5 to 10	2.5 to 10	2 to 6	2.5 to 30	5 to 33	20	5 to 25	14.3	3.33	3.33 to 20
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(Amounts in thousand)

4.2 The details of immovable fixed assets (i.e. land and buildings) which are in the name of the Group as follows:

Description of assets	Address	Total area of land in Acres
Daharki plant and colony	District Ghotki, Sindh	734.00
Zarkhez plant land	Port Qasim, Karachi	112.50
Rice processing plant	13-KM Sheikhpura Road, Lahore	62.95
LNG Terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power plant and associated buildings	Deh Belo Sanghari, Ghotki, Sindh	41.50
Colony land	Colony Road, Daharki, Ghotki, Sindh	16.40
Leasehold land	Thar Block II, Islamkot District, Sindh	215.00
Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	121.92
Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	3.26
Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2.21
Administration facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	0.60

4.3 The Securities and Exchange Commission of Pakistan (SECP), through its S.R.O. 986(1)/2019 dated September 2, 2019, partially modified its previously issued S.R.O. 24/(1)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their power purchase agreements before January 1, 2019, from the application of IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalization of exchange differences. Accordingly, during the year, the Group has capitalized exchange loss of Rs. 23,282,056 (2021: Rs. 8,432,804) arising on foreign currency borrowings of EEL (and its subsidiaries) to the cost of the related property, plant and equipment.

4.4 Depreciation charge for the year has been allocated as follows:

	2022	2021
Cost of goods sold (note 35.1)	11,885,090	11,070,934
Capital work in progress	5,686	4,485
Cost of services rendered (note 35.2)	2,026,426	398,397
Selling and distribution expenses (note 36)	154,212	138,007
Administrative expenses (note 37)	547,752	312,530
	<b>14,619,166</b>	<b>11,924,353</b>

4.5 In 2015, EEAP's management, taking cognizance of the significant losses suffered by EEAP, as an indicator of impairment, conducted an impairment test of its rice processing plant. The recoverable amount so determined was less than the carrying value of the plant and machinery, thereby resulting in an impairment loss of Rs. 3,384,000 which was recognized in the consolidated statement of profit or loss for the year ended December 31, 2015. Subsequently, during the year ended December 31, 2018, EEAP made a reversal of impairment by Rs. 315,000.

(Amounts in thousand)

As at December 31, 2022, the following indicators triggered the management of EEAP to re-assess the recoverable amount of its property, plant and equipment:

- devaluation of Pak Rupee against the USD; and
- significant increase in steel prices during the years.

Based on the aforementioned factors, management engaged its valuation expert to determine the fair values of property, plant and equipment of EEAP. The re-assessment was carried out using the market approach under IFRS 13 (level 2). As a result of this re-assessment, impairment reversal of Rs. 1,458,297 has been recognized in these consolidated financial statements.

4.6 The details of operating assets disposed / written-off during the year are as follows:

Description and method of disposal	Sold to	Relationship with the purchaser	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain / (loss)
Assets having net book value of Rs. 500 each or more							
-----Rupees-----							
Plant and machinery							
Bidding	Penta Waste Management Services Company	External party	707,594	682,887	24,707	50,558	25,851
	Crescent Metal Trading	External party	46,065	44,453	1,612	261,228	259,616
	Recovery through Insurance Claim	External party	90,081	8,714	81,367	-	(81,367)
Write Off	Recovery through Insurance Claim	External party	362,825	27,039	335,786	-	(335,786)
			1,206,565	763,093	443,472	311,786	(131,686)

Vehicles

	Mr. Muhammad Junaid Zuberi	Employee	3,323	1,177	2,146	2,743	597
	Mr. Arsalan Naeem	Employee	3,156	894	2,262	2,321	59
	Ms. Sadia Zahid	Employee	2,656	677	1,979	2,463	484
	Mr. Arshad Naveed	Employee	2,579	548	2,031	1,907	(124)
	Mr. Tanvir Ahmed Khan	Employee	2,653	645	2,008	2,091	83
	Mr. Jalal-uddin Akbar	Employee	2,655	113	2,542	2,599	57
	Mr. Abdus Samad	Employee	2,775	511	2,264	2,263	(1)
	Mr. Muhammad Hassan Sabih	Employee	2,596	225	2,371	2,314	(57)
	Mr. Muhammad Mustafa Fahim	Employee	2,555	342	2,213	2,587	374
	Mr. Zahid Amin Shah	Employee	3,654	259	3,395	3,550	155
	Mr. Umed Ali Mallah	Employee	3,240	1,331	1,909	1,974	65
	Mr. Arsalan Bhatti	Employee	2,660	901	1,759	1,914	155
	Mr. Abid Ilyas	Employee	3,570	708	2,862	3,199	337
	Mr. Abdul Karim Mari	Employee	3,076	392	2,684	2,833	149
	Mr. Nadir Salar Qureshi	Employee	5,607	5,046	561	6,800	6,239
	Mr. Adeel Ibrahim	Employee	2,717	731	1,986	2,140	154
	Mr. Rehman Ahmed	Employee	3,520	249	3,271	3,165	(106)
	Mr. Ammad Hassan	Employee	2,669	265	2,404	2,493	89
	Mr. Nadir Nasim	Employee	2,785	592	2,193	2,395	202
	Mr. Eram Hassan	Employee	15,058	13,552	1,506	11,000	9,494
	Mr. Eram Hassan	Employee	9,202	4,432	4,770	8,600	3,830
	Mr. Fahad Dar	Employee	5,554	2,203	3,351	3,428	77
	Mr. Zain Farooq	Employee	2,882	245	2,637	2,841	204
	Mr. Shahbaz Ahmed Khan	Employee	5,554	2,282	3,272	4,258	986
	Mr. Iftikhar Ahmed Dar	Employee	3,240	1,285	1,955	2,036	81
	Mr. Khawaja Jawwad Hassan	Employee	3,267	1,296	1,971	2,332	361
	Mr. Asad Shaikh	Employee	4,505	1,085	3,420	2,544	(876)
	Mr. Abdullah Zubair	Employee	3,074	653	2,421	2,615	194
	Mr. Zouhair Ansari	Employee	2,750	662	2,088	2,420	332

(Amounts in thousand)

	Mr. Mubeen Ashfaqe	Employee	3,393	577	2,816	2,958	142
	Mr. Muhammad Ashar	Employee	2,772	785	1,987	2,438	451
	Mr. Sualeh Qamar	Employee	5,507	858	4,649	5,498	849
	Miss Tabinda	Employee	3,625	359	3,266	3,275	9
	Mr. Mehboob Ahmed Khan	Employee	2,749	544	2,205	2,480	275
	Mr. Tanveer Ali	Employee	2,731	267	2,464	2,584	120
	Mr. Syed Abbas Raza	Employee	13,890	3,527	10,303	10,232	(71)
	Mr. Muhammad Babar Mobeen	Employee	2,753	741	2,012	2,073	61
By Group policy to existing / resigned / retired executives / employees	Mr. Syed Zain Ali Kazmi	Employee	3,497	892	2,605	2,973	368
	Mr. Noman Anis	Employee	2,689	343	2,346	2,547	201
	Mr. Umair Muhammad Siddiq	Employee	2,712	459	2,253	2,467	214
	Mr. Muhammad Raza Tariq	Employee	3,264	46	3,218	3,208	(10)
	Mr. Ahsan	Employee	14,606	8,834	5,772	18,083	12,311
	Mr. Syed Manzoor Hussain Zaidi	Employee	13,410	760	12,650	13,558	908
	Mr. Faiq Hasnain	Employee	3,029	430	2,599	2,746	147
	Ms. Anum Irfan	Employee	2,721	540	2,181	2,108	(73)
	Mr. Suleman Malik	Employee	3,437	623	2,814	2,976	162
	Mr. Munawar Saeed	Employee	2,723	644	2,079	1,993	(86)
	Mr. Muhammad Danial	Employee	3,248	2,148	1,100	2,493	1,393
	Mr. Khalid	Employee	3,315	1,098	2,217	2,337	120
Bidding	Mr. Syed Aqeel Abbas	External party	10,839	4,309	6,530	4,833	(1,697)
	Mr. Syed Hassan Raza	External party	15,645	6,356	9,289	6,667	(2,622)
	Mr. Muhammad Imran ul Haq	External party	7,822	3,178	4,644	3,333	(1,311)
	Mr. Tahir Saleem	External party	42,410	21,144	21,266	4,200	(17,066)
	Mr. Muhammad Fayyaz	External party	1,137	262	875	363	(512)
			287,396	103,025	184,371	202,248	17,877
	December 31, 2022		1,493,961	866,118	627,843	514,034	(113,809)
	December 31, 2022		420,099	245,027	175,072	220,613	(45,541)

(Amounts in thousand)

## 4.7 Capital work in progress

Leasehold land	72,788	32,000
Plant and machinery	15,863,184	13,289,369
Building and civil works including pipelines	1,088,866	1,267,733
Furniture, fixtures and equipment	269,964	536,102
Advances to suppliers (note 4.7.2)	5,706,243	1,852,623
Capital stores and spares	1,747,581	279,026
Aircraft	-	2,578,022
Internally generated intangible asset	19,911	30,144
Other ancillary cost	71,278	400,103
	<b>24,839,815</b>	<b>20,265,122</b>

## 4.7.1 Balance as at January 1

Additions during the year	37,588,841	23,557,055
Borrowing cost capitalized during the year	42,669	27,645
Reclassification	28,791	-
Transferred to:		
- operating assets	(32,813,372)	(28,148,457)
- intangible assets	(261,360)	(1,160,673)
- capital spares	(10,876)	(155,043)
Write-off	-	(22,022)
Balance as at December 31	<b>24,839,815</b>	<b>20,265,122</b>

4.7.2 This mainly represents advance paid to suppliers for purchase of operating assets. It also includes Rs. 636,268 paid as advance representing EFert's share in respect of a joint operation related to Pressure Enhancement Facility (PEF), as disclosed in note 59 to these consolidated financial statements.

4.8 These include jetty and plant and machinery subject to operating lease having net book value of Rs. 3,885,331 (2021: Rs. 4,050,703) and Rs. 1,882,324 (2021: Rs. 1,784,522), respectively.

2022  
-----Rupees-----  
2021



(Amounts in thousand)

## 5. right-of-Use Asset

	Office space, rented premises and tower sites	Storage tanks	Buildings	Vehicals	Total
	-----Rupees-----				
<b>As at January 1, 2021</b>					
Cost	5,328,797	3,097,058	66,704	5,849	8,498,408
Accumulated depreciation	(642,641)	(830,212)	(33,542)	(253)	(1,506,648)
Net book value	<u>4,686,156</u>	<u>2,266,846</u>	<u>33,162</u>	<u>5,596</u>	<u>6,991,760</u>
<b>Year ended December 31, 2021</b>					
Opening net book value	4,686,156	2,266,846	33,162	5,596	6,991,760
Additions (note 5.1)	3,702,031	172,777	-	-	3,874,808
Transfer to operating assets (note 4.1)	-	-	-	(5,596)	(5,596)
Depreciation charge for the year (note 5.2)	(605,827)	(419,364)	(16,772)	-	(1,041,963)
Closing net book value	<u>7,782,360</u>	<u>2,020,259</u>	<u>16,390</u>	<u>-</u>	<u>9,819,009</u>
<b>As at December 31, 2021</b>					
Cost	9,030,828	3,269,835	66,704	5,849	12,373,216
Accumulated depreciation	(1,248,468)	(1,249,576)	(50,314)	(5,849)	(2,554,207)
Net book value	<u>7,782,360</u>	<u>2,020,259</u>	<u>16,390</u>	<u>-</u>	<u>9,819,009</u>
<b>Year ended December 31, 2022</b>					
Opening net book value	7,782,360	2,020,259	16,390	-	9,819,009
Additions (note 5.1)	<u>4,724,381</u>	<u>-</u>	<u>126,874</u>	<u>-</u>	<u>4,851,255</u>
Depreciation charge for the year (note 5.2)	(861,458)	(449,662)	(30,321)	-	(1,341,441)
Closing net book value	<u>11,645,283</u>	<u>1,570,597</u>	<u>112,943</u>	<u>-</u>	<u>13,328,823</u>
<b>As at December 31, 2022</b>					
Cost	13,755,209	3,269,835	193,578	-	17,218,622
Accumulated depreciation	(2,109,926)	(1,699,238)	(80,635)	-	(3,889,799)
Net book value	<u>11,645,283</u>	<u>1,570,597</u>	<u>112,943</u>	<u>-</u>	<u>13,328,823</u>
Rate of depreciation	<u>5 - 33</u>	<u>10 - 20</u>	<u>10</u>		

(Amounts in thousand)

5.1 This represents right-of-use asset recognized against lease agreements entered into by the Holding Company, Enfrashare and EPCL in respect of office space, tenanted sites and storage tanks, respectively.

5.2 Depreciation charge for the year has been allocated as follows:

	2022	2021
	-----Rupees-----	
Cost of goods sold (note 35.1)	449,662	419,364
Cost of services rendered (note 35.2)	603,671	354,230
Capital work in progress	17,723	23,630
Selling and distribution expenses (note 36)	25,299	-
Administrative expenses (note 37)	245,086	244,739
	<u>1,341,441</u>	<u>1,041,963</u>

(Amounts in thousand)

## 6. intangible assets

	Software and licenses	Rights for future gas utilization	Total
	-----Rupees-----		
As at January 1, 2021			
Cost	1,924,983	102,312	2,027,295
Accumulated amortization and impairment	(889,671)	(50,343)	(940,014)
Net book value	<u>1,035,312</u>	<u>51,969</u>	<u>1,087,281</u>
Year ended December 31, 2021			
Opening net book value	1,035,312	51,969	1,087,281
Additions including transfers (note 6.2)	1,632,561	-	1,632,561
Write offs / disposals			
Cost	(100,795)	-	(100,795)
Accumulated amortization	24,260	-	24,260
	(76,535)	-	(76,535)
Amortization charge for the year (note 6.1)	<u>(239,872)</u>	<u>(5,111)</u>	<u>(244,983)</u>
	<u>2,351,466</u>	<u>46,858</u>	<u>2,398,324</u>
As at December 31, 2021			
Cost	3,456,749	102,312	3,559,061
Accumulated amortization and impairment	(1,105,283)	(55,454)	(1,160,737)
Net book value	<u>2,351,466</u>	<u>46,858</u>	<u>2,398,324</u>
Year ended December 31, 2022			
Opening net book value	2,351,466	46,858	2,398,324
Additions including transfers (note 6.2)	288,497	-	288,497
Amortization charge for the year (note 6.1)	(407,150)	(5,110)	(412,260)
Closing net book value	<u>2,232,813</u>	<u>41,748</u>	<u>2,274,561</u>
As at December 31, 2022			
Cost	3,745,246	102,312	3,847,558
Accumulated amortization and impairment	(1,512,433)	(60,564)	(1,572,997)
Net book value	<u>2,232,813</u>	<u>41,748</u>	<u>2,274,561</u>
Annual rate of amortization (%)	<u>6.67% - 33.33%</u>	<u>5%</u>	

(Amounts in thousand)

6.1 Amortization charge for the year has been allocated as follows:

Cost of goods sold (note 35.1)  
 Cost of services rendered (note 35.2)  
 Capital work in progress  
 Selling and distribution expenses (note 36)  
 Administrative expenses (note 37)

2022 2021  
-----Rupees-----

28,543	37,176
10,889	63
-	191
4,371	4,756
368,457	202,797
<u>412,260</u>	<u>244,983</u>

6.2 This mainly includes cost incurred in respect of OneSAP project, which is being amortized over a period of 8 years.

2022 2021  
-----Rupees-----

## 7. long-term investments

Investments in Joint Venture and Associates:

Joint venture company - Engro Vopak Terminal Limited (EVTL) - (notes 7.1 to 7.4)

Investment in associates (notes 7.5 to 7.8):

- FrieslandCampina Engro Pakistan Limited (FCEPL) 306,075,948 (2021: 306,075,948) ordinary shares of Rs. 10 each

Less: Provision for impairment (note 7.5)

- Sindh Engro Coal Mining Company Limited (SECMC) - 191,643,025 (2021: 191,643,025) ordinary shares of Rs.10 each [Percentage of holding 11.9% (2021: 11.9%)] - (note 7.6)

- Others

Gross carrying value as at December 31  
Less: Impairment recognized thereagainst

Others (note 7.9)

7.1 Details of investment in EVTL are as follows:

At beginning of the year

Add: Share of profit for the year (note 41)

Less: Provision adjustment in respect of tax contingency (note 28.6)

Less: Dividend received during the year

-	-
29,516,748	28,574,139
(1,224,304)	(1,224,304)
28,292,444	27,349,835
7,163,979	6,190,488
1,860,187	1,860,187
(1,327,684)	(1,327,684)
532,503	532,503
92,320	144,244
<u>36,081,246</u>	<u>34,217,070</u>
-	-
1,222,769	1,175,457
(290,269)	(20,457)
<u>(932,500)</u>	<u>(1,155,000)</u>

(Amounts in thousand)

7.1.1 As a result of share of profit for the year, the provision for tax contingency amounting to Rs. 1,089,727 previously set off against the carrying value of the Group's investment has increased by Rs. 290,269 representing difference between the share of profit and dividend received by the Group. Accordingly, the net provision set off against the carrying value of the Group's investment in EVTL now amounts to Rs. 1,379,996 (2021: Rs. 1,089,727).

7.2 As at December 31, 2022, the Holding Company held 45,000,000 ordinary shares (2021: 45,000,000 ordinary shares) of EVTL representing 50% of the issued, subscribed and paid-up capital of EVTL.

7.3 Cases for the tax year 2003 to tax year 2011 of EVTL to determine as to whether the income of EVTL is liable to be taxed under the Normal Tax Regime (NTR) or Final Tax Regime (FTR) are pending in the Honorable Supreme Court of Pakistan (SCP) and the High Court of Sindh (HCS). In this respect, EVTL has disclosed a contingent liability amounting to Rs. 4,124,049, in its financial statements, representing potential tax liability that EVTL may have to recognize if the aforementioned cases are decided against EVTL.

On the basis of legal advice, the Group has recognized its proportionate share of the aforementioned, amounting to Rs. 2,062,024 (2021: Rs. 2,062,024). This potential tax liability has been adjusted by the Group against the carrying value of its investment in EVTL to the extent of it being 'Nil' and the balance amount has been recognized as a provision (note 28.6), depicting the Group's constructive obligation to bear the potential exposure.

7.4 The summary of financial information of EVTL as of December 31, is as follows:

Statement of financial position			Statement of profit or loss and other comprehensive income		
Particulars	2022	2021	Particulars	2022	2021
	----- Rupees -----			----- Rupees -----	
Cash and cash equivalents	494,198	1,003,886	Revenue	5,503,117	4,430,160
Current financial liabilities (excluding trade and other payables)	503,724	392,721	Depreciation and amortization	285,551	271,955
Non-current financial liabilities (excluding trade and other payables)	748,219	976,376	Interest income	154,141	51,344
Non-current assets	3,633,484	3,367,371			
Current assets	2,990,253	1,890,857			
Non-current liabilities	(1,344,162)	(1,429,488)	Income tax expense	1,506,406	955,157
Current liabilities	(2,484,790)	(1,614,492)			
	<b>2,794,785</b>	<b>2,214,248</b>			
Group's share at 50% (2021: 50%)	1,397,393	1,107,124	Total comprehensive income for the year	2,445,537	2,350,915
Provision against tax contingency	(1,379,996)	(1,089,727)			
Others	(17,397)	(17,397)			
Carrying amount	-	-			

(Amounts in thousand)

7.5 FrieslandCampina Engro Pakistan Limited (FCEPL) is a public listed company, incorporated in Pakistan. The Holding Company holds 39.9% shareholding in FCEPL. The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. Earlier in 2016, the Holding Company partially disposed-off its investment in FCEPL resulting in it being recognized as an associate and the retained interest in FCEPL valued at fair value on the date of disposal in accordance with the requirements of IFRS. As per the accounting policy of the Group, investment in associates is carried at cost in the consolidated financial statements which is adjusted for post-acquisition changes in net assets.

An impairment loss of Rs. 1,224,304 was recognized in the consolidated financial statements for the year ended December 31, 2019, based on the Holding Company's assessment of the recoverable amount of the investment. However, based on the Holding Company's assessment as at December 31, 2022, no further impairment charge is required to be recognized in respect of this investment.

7.6 Details of material investments in associated companies are as follows:

Particulars	2022		2021	
	FCEPL	SECMC	FCEPL	SECMC
	-----Rupees-----			
At beginning of the year	27,349,835	6,190,488	26,639,774	4,384,236
Add:				
- Investment in associates	-	-	-	474,839
- Share of profit for the year (note 41)	983,804	1,008,703	719,827	1,331,413
- Reversal of profits	-	(35,212)	-	-
- Share of other comprehensive loss	(41,195)	-	(9,766)	-
	942,609	973,491	710,061	1,331,413
	<b>28,292,444</b>	<b>7,163,979</b>	<b>27,349,835</b>	<b>6,190,488</b>





(Amounts in thousand)

## 10. derivative financial instruments

As at December 31, 2022, Enfrashare has outstanding interest rate swap agreements with Standard Chartered Bank Pakistan Limited for notional amounts aggregating to Rs. 5,000,000 to hedge its interest rate exposure on floating rate borrowings from various lenders. Under the swap agreements, Enfrashare would receive 3 month KIBOR on respective notional amounts and will pay fix rates. Details of these swap agreements are as follows:

Notional amount -----Rupees-----	Effective date	Termination date	Fixed rate	Fair value as at	
				December 31, 2022	December 31, 2021
1,000,000	July 2, 2021	June 3, 2026	9.85%	158,797	28,313
4,000,000	July 2, 2022	June 3, 2026	10.35%	578,522	64,492
				<b>737,319</b>	<b>92,805</b>
				<b>2022</b>	<b>2021</b>
				-----Rupees-----	-----Rupees-----

## 11. net investment in leases

Undiscounted lease payments analysed as:

Recoverable after 12 months	72,143,936	65,539,801
Recoverable within 12 months	11,760,764	9,225,520
	<b>83,904,700</b>	<b>74,765,321</b>
Less: Unearned finance income	(26,061,002)	(25,557,176)
Net investment in lease	<b>57,843,698</b>	<b>49,208,145</b>

Net investment in lease analysed as:

Recoverable after 12 months	52,160,406	45,203,623
Recoverable within 12 months	5,683,292	4,004,522
	<b>57,843,698</b>	<b>49,208,145</b>

Maturity analysis of undiscounted net investment in lease:

Within 1 year	11,760,764	9,186,597
Between 1 and 2 years	11,776,622	9,186,597
Between 2 and 3 years	11,620,709	9,211,141
Between 3 and 4 years	11,493,870	9,186,597
Between 4 and 5 years	11,493,870	8,958,626
Later than 5 years	25,758,865	29,035,763
	<b>83,904,700</b>	<b>74,765,321</b>

11.1 EETPL entered into lease arrangement with respect to its LNG infrastructure for receipt, storage and regasification of LNG. EETPL's implicit rate of return on net investment in lease is 11.52% per annum.

(Amounts in thousand)

11.2 Enfrashare is party to an agreement that conveys the right to use energy equipment. This arrangement is classified as finance lease, with Enfrashare as the lessor. Finance lease - gross investment and net investment in lease includes deferred incentive income of Rs. 367,522 (2021: Rs. 521,106) and Rs. 152,519 (2021: Rs. 152,519) respectively, offered to the customer on signing of multiple contracts accounted for as a single arrangement as disclosed in note 26.1 to these consolidated financial statements. The deferred incentive income represents discounted rentals offered to the customer for the above mentioned finance lease arrangement.

11.3 Lease rentals received during the year aggregate to Rs. 10,929,793 (2021: Rs. 8,381,832).

## 12. long-term loans, advances, deposits and other receivables - considered good

Loans and advances to

- Executives (notes 12.1 to 12.4)  
- Other employees (notes 12.2 and 12.4)  
Deposits to suppliers

Less: Current portion shown under current assets (note 16)

Receivable from Sui Southern Gas Company Limited (SSGCL) (note 12.5)

Less: Current portion shown under current assets (note 16)

Direct cost on Floating, Storage & Regasification Unit (FSRU) (note 12.6)

Less: Accumulated amortization

Security deposits (note 12.7)

Other receivables (note 12.8)

12.1 Reconciliation of the carrying amount of loans and advances to executives:

Balance as at January 1

Add: Disbursements

Less: Repayments / Amortization

Balance as at December 31

	2022	2021
	-----Rupees-----	-----Rupees-----
Loans and advances to		
- Executives (notes 12.1 to 12.4)	113,903	166,333
- Other employees (notes 12.2 and 12.4)	42,408	105,221
Deposits to suppliers	194,978	9,988
	<b>351,289</b>	<b>281,542</b>
Less: Current portion shown under current assets (note 16)	(111,057)	(200,052)
	<b>240,232</b>	<b>81,490</b>
Receivable from Sui Southern Gas Company Limited (SSGCL) (note 12.5)	869,985	923,654
Less: Current portion shown under current assets (note 16)	(64,168)	(49,082)
	<b>805,817</b>	<b>874,572</b>
Direct cost on Floating, Storage & Regasification Unit (FSRU) (note 12.6)	1,297,737	1,297,737
Less: Accumulated amortization	(677,708)	(591,192)
	<b>620,029</b>	<b>706,545</b>
Security deposits (note 12.7)	224,548	99,969
Other receivables (note 12.8)	1,926,162	853,660
	<b>3,816,788</b>	<b>2,616,236</b>
Balance as at January 1	166,333	372,420
Add: Disbursements	254,650	143,702
Less: Repayments / Amortization	(307,080)	(349,789)
Balance as at December 31	<b>113,903</b>	<b>166,333</b>

(Amounts in thousand)

12.2 Long term loans include:

- interest free service incentive loans to executives and other employees according to the Group's policy, repayable in equal monthly installments over a five years period or in one lump sum payment at the end of such period, and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees;
- interest free loans given to workers pursuant to Collective Labour Agreement; and
- advances to employees for car earn out assistance, long term incentive and house rent advance.

12.3 The maximum amount outstanding at the end of any month from the executives of the Group aggregated to Rs. 120,215 (2021: Rs. 233,816).

12.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults in recent history.

12.5 In 2014, Engro Elengy Terminal (Private) Limited (EETPL) entered into LNG Operations and Services Agreement (LSA) with Sui Southern Gas Company Limited (SSGCL). As per the terms of the LSA, EETPL was required to construct / build a pipeline (SSGCL Branch Pipeline) and transfer it to SSGCL upon commissioning of the LNG Project and recover the cost of construction through capacity charges to be billed to SSGCL over the term of the LSA. EETPL constructed and transferred the SSGCL Branch Pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in this respect, net of recoveries.

12.6 On June 19, 2015, EETPL received a notice from Model Customs Collectorate (the 'Custom Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. custom duty and advance income tax. EETPL was of the view that the FSRU had been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (vii) relating to clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment.

Further, since EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities were not in agreement with EETPL's views on the same and to treat import of FSRU for 15 years as a temporary import. EETPL in response filed a suit before the High Court of Sindh (HCS) which through its order dated June 29, 2015 had restrained Customs Authorities from the collection of custom duty and advance income tax.

The Court, in judgement passed on May 26, 2016, held EETPL liable to custom duty and remanded the matter related to advance income tax to Customs Authorities with directions. EETPL, in response to the aforementioned judgement and demand raised by Customs Authorities, has paid an amount of Rs. 1,325,103 in respect of custom duty. This is being amortized over the term of 15 years, on the basis of prudence.

12.7 These mainly represent security deposits paid by Enfrashare to service providers in respect of utility connections.

(Amounts in thousand)

12.8 This represents accrued infrastructure equalization revenue of Enfrashare amounting to Rs. 1,926,162 (2021: Rs. 853,660) related to the effect of fixed escalation claims that is spread on straight line basis over the non cancellable lease term and invoices for this amount have not been raised at the reporting date by Enfrashare.

### 13. stores, spares and loose Tools

Consumable stores  
Spares and loose tools including  
in-transit Rs. 73,784 (2021: Rs. 20,122)

Less:  
Provision for surplus and slow moving items (note 13.1)

2022  
-----Rupees-----  
2021

10,526,425	10,035,794
624,777	534,592
11,151,202	10,570,386
(1,316,388)	(1,260,255)
<b>9,834,814</b>	<b>9,310,131</b>

13.1 Provision for surplus and slow moving items  
Balance as at January 1  
Charge for the year - net (note 35.1)  
Written off during the year  
Balance as at December 31

1,260,255	1,071,934
84,591	195,262
(28,458)	(6,941)
<b>1,316,388</b>	<b>1,260,255</b>

13.2 During the year, the Group has directly written off stores, spares and loose tools amounting to Rs. 25,975 (2021: Rs. 98,719).

2022  
-----Rupees-----  
2021

### 14. stock-in-trade

Raw and packaging materials (note 14.1)  
Unprocessed rice  
Fuel stock  
Work-in-process

Finished goods:  
- own manufactured products (notes 14.1 and 14.2)  
- Purchased and packaged products (notes 14.1 and 14.2)

Less: Provision for impairment against  
stock-in-trade (note 14.3)

9,894,583	11,761,709
1,202,364	3,532,912
537,232	165,860
133,161	177,862
9,469,340	7,351,417
9,313,718	8,669,441
18,783,058	16,020,858
(307,609)	(146,194)
<b>30,242,789</b>	<b>31,513,007</b>

14.1 Includes:

- materials in transit amounting to Nil (2021: Rs. 2,484,420); and
- inventories amounting to Rs. 3,437,422 (2021: Rs. 2,872,148) held at storage facilities of third parties.

14.1.1 During the year, raw materials and finished goods amounting to Rs. 237,549 (2021: Rs. 49,265) were directly written off.

14.2 Includes stock-in-trade costing Rs. 4,079,147 (2021: Nil) carried at net realisable value, amounting to Rs. 3,651,147 (2021: Nil).



(Amounts in thousand)

	2022	2021
	-----Rupees-----	
14.3 Provision for impairment against stock-in-trade		
Balance as at January 1	146,194	231,661
Charge for the year - net	179,507	111,129
Written off during the year	(18,092)	(196,596)
Balance as at December 31	<u>307,609</u>	<u>146,194</u>
<b>15. trade debts</b>		
Considered good		
- secured (notes 15.1 to 15.3)	67,536,108	57,923,818
- unsecured	3,659,355	604,953
	<u>71,195,463</u>	<u>58,528,771</u>
Considered doubtful (note 15.5)	350,069	338,007
	<u>71,545,532</u>	<u>58,866,778</u>
Less: Provision for impairment (note 15.6)	(350,069)	(338,007)
	<u>71,195,463</u>	<u>58,528,771</u>
15.1 Includes trade debts of EPQL and EPTL aggregating to Rs. 61,326,079 (2021: Rs. 51,601,480) due from Central Power Purchasing Agency Guarantee Limited (CPPA-G), alongwith delayed payment charges which are secured by a guarantee from the Government of Pakistan under the Implementation Agreements and as such are considered good. This is inclusive of overdue trade debt of Rs. 41,155,626 (2021: Rs. 37,108,764) carrying mark-up at the rate of 3 months KIBOR plus 2% to 4.5% per annum.		
15.2 Includes an amount of Rs. 2,637,756 (2021: Rs. 1,783,800) due from SSGCL, in respect of finance income on net investment in lease, operating lease rentals, utilization / regasification services and operations and maintenance services.		
15.3 Includes an amount of Rs. 6,309 (2021: Rs. 472,177) in respect of export sales.		
15.4 As at December 31, 2022, trade debts aggregating to Rs. 29,963,359 (2021: Rs. 20,817,542) were neither past due nor impaired.		
15.5 As at December 31, 2022, trade debts aggregating to Rs. 350,069 (2021: Rs. 338,007) were past due and impaired and have been provided for.		
15.6 The movement in provision during the year is as follows:		
	2022	2021
	-----Rupees-----	
Balance as at January 1	338,007	84,792
Add: Provision for doubtful debts - net (note 39)	12,426	289,094
Trade debts written off	(364)	(35,879)
Balance as at December 31	<u>350,069</u>	<u>338,007</u>

(Amounts in thousand)

15.7	During the year, the Group has directly written off trade debts amounting to Rs. 2,204 (2021: Nil).		
15.8	As at December 31, 2022, trade debts aggregating to Rs. 41,232,104 (2021: Rs. 37,711,229) were past due but not impaired. These relate to various customers for which there is no recent history of default. Ageing analysis of these trade debts is as follows:		
		2022	2021
		-----Rupees-----	
	- Upto 3 months	33,434,497	24,462,914
	- 3 to 6 months	7,100,949	7,870,592
	- More than 6 months	696,658	5,377,723
		<u>41,232,104</u>	<u>37,711,229</u>
15.9	Details of amounts due from associated undertakings / related parties are as follows:		
		2022	2021
		-----Rupees-----	
	- GEL Utility Limited	49,073	49,849
	- Tenaga Generasi Limited	198,966	98,158
		<u>248,039</u>	<u>148,007</u>
15.10	The ageing analysis of past due receivables from associated undertakings / related parties is as follows:		
		2022	2021
		-----Rupees-----	
	- Upto 3 months	16,940	96,880
	- 3 to 6 months	57,022	-
	- More than 6 months	51,629	49,849
		<u>125,591</u>	<u>146,729</u>
15.11	The maximum amount due from related parties at the end of any month during the year aggregates to Rs. 288,128 (2021: Rs. 222,715).		
		2022	2021
		-----Rupees-----	
<b>16. loans, advances, deposits and prepayments</b>			
Current portion of long term loans and advances to executives and other employees (note 12)		111,057	200,052
Advances to executives and other employees (note 16.1)		4,150	5,824
Current portion of receivable from SSGCL (note 12)		64,168	49,082
Advances and deposits		4,626,833	2,190,836
Prepayments:			
- insurance		682,125	1,372,697
- freight		164,876	38,251
- others		1,196,505	1,163,963
		<u>6,849,714</u>	<u>5,020,705</u>

(Amounts in thousand)

16.1 Represents interest free advances given to executives and other employees for house rent, in accordance with the Group's policy.

16.2 The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

	2022	2021
	-----Rupees-----	
<b>17. other receivables</b>		
Receivable from Government of Pakistan (GoP) against:		
- Sales tax refunds	15,999,317	11,012,377
- Subsidy (note 17.1)	6,523,493	6,523,493
	22,522,810	17,535,870
Less: Loss allowance on subsidy receivable from GoP (notes 17.1.1 and 17.2)	(2,319,548)	(1,796,612)
Less: Provision for impairment (note 17.1)	(155,127)	(155,127)
	<b>20,048,135</b>	<b>15,584,131</b>
Delayed payment charges (note 17.4)	9,868,982	7,075,436
Workers' profits participation fund	401,745	310,518
Reimbursable costs from CPPA in respect of:		
- Workers' profits participation fund (note 17.8)	2,712,723	2,082,205
- expenses	32,627	21,827
	<b>2,745,350</b>	<b>2,104,032</b>
Receivable from:		
- Engro Vopak Terminal Limited	58,253	43,600
- Dawood Hercules Corporation Limited	265	-
- Engro Foundation	112	30,973
- Thar Foundation	1,451	5,625
- Sindh Engro Coal Mining Company Limited	17,246	17,001
- Thar Power Company Limited	3,483	1,811
- FrieslandCampina Engro Pakistan Limited	1,753	40,724
- China East Resources Import and Export Corporation	100,305	93,305
Insurance claim receivable (note 1.3.1.2)	365,825	-
Claims receivable - net	620,364	76,650
Retirement benefit funds	125,797	92,830
Others (notes 17.7 and 17.9)	1,603,525	304,148
	<b>35,962,591</b>	<b>25,780,784</b>

17.1 During 2015, the Government of Pakistan (GoP) had notified payment of subsidy on sold product at the rate of Rs. 500 per 50 kg bag of Di-Ammonia Phosphate (DAP), Rs. 217 per 50 kg bag of Nitrophos (N) and Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

During 2016, another subsidy scheme was announced by the GoP effective June 25, 2016 whereby subsidy was payable on sold product at the rate of Rs. 156 per 50 kg bag of Urea, Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and NPK fertilizers (based on phosphorus content).

(Amounts in thousand)

During 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs. 100 per 50 kg bag for Urea only. This subsidy scheme was effective till June 30, 2018. In line with the notification issued for the said scheme, Ministry of National Food Security and Research has appointed third party auditors for verification of subsidy claims which is underway.

	2022	2021
	-----Rupees-----	
<b>Subsidy receivable from the Government of Pakistan - net</b>		
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable (note 17.3)	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (note 17.2)	(2,319,548)	(1,796,612)
	<b>4,048,818</b>	<b>4,571,754</b>

17.1.1 The movement in loss allowance on subsidy receivable from the GoP is as follows:

	2022	2021
	-----Rupees-----	
Balance as at January 1	1,796,612	1,238,912
Loss allowance for the year	522,936	557,700
Balance as at December 31	<b>2,319,548</b>	<b>1,796,612</b>

17.2 As required under IFRS 9, an entity is required to assess changes in credit risk by taking into account the time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivable and recognize expected credit loss, if any, based on this, EFert has recomputed expected credit loss amounting to Rs. 2,319,548 (2021: Rs. 1,796,612) on subsidy receivable giving consideration to the time value of money, based on expected recovery of subsidy receivable. EFert, however, is confident of full recovery of the subsidy amount from the GoP.

17.3 As at December 31, 2022, specific provision in respect of subsidy amounts to Rs. 155,127 (2021: Rs. 155,127).

17.4 This represents mark-up on overdue trade debts relating to EPQL and EPTL, of which Rs. 7,467,066 (2021: Rs. 5,329,041) is overdue.

17.5 The ageing analysis of past due receivables from associated undertakings / related parties are as follows:

	2022	2021
	-----Rupees-----	
Upto 3 months	20,384	133,896
3 to 6 months	1,672	19,405
More than 6 months	40,970	79,738
	<b>63,026</b>	<b>233,039</b>

(Amounts in thousand)

- 17.6 The maximum amount due from related parties at the end of any month during the year amounts to Rs. 2,230,389 (2021: Rs. 1,301,195).
- 17.7 As at December 31, 2022, receivables aggregating to Rs. 54,730 (2021: Nil) were impaired and have been provided for in full.
- 17.8 This includes outstanding invoiced amount of Nil (2021: Rs. 170,219) which is overdue for more than 6 months.
- 17.9 This includes non-adjustable sales tax of Rs. 740,888 (2021: Nil) relating to the project phase of EPTL, which, as per the Tariff Decision (note 34.2.1) is allowed to be claimed as a pass-through item from CPPA-G under the PPA, if disallowed by the relevant authorities.

#### 18. contract assets

Capacity Purchase Price component of tariff - EPTL (note 18.1)  
Unbilled revenue

	2022	2021
	-----Rupees-----	
	12,130,839	5,452,510
	1,993,454	1,034,595
	<u>14,124,293</u>	<u>6,487,105</u>

- 18.1 This includes unbilled revenue in respect of Capacity Purchase Price (CPP) component of tariff as per the Power Purchase Agreement (PPA), for the period July 10, 2019 (date of CoD) to December 31, 2021.

#### 19. short-term investments

##### At fair value through profit or loss

Investment in units of mutual funds (note 19.1)  
Pakistan Investment Bonds (note 19.2)

	2022	2021
	-----Rupees-----	
	17,166,688	20,005,901
	1,799,903	-

##### At fair value through other comprehensive income

Pakistan Investment Bonds (notes 19.3 and 19.4)

	29,380,322	-
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##### At amortized cost

Treasury bills (note 19.5)  
Pakistan Investment Bonds (note 19.2)  
Fixed income placements / Term deposit receipts (note 19.6)

	25,326,017	15,835,381
	2,924,976	6,905,851
	9,507,561	39,624,918
	37,758,554	62,366,150
	<u>86,105,467</u>	<u>82,372,051</u>

- 19.1 This represents investment in 111,900,826 units (2021: 601,850,292 units) of mutual funds having cost amounting to Rs. 17,138,858 (2021: Rs. 20,005,901).

(Amounts in thousand)

- 19.2 These bonds carry interest at the rates ranging between 14.84% to 17.66% per annum (2021: ranging upto 11.33%) and maturity on various dates between 1 to 12 months.
- 19.3 These bonds carry yield of 12.75% to 17.56% per annum and have maturity terms ranging between 2 to 10 years.
- 19.4 This amount is net of loss amounting to Rs. 854,981 arising on remeasurement of Pakistan Investment Bonds.
- 19.5 These Treasury Bills carry interest at the rates ranging between 14.75% to 16.87% (2021: ranging upto 11.35%) per annum and maturing on various dates between 3 to 10 months.
- 19.6 These represent placements with banks and Term Deposit Receipts carrying interest at the rates ranging between 13.15% to 16.00% (2021: ranging upto 12.95%) per annum and maturing on various dates between 1 to 10 months.

#### 20. cash and bank balances

Cash in hand

	2022	2021
	-----Rupees-----	
	13,589	12,104
Balances with banks in:		
- deposit accounts (notes 20.1 and 20.2)	38,108,828	35,710,235
- deposit accounts - islamic (note 20.3)	483	973
- current accounts	6,863,727	4,704,362
	44,973,038	40,415,570
Cheques / Demand drafts in hand	-	67,927
	<u>44,986,627</u>	<u>40,495,601</u>

- 20.1 Local currency conventional deposits carry return ranging from 4.5% to 16.5% (2021: 2.14% to 9.35%) per annum.
- 20.2 Includes Rs. 11,889,207 (2021: Rs. 8,536,344) held in foreign currency bank accounts and carry return ranging upto 2.75% (2021: 0.10%) per annum.
- 20.3 These are shariah compliant bank balances and carry profit at rates ranging from 4% to 9.1% (2021: 2.94% to 4.22%) per annum.

#### 21. share capital

21.1 Authorized capital

	2022	2021		2022	2021
	----- (Number of shares) -----			----- (rupees) -----	
	<u>700,000,000</u>	<u>700,000,000</u>	Ordinary shares of Rs. 10 each	<u>7,000,000</u>	<u>7,000,000</u>



(Amounts in thousand)

21.2 Issued, subscribed and paid-up capital

2022		2021	
----- (Number of shares) -----		----- (Rupees) -----	
197,869,804	197,869,804	1,978,699	1,978,699
378,293,426	378,293,426	3,782,933	3,782,933
<b>576,163,230</b>	<b>576,163,230</b>	<b>5,761,632</b>	<b>5,761,632</b>

21.3 As at December 31, 2022, Dawood Hercules Corporation Limited and associated companies held 214,469,810 and 39,038,015 (2021: 214,469,810 and 39,038,015) ordinary shares in the Holding Company, respectively.

21.4 These fully paid ordinary shares carry one vote per share and right to dividend.

**22. maintenance reserve**

In accordance with the Power Purchase Agreement (PPA), EPQL is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any shortfall from the contractual limit.

Under the PPA, 1/24th of the annual operating and maintenance budget of the power plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter, the Fund may be re-established at such other level that EPQL and CPPA-G mutually agree.

In 2012 EPQL, due to uncertain cash flows resulting from delayed payments by CPPA-G has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank, which has been invested in Treasury Bills having a face value of Rs. 49,321 (2021: Rs. 49,321) as at December 31, 2022. Till such time the amount is deposited again to the required level, EPQL has unutilized short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

**23. borrowings**

- Secured (Non-participatory)

	2022	2021
	----- Rupees -----	----- Rupees -----
Islamic finances (note 23.1)	33,249,513	24,257,432
Conventional finances (note 23.2)	45,623,936	45,539,314
Foreign currency borrowings and others (note 23.3)	106,825,744	94,394,828
	<b>185,699,193</b>	<b>164,191,574</b>
Less: Current portion shown under current liabilities	(27,699,919)	(23,110,031)
Less: Government grant (note 24)	(1,825,480)	(1,263,327)
	<b>156,173,794</b>	<b>139,818,216</b>

(Amounts in thousand)

	Note	Mark-up	Number	Installments Commenced/ Commencing from	2022	2021
					----- Rupees -----	----- Rupees -----
<b>23.1 Islamic finances</b>						
Sukuk	23.1.1	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	-	8,667,709
Bilateral loan	23.1.2	6 months KIBOR + 0%	6 half yearly	July 15, 2021	2,710,751	4,517,917
Islamic long term financing facility (LTFF)	23.1.3	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,868,317	1,927,386
Islamic Temporary Economic Refinance Facility (ITERF)	23.1.4	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2023	1,716,699	663,115
Loan under diminishing musharaka agreement	23.1.5	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	400,000	400,000
Syndicated Long Term Islamic Financing Facility	23.1.6	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,730,846	-
Loan under diminishing musharaka agreement	23.1.7	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	-
Islamic Facility Agreements	23.1.8	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	3,322,900	3,581,305
Meezan Bank Limited	23.1.9	3 months KIBOR + 0.93%	20 quarterly	November 1, 2023	4,500,000	4,500,000
Meezan Bank Limited - Facility 2	23.1.10	3 months KIBOR + 0.4%	28 quarterly	September 1, 2025	3,000,000	-
Faysal Bank Limited	23.1.11	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,000,000	-
					<b>33,249,513</b>	<b>24,257,432</b>
<b>23.2 Conventional finances</b>						
MCB Bank Limited - Facility 1	23.2.1	3 months KIBOR + 0.95%	20 quarterly	October 1, 2022	1,000,000	1,000,000
Bank Alfalah Limited	23.2.2	3 months KIBOR + 0.8%	20 quarterly	March 1, 2023	1,000,000	1,000,000
Habib Bank Limited - Facility 1	23.2.3	3 months KIBOR + 0.95%	20 quarterly	April 1, 2023	1,700,000	1,700,000
Habib Bank Limited - Facility 2	23.2.4	3 months KIBOR + 0.7%	20 quarterly	December 1, 2023	2,000,000	2,000,000
MCB Bank Limited - Facility 3	23.2.5	3 months KIBOR + 0.4%	28 quarterly	August 1, 2025	2,000,000	-
Habib Bank Limited - Facility 3	23.2.6	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	2,500,000	-
United Bank Limited	23.2.7	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,500,000	-
<b>Facilities of EFert - Senior lenders</b>						
Allied Bank Limited	23.2.11	3 months KIBOR + 0.35%	16 half yearly	June 8, 2023	312,042	312,042
Allied Bank Limited	23.2.11	3 months KIBOR + 0.35%	6 half yearly	June 17, 2023	1,000,000	1,000,000
National Bank of Pakistan	23.2.9 & 23.2.11	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	500,000	1,000,000
Allied Bank Limited	23.2.9 & 23.2.11	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	1,050,000	2,100,000
Allied Bank Limited	23.2.9 & 23.2.11	3 months KIBOR + 0.2%	6 half yearly	June 16, 2022	1,666,667	2,500,000
MCB Bank Limited	23.2.9 & 23.2.11	6 months KIBOR + 0.05%	4 half yearly	March 29, 2021	-	750,000
MCB Bank Limited	23.2.9 & 23.2.11	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	2,083,333	2,500,000
MCB Bank Limited	23.2.9 & 23.2.11	6 months KIBOR + 0.20%	4 half yearly	December 25, 2021	1,500,000	3,000,000
MCB Bank Limited	23.2.10 & 23.2.11	3 months KIBOR + 0.50%	16 quarterly	January 25, 2023	-	151,800
MCB Bank Limited	23.2.10 & 23.2.11	3 months KIBOR + 0.50%	16 quarterly	January 21, 2023	-	235,335
Habib Bank Limited	23.2.10 & 23.2.11	3 months KIBOR + 1.00%	36 quarterly	March 21, 2023	-	9,015
Habib Bank Limited	23.2.10 & 23.2.11	3 months KIBOR + 1.00%	36 quarterly	March 29, 2023	-	11,048
					8,112,042	13,569,240
JS Bank Limited		SBP Rate + 2%	20 quarterly	September 23, 2019	30,000	50,000
Bank Alfalah		SBP Rate + 2%	20 quarterly	May 1, 2012	78,740	83,455
National Bank of Pakistan	23.1.8	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	2,603,491	2,805,952
HBL - led consortium	23.1.8	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	14,135,615	15,234,870
Allied Bank Limited	23.2.12	6 months KIBOR + 0.8%	4 half yearly	June 15, 2022	515,295	1,048,235
MCB Bank Limited - Syndicate facility	23.2.13	3 months KIBOR + 0.7%	20 quarterly	December 1, 2023	3,500,000	3,500,000
					<b>40,675,183</b>	<b>41,991,752</b>
<b>TERF Loans - EFert</b>						
Allied Bank Limited	23.2.10	1.50%	Various	March 30, 2023	676,310	676,310
Habib Bank Limited	23.2.8 & 23.2.10	2.00%	Various	January 29, 2023	799,841	35,592
MCB Bank Limited	23.2.8 & 23.2.10	1.50%	Various	January 13, 2023	3,472,602	2,835,660
					<b>4,948,753</b>	<b>3,547,562</b>
					<b>45,623,936</b>	<b>45,539,314</b>
<b>23.3 Foreign currency borrowings and others</b>						
International Finance Corporation (IFC)	23.3.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,913,259	5,114,204
Deutsche Investitions und Entwicklungsgesellschaft	23.2.9, 23.2.11 & 23.3.4	6 months LIBOR + 3.75%	9 half yearly	December 15, 2019	755,646	1,178,246
Allied Bank Limited (Bahrain)	23.2.12 & 23.3.2	6 months LIBOR + 3%	6 half yearly	June 13, 2022	1,945,047	2,297,496
China Development Bank Corporation (CDBC)						
China Construction Bank Corporation (CCBC)						
and Industrial and Commercial Bank of China Limited (ICBCL)	23.3.3	6 months LIBOR + 4.2%	20 half yearly	December 21, 2015	105,576,723	91,915,325
					112,190,675	100,505,271
					(5,364,931)	(6,110,443)
Less: Transaction costs	23.3.5				106,825,744	94,394,828

(Amounts in thousand)

- 23.1.1 In 2019, EPCL issued listed sukuk bonds of Rs. 8,750,000 to eligible institutional and other investors by way of private placement for a period of 7.5 years. However, during the year, EPCL has repaid the entire issue amount and is currently in the process of delisting of sukuk bonds from PSX as at the reporting date.
- 23.1.2 In 2019, EPCL entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge over present and future fixed assets of EPCL (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.
- 23.1.3 In 2020, EPCL obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan (SBP) through Musharaka agreement entered with financial institutions to finance its PVC III expansion project. This is secured by way of hypothecation charge over present and future fixed assets of EPCL (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.
- 23.1.4 In 2021, EPCL 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 way of hypothecation charge over present and future fixed assets of EPCL (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, EPCL further received Rs. 217,685 on account of ITERF loan facility.
- In 2021, EPPL entered into musharaka agreements aggregating to Rs. 650,000 under the ITERF of SBP. The borrowing is secured by way of hypothecation charge over present and future movable fixed assets of EPPL (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.
- During the year, EPPL has entered into another musharaka agreement amounting to Rs. 3,500,000 under the ITERF of SBP. The borrowing is secured by way of hypothecation charge over plant and machinery of EPPL with 20% margin.
- 23.1.5 In 2021, EPCL made a draw down of Rs. 400,000 under Diminishing Musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by way of hypothecation charge over present and future fixed assets of EPCL (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with charges created in favor of existing creditors.
- 23.1.6 On December 28, 2022, EPCL made a draw down of Rs. 8,750,000 under syndicate long term Islamic financing facility to finance buyback of sukuk bond (note 23.1.1). The borrowing is secured by way of hypothecation charge over present and future fixed assets of EPCL, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.
- 23.1.7 On December 12, 2022, EPCL 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 EPCL, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.

(Amounts in thousand)

- 23.1.8 EPTL has entered into the following loan agreements:
- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs. 17,016,000. As at December 31, 2022, the outstanding balance of the borrowing was Rs. 14,135,615 (2021: Rs. 15,234,870).
  - Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000. As at December 31, 2022, the outstanding balance of the borrowing was Rs. 2,603,491 (2021: Rs. 2,805,952).
  - Islamic Facility Agreements with Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000. As at December 31, 2022, the outstanding balance of the borrowing was Rs. 3,322,900 (2021: Rs. 3,581,305).
- These loans are secured primarily through first ranking hypothecation charge over project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and pledge shares in favour of the Security Trustee.
- This includes Rs. 1,550,000 and Rs. 200,000 borrowed from Habib Bank Limited, a related party in respect of Rupee Facility agreements and Islamic Facility Agreements, respectively.
- 23.1.9 In November 2021, Enfrashare entered into a secured long term musharka financing facility extended by Meezan Bank Limited for an amount up to Rs. 4,500,000. Facility availed as at December 31, 2022 is of Rs. 4,500,000 (2021: Rs. 4,500,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- 23.1.10 In September 2022, Enfrashare entered into a secured long term musharka financing facility and secured facility extended by Meezan Bank Limited for an amount up to Rs 3,000,000. Facility availed as at December 31, 2022 is of Rs. 3,000,000 (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 23.1.11 In December 2022, Enfrashare entered into a secured long term musharaka agreement and secured facility extended by Faysal Bank Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2022 is of Rs. 1,000,000 (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 23.2.1 In October 2020, Enfrashare entered into a secured long term financing facility extended by MCB Bank Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2022 is of Rs. 1,000,000 (2021: Rs. 1,000,000). The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.

(Amounts in thousand)

- 23.2.2 In March 2021, Enfrashare entered into a secured long term financing facility extended by Bank Alfalah Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2022 is of Rs. 1,000,000 (2021: Rs. 1,000,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- 23.2.3 In April 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited for an amount up to Rs 1,700,000. Facility availed as at December 31, 2022 is of Rs. 1,700,000 (2021: Rs. 1,700,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- 23.2.4 In December 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited for an amount up to Rs. 2,000,000. Facility availed as at December 31, 2022 is of Rs. 2,000,000 (2021: Rs. 2,000,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets and moveable assets (excluding land and building) of Enfrashare.
- 23.2.5 In August 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by MCB Bank Limited for an amount up to Rs. 2,000,000. Facility availed as at December 31, 2022 is of Rs. 2,000,000 (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 23.2.6 In December 2022, Enfrashare entered into a secured term finance facility and secured facility extended by Habib Bank Limited for an amount up to Rs. 2,500,000. Facility availed as at December 31, 2022 is of Rs 2,500,000 (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 23.2.7 In December 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by United Bank Limited for an amount up to Rs. 1,500,000. Facility availed as at December 31, 2022 is of Rs. 1,500,000 (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 23.2.8 During the year, EFert acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under ""Temporary Economic Refinance Facility"" (TERF) introduced by SBP in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installments starting from January 2023. Fair value adjustment arising on account of acquisition of these loans at below market rates has been recognised in the consolidated statement of profit or loss.

(Amounts in thousand)

- In accordance with IFRS 9 Financial instruments, the Group has recognized these loans at their fair value and the differential markup as deferred government grant income, as mentioned in note 24 to the consolidated financial statements, which will be amortized and set off against finance cost over the period of the facilities.
- 23.2.9 During the year, EFert made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions-und Entwicklungsgesellschaft amounting to Rs. 2,666,667, Rs. 1,883,333, Rs. 500,000 and Rs. 721,083, respectively.
- 23.2.10 Further, during the year, after the approval of the SBP, term loans amounting to Rs. 407,198 were converted to TERF loans.
- 23.2.11 All senior debts of Efert are secured by an equitable mortgage upon immovable property of EFert and equitable charge over current and future operating assets excluding immovable property of EFert.
- 23.2.12 The loans have been secured by way of the following:
- First pari passu hypothecation charge over fixed asset (excluding land and building) of EETPL with 25% margin (disbursement of loan made on ranking charges which will subsequently be upgraded to Pari Passu within due course);
  - First Pari passu mortgage charge over immovable assets (including land and building) of EETPL with 25% margin (this security is condition subsequent, creation and perfection of this security shall be completed within due course);
  - Assignment of EETPL's receivable / cashflows and any interests in the documents and contract related to EETPL's operations; and
  - Establishment and lien over debt payment account of EETPL.
- 23.2.13 In December 2021, Enfrashare entered into a secured syndicated long term musharka financing facility and secured syndicated term finance facility extended by the Participants (i.e. MCB Bank Limited, The Bank of Punjab and Habib Metropolitan Bank Limited) for an amount up to Rs. 2,000,000 and Rs. 1,500,000 (2021: Rs. 2,000,000 and Rs. 1,500,000), respectively. Facilities availed as at December 31, 2022 are of Rs. 2,000,000 and Rs. 1,500,000 (2021: Rs. 2,000,000 and Rs. 1,500,000), respectively. The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 23.3.1 In 2018, EPCL 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 over present and future fixed assets of EPCL (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of existing creditors. The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition.
- 23.3.2 In 2015, EETPL entered into a Common Terms Agreement (CTA) and financing agreements with Asian Development Bank (ADB), International Finance Corporation (IFC), Askari Bank Limited and MCB Bank Limited as arrangers and ADB, IFC, Allied Bank Limited (ABL), MCB and Pak Brunei Investment Company Limited (PBICL) as lenders. In 2021, EETPL entered into a new financing arrangement with ABL and prepaid the lenders of EETPL under the CTA through single payment.



(Amounts in thousand)

23.3.3 EPTL had entered into a USD Facility Agreement on December 21, 2015 with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 621,000 for a period of 14 years. The facility is secured primarily through first ranking hypothecation charge over the project assets of EPTL. Further, the commitment of the shareholders of EPTL is same as more fully explained in note 23.1.8. As at December 31, 2022, the unutilised borrowings amount to USD 155,250 (2021: USD 100,915).

23.3.4 On March 5, 2021, the Financial Conduct Authority (FCA) announced the dates on which the panel bank submissions for all LIBOR settings will cease, after which LIBOR rates will no longer be available. The FCA confirmed that all LIBOR settings will cease to be provided by any administrator immediately after December 31, 2021 for 1-week and 2-month USD settings. This will not impact the Group's foreign borrowings since the 6-month LIBOR is applicable on foreign currency borrowings which will be discontinued after June 30, 2023.

23.3.5 These primarily represent payments made to China Export and Credit Insurance Bank (Sinasure), in connection with insurance cover obtained over financing arrangements relating to Chinese lenders, and payments to various financial institutions in respect of transaction and related cost for loan arrangements. Transaction costs have been adjusted against related borrowings and is being amortized over the term of the respective borrowings.

23.4 In view of the substance of the transactions, the sale and repurchase of assets under long term finance have not been recorded in these consolidated financial statements.

23.5 Following are the changes in long term borrowings for which cash flows have been classified as financing activities in the consolidated statement of cash flows:

	2022	2021
	-----Rupees-----	
Balance as at January	164,191,574	157,918,637
Add:		
Borrowings availed during the year	26,773,322	21,234,460
Exchange loss	27,167,532	9,997,743
Amortization of transaction cost	885,074	1,015,851
Less:		
Repayment of borrowings	(33,318,309)	(25,863,034)
Management fee paid	-	(42,818)
Transaction costs	-	(69,265)
	<u>185,699,193</u>	<u>164,191,574</u>
Less: Current portion shown under current liabilities	(27,699,919)	(23,110,031)
Less: Government grant (note 24)	(1,825,480)	(1,263,327)
Balance as at December 31	<u><u>156,173,794</u></u>	<u><u>139,818,216</u></u>

(Amounts in thousand)

**24. government grant**

	2022	2021
	-----Rupees-----	
Balance as at January 1	1,263,327	1,326,638
Add: Grant recognized on loan at below market interest rate	973,820	-
Less: Released to the consolidated statement of profit or loss	411,667	63,311
	<u>1,825,480</u>	<u>1,263,327</u>
Less: Current portion	(353,201)	(183,624)
	<u><u>1,472,279</u></u>	<u><u>1,079,703</u></u>

**25. lease liabilities**

	2022	2021
Balance at beginning of the year	59,274,424	55,530,667
Additions in lease	4,814,223	3,869,212
Add: Exchange loss	13,969,590	4,899,899
Add: Finance cost	5,931,308	4,582,127
Less: Lease rentals paid	(12,560,002)	(9,583,276)
Less: Rent concession on lease liability	(12,729)	(24,205)
Total lease liabilities	71,416,814	59,274,424
Less: Current portion shown under current liabilities	(9,046,896)	(6,111,288)
Balance at the end of the year	<u><u>62,369,918</u></u>	<u><u>53,163,136</u></u>

25.1 This mainly represents EETPL's lease liability amounting to Rs. 54,833,722 (2021: Rs. 46,928,886). The remaining term of the lease is 7 years and 3 months and EETPL's weighted average incremental borrowing rate is 8.29% per annum.

**26. deferred liabilities**

	2022	2021
	-----Rupees-----	
Retirement and other service benefits obligations	572,150	516,236
Deferred incentive revenue (note 26.1)	534,814	918,817
Deferred liability on FSRU (note 26.2)	2,606,555	1,854,129
Provision for dismantling and restoration cost (note 26.3)	497,490	293,606
	<u>4,211,009</u>	<u>3,582,788</u>
Less: Current portion shown under current liabilities	(577,116)	(736,953)
	<u><u>3,633,893</u></u>	<u><u>2,845,835</u></u>

26.1 This primarily includes deferred incentive revenue of Rs. 488,755 (2021: Rs. 918,817) which has been recorded in respect of the following agreements entered into by Enfrashare with its customers for construction, maintenance and operation of telecommunication infrastructure and allied equipment, provision of energy solutions and energy management services whereby Enfrashare provided a discount:

- in respect of service fee charged to it for an initial period of three years from the respective site commencement date. The related discount was provided against discounted cash consideration under the asset sale and purchase agreements. Present value of the discount amounted to Rs. 696,000. The said amount has been recognized as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognized in this respect which is amortized over a three years period from the site commencement date on the basis of monthly service fee accrued under the agreement.

(Amounts in thousand)

- against total amount of consideration to be charged to the customers for provision of energy solutions and energy management services. Present value of the discount amounted to Rs. 475,000. The said amount has been recognized as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognized in this respect which is amortized over a period of four and a half years on a systematic basis after accounting for the project completion date.

26.2 Represents excess of billing over operating lease income in respect of Elengy Terminal. Income is recognized over a straight line basis.

26.3 Includes provision of Rs. 476,245 (2021: Rs. 293,606) recognized for cost of dismantling of infrastructure and allied equipment for tenanted sites acquired by Enfrashare from Pakistan Mobile Communications Limited (PMCL) and Deodar under sale and purchase agreement. The provision has been discounted at a real discount rate of 0.91% (2021: 1.08%) per annum.

**27. long-term provisions**

Provision for Gas Infrastructure Development Cess (GIDC) (note 27.1)  
Provision for gas price revision (note 27.2)

Less: Current portion

	2022	2021
	-----Rupees-----	
	27,939,393	26,165,260
	517,392	517,392
	<u>28,456,785</u>	<u>26,682,652</u>
	(25,503,815)	(18,510,399)
	<u><b>2,952,970</b></u>	<u><b>8,172,253</b></u>

27.1 The Honorable Supreme Court of Pakistan (“SCP”) through its judgment dated August 13, 2020 (“Judgment”) declared that the levy imposed under the Gas Infrastructure Development Cess (“GIDC”) Act, 2015 (“the Act”) is valid and in accordance with the provisions of the Constitution of Pakistan 1973 (“the Constitution”). The SCP issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the Act;
- As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020, and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge (“LPS”); and
- In case, no work is carried out on the gas infrastructure pipelines in the manner and / or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

Pursuant to the Judgement, the gas suppliers began invoicing the GIDC instalments for recovery with effect from August 01, 2020.

(Amounts in thousand)

Aggrieved by the Judgment, EFert and EPCL filed review petitions before the SCP on various grounds, which were dismissed by the SCP on November 02, 2020, (“Review Decision”). However, the Review Decision noted that the Government of Pakistan is agreeable to recover the unpaid arrears in 48 monthly installments instead of 24 monthly installments provided the time period for the projects was extended to 12 months from 6 months; and (ii) upheld the validity of Section 8(2) of the Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the proviso to Section 8(2) of the 2015 Act.

EPCL and EFert have also filed suits before the High Court of Sindh (“HCS”) against collection of GIDC on the grounds that factual determination of the GIDC passed-on to the customers is to be carried out. The HCS granted interim stay to EPCL and EFert restraining the impleaded gas companies from taking coercive action against EPCL and EFert for non-payment of GIDC installments till the finalization of the matter.

Further, against the GIDC instalment invoice received from Sui Northern Gas Pipelines Limited (SNGPL) to EFert on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11, 2007 (“GSPA”), EFert approached the HCS to challenge this imposition. EFert has obtained a stay order in its favour and the HCS has restrained SNGPL from taking any coercive action against EFert on collecting GIDC on feed stock gas supplied under the GSPA. EFert’s management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence no provision on account of GIDC has been recorded by EFert in respect of feed gas received under the GSPA.

The Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the “Accounting of GIDC” via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. in 48 monthly instalment commencing from August 2020, as referred to in the aforementioned decision on the review petition by the SCP), the Group has remeasured its previously undiscounted provision at its present value using the risk free rate to incorporate the effect of the time value of money arising from the expected settlement based on an instalment plan and accordingly, recognized remeasurement gain amounting to Rs. 2,904,978 in 2020. During the year, the amount has been unwinded and resulted in remeasurement losses of Rs. 1,102,678 (2021: Rs. 1,401,519).

27.2 In 2017, EPCL had filed suits in the HCS, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regularity Authority (OGRA) vide SRO no.(1)/2016 dated December 30, 2016, whereby EPCL cited the increase as illegal and unconstitutional. The HCS granted an interim order in favour of EPCL which is still operational. However, EPCL has recognized a provision for the period from December 2017 to September 2018.

(Amounts in thousand)

**28. trade and other payables**

	2022	2021
	-----Rupees-----	
Creditors	11,140,873	14,031,323
Accrued liabilities (notes 28.1 to 28.5)	58,812,758	39,074,875
Provision against tax contingency of EVTL (notes 7.1.1, 7.3 and 28.6)	682,028	972,297
Advances from customers (note 28.7)	16,347,911	6,248,748
Contractors' / suppliers' deposits and retention money (note 28.8)	325,192	278,131
Workers' welfare fund	1,344,093	1,377,860
Workers' profits participation fund	2,557,527	1,533,031
Sales tax payable	203,999	63,840
Payable to retirement benefit funds	308,732	278,053
Withholding tax payable	464,794	749,039
Payable to:		
- Thar Power Company Limited	210,224	269,527
- Empiric AI (Private) Limited	-	4,112
- Dawood Hercules Corporation Limited	-	284,065
- FrieslandCampina Engro Pakistan Limited	20,905	-
- FrieslandCampina Pakistan Holdings B.V.	932,367	734,033
- Sindh Engro Coal Mining Company Limited	31,327,765	28,312,314
- Engro Foundation	175,954	-
- The Dawood Foundation	17,668	-
- Engro Vopak Terminal Limited	286,184	261,856
Others (note 28.9)	616,999	759,211
	<b>125,775,973</b>	<b>95,232,315</b>

28.1 This includes accrual in respect of gas charges amounting to Rs. 605,671 (2021: Rs. 602,625).

28.2 On June 4, 2021, the HCS through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. EFert and EPCL filed a petition against the judgment before the Honorable Supreme Court of Pakistan (SCP) challenging the HCS judgement. In September 2021, the SCP suspended the Judgement of HCS along with the recovery of Cess. Management is confident that ultimate outcome of the case will come in its favor; however, on prudence basis, has recognized a provision amounting to Rs. 4,869,100 (2021: Rs. 3,668,213) of the Cess in these consolidated financial statements.

28.3 On June 10, 2021, EFert filed a Suit before the HCS in which it prayed that Sui Northern Gas Pipelines Limited (SNGPL) be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale and Purchase Agreement (GSPA) and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The HCS was pleased to grant an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. EFert, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 6,706,128 (2021: Rs. 2,494,496) in these consolidated financial statements.

(Amounts in thousand)

28.4 Includes accruals recorded in respect of the following related parties:

	2022	2021
	-----Rupees-----	
Engro Foundation	-	150,000
Sindh Engro Coal Mining Company Limited	7,561,786	4,231,636
Reon Energy Limited	21,587	-
The Dawood Foundation	240	-
Thar Power Company Limited	98,481	-
	<b>7,682,094</b>	<b>4,381,636</b>

28.5 During the year, EFERT received a letter from one of its gas suppliers which indicated that the pricing of gas supplied to EFERT from the aforementioned gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority ("OGRA") for the fertilizer sector and such charge shall be applicable from the date of execution of the Gas Sale and Purchase Agreement (GSPA).

In this regard, EFERT has submitted a formal response to the gas supplier. Without prejudice to the foregoing and any admission of liability, the Group has on prudent basis, recorded a provision amounting to Rs. 2,380,450 (2021: Nil) in these consolidated financial statements.

	2022	2021
	-----Rupees-----	
28.6 The movement in provision is as follows:		
Balance at the beginning of the year	972,297	992,754
Provision adjustment in respect of tax contingency (note 7.1)	(290,269)	(20,457)
	<b>682,028</b>	<b>972,297</b>

28.7 This represents advances received by the Group from customers and distributors for goods to be delivered.

28.8 This includes deposits amounting to Rs. 307,664 (2021: Rs. 269,452) which have been kept in separate bank accounts. This also includes deposits amounting to Rs. 7,400 (2021: Rs. 4,900) which are fully utilized in business in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.



(Amounts in thousand)

28.9 Includes liability towards Long Term Incentive Plan (LTIP) amounting to Rs. 133,993 (2021: Nil). During the year, the Board of Directors of the Holding Company approved LTIP for granting of cash-settled phantom shares to certain executive employees. Under the LTIP, the actual amount of phantom shares that may vest at exercise price of nil ranges from 0% to 121% of the awards, depending on the outcomes of prescribed service and performance conditions over a three-year period.

	2022	2021
	-----Rupees-----	
<b>29. contract liabilities</b>		
Contract liability	<u>12,980,370</u>	<u>1,024,361</u>

29.1 Contract liability pertaining to the year 2021 represented unrecognized revenue in EPQL relating to 'Monthly Energy Shortfall' which CPPA-G is required to pay in the event net electrical output dispatched is lower than minimum monthly energy in accordance with Section 9.6 of the PPA. During the year, EPQL has adjusted the contract liability against the related receivable.

29.2 Contract liability as at December 31, 2022 includes an amount of Rs. 12,964,194 relating to EPTL as explained in notes 34.2.1 and 35.1.4.

	2022	2021
	-----Rupees-----	

**30. accrued interest / mark-up**

Accrued interest / mark-up on:  
- long term borrowings  
- short term borrowings

	2,751,430	877,720
	13,276	488,777
	<u>2,764,706</u>	<u>1,366,497</u>

**31. short-term borrowings**

Running finances utilized under mark-up arrangements (note 31.1)  
Shariah compliant short term finance (note 31.2)  
Export refinance facility (note 31.3)

	30,260,600	14,370,100
	2,250,000	3,000,000
	474,360	5,900,214
	<u>32,984,960</u>	<u>23,270,314</u>

31.1 The short-term running finances available to the Group from various banks under mark-up arrangements amount to Rs. 44,155,000 (2021: Rs. 50,027,000). The rates of mark-up on these finances are KIBOR plus spread ranging from 0.0% to 13.1% (2021: 0.0% to 1.5%) per annum. The aggregate running finances are secured by way of hypothecation of ranking floating charge over present and future loans, advances, receivables, stocks, book debts and other current assets and pledge over shares.

31.2 EPTL has entered into a Musharaka agreement with Meezan Bank Limited as Investment Agent and issued Sukuks of face value of Rs. 3,000,000 (2021: Rs. 3,000,000) for a period of five years with a call option exercisable towards the end of every year. These Sukuks are issued to cater the working capital requirements of EPTL and carry profit at the rate of 3 Months KIBOR plus 1.1% per annum, payable quarterly. The Sukuks are secured by way of first charge, ranking pari passu, over the project assets of EPTL.

(Amounts in thousand)

31.3 This represents export refinance facility obtained by EPCL and EEAP carrying mark-up at the rate of 3% on rollover basis for six months. This facility is secured by floating charge over stocks and book debts of EPCL and EEAP.

**32. dividend payable**

Includes unclaimed dividend amounting to Rs. 240,325 (2021: Rs. 225,932) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Companies Act, 2017 (the Act), subject to fulfilment / clarification on certain pre-conditions specified in the Act.

**33. contingencies and commitments**  
**contingencies**

33.1 In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through the Finance Act, 2022, super tax at ten percent has been imposed on the specified sectors (including the fertilizer and chemical sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. The Group filed a petition against the imposition of super tax before the Sindh High Court (SHC). The SHC in its judgement dated December 22, 2022, declared that "the super tax levy shall only be applicable from the tax year 2023" and the imposition of higher rate on the specified sectors as discriminatory. The Group's management has recorded provision of super tax for the year ended December 31, 2021 (tax year 2022), at the rate of four percent amounting to Rs. 2,604,907 in these consolidated financial statements (note 42.1) on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent amounting to Rs. 2,738,141 are remote and therefore no provision is recorded thereagainst in these consolidated financial statements.

33.2 The Holding Company

33.2.1 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Holding Company is required to reimburse 51% of the amount together with all reasonable cost and expenses to FCP in case any such penalty materializes. The Holding Company, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal, and accordingly, no provision has been recognized in these consolidated financial statements in this respect.

33.2.2 In the year 2016, the Holding Company entered into a Share Purchase Agreement (SPA) with FCP for the sale of 47.1% of the total issued shares of FCEPL. In accordance with the terms of the SPA, the Holding Company is required to pay to FCP, an amount equivalent to 47.1% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses incurred, in case any tax contingency materializes. The Holding Company, based on the opinion of FCEPL's tax and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognized in these consolidated financial statements in this respect.

(Amounts in thousand)

33.2.3 On March 28, 2022, and as supplemented from time-to-time Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account (PSRA) SBLCs amounting to US Dollars 23,316 and Rs. 1,029,044 respectively on behalf of EEL, a wholly owned subsidiary, for its PSRA commitments related to EPTL in favour of their project lenders. These SBLCs are partially secured by pledging 53,000,000, 58,000,000 and 33,500,000 shares of EFert, EPCL and FCEPL respectively.

33.2.4 Following are the details of securities pledged by the Holding Company:

- Standby Letters of Credit (Equity SBLC) have been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 5,660 (2021: US Dollars 8,635) for its equity commitments related to the SECMC, its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) October 31, 2023; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Holding Company by pledging Treasury Bills.
- Standby Letter of Credit (Put Option SBLC) has been provided by EEL, a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (2021: US Dollars 21,070) in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2029; or (ii) fulfilment of sponsor obligations pursuant to Put Option SSA. This guarantee was secured by pledging Holding Company's shares of EFert and FCEPL of quantities 97,000,000 and 25,000,000 respectively.

33.2.5 EETPL has issued SBLCs amounting to US Dollars 22,500 (2021: US Dollars 22,500). This has been secured by the Holding Company by pledging Treasury Bills.

### 33.3 Engro Fertilizers Limited and its subsidiary company

33.3.1 In 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of EFert u/s 177 of the Ordinance for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directive issued by FBR. As such, EFert received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. EFert had filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)) against all amendment orders. During the year, the decision of the CIR(A) has been received for all these years where the legal objections inter alia taken up on the selection / conduct of audit in this manner have been upheld. In these orders favorable decision has been made on majority of the matters while maintaining inadmissibility of certain expenses and disallowance of WPPF aggregating to Rs. 581,898. EFert has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the unfavorable decision of CIR(A).

Subsequently, the tax department has issued appeal effect orders based on favorable CIR(A)'s decision and has additionally maintained disallowance of amortization of intangibles aggregating to Rs. 194,148 as well as WPPF in the tax year 2018. Appeal before CIR(A) has been filed against these orders.

(Amounts in thousand)

In respect of sales tax audits, during 2021, the tax department only issued a Show Cause Notice (SCN) for TY 2017. EFert filed Constitutional Petitions before the High Court of Sindh (HCS) challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 13, 2021, the HCS granted ad-interim orders in favour of EFert for all three tax years.

EFert's management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

33.3.2 In 2018, the tax department [i.e. Large Taxpayers Unit (LTU)] raised an order for the period June 2016 to July 2017 with a demand of Rs.1,006,000 mainly on account of further sales tax to be charged on fertilizers sales to unregistered persons. EFert filed an appeal before the CIR(A) who disposed off the appeal in favour of the tax department. Thereafter, EFert filed an appeal before the ATIR and it also decided the same in favour of the tax department. EFert challenged the ATIR Order, to the extent of its ruling in relation to exemption from further sales tax, before the HCS by filing Sales Tax Reference Application. On October 11, 2021, the HCS granted an ad-interim order restraining the tax department from taking coercive action against EFert in respect of the recovery of the impugned demand. EFert's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.

33.3.3 In 2017, the High Court of Islamabad through its order dated June 8, 2017 held that the income derived by the Contractor from its contract with EFert is subject to tax as per Article 5(4) of Double Taxation Treaty between Pakistan and the Netherlands thus confirming the demand raised in the respective orders aggregating to Rs. 1,178,391. In respect thereof, the Contractor preferred an appeal in the Supreme Court of Pakistan (SCP). In 2019, the SCP decided the case on ex-parte basis against the contractor. In 2021, the SCP accepted the review application for the case restoration. During the year, the case has been heard announcing the appeal in favour of the Contractor. Detailed judgement is awaited. No provision has been made by the Group in these consolidated financial statements.

33.3.4 In 2015, EFert received a sales tax order from the tax department for the tax periods January 01, 2013 to December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on presumption that output tax liability is not being discharged by EFert on advances received from dealers amounting to Rs. 1,844,075. EFert filed an appeal thereagainst with the CIR(A) which decided the matters in favour of EFert. The department thereafter challenged the decision of the CIR(A) with the ATIR, which is pending to be heard. No provision has been made by the Group in this respect in these consolidated financial statements.

33.3.5 EFert filed a constitutional petition in the HCS against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to EFert's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. Through its order dated October 18, 2011, the HCS ordered that SNGPL should supply 100 mmscfd of gas per day to the EFert's new plant. However, five petitions have been filed in the SCP against the aforementioned order of the HCS by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited alongwith twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. EFert's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be remote.

(Amounts in thousand)

Further, EFert upon continual curtailment of gas after the aforementioned decision of the HCS has filed an application in respect of Contempt of Court under Article 199 and 204 of the Constitution of Pakistan. EFert, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the EFert's plant despite the judgment of the HCS in EFert's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the HCS. The application is pending for hearing and no orders have yet been passed in this regard.

33.3.6 In 2013, EFert, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 (2010 Act) in relation to the alleged unreasonable increase in fertilizer prices. EFert has responded in detail that factors resulting in such increase were mainly due to imposition of infrastructure cess, sales tax and gas curtailment. The CCP issued an order in March 2013, whereby it held that EFert has a dominant position in the urea market and that it has abused the same by unreasonable increases in urea prices during the period December 2010 to December 2011. The CCP also held another major fertilizer company to be responsible for abusing its dominant position. Moreover, the CCP imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on the EFert and the other fertilizer company, respectively. An appeal has been filed before the Competition Appellate Tribunal (CAT) and a writ has been filed in the HCS wherein stay has been granted in favour of the EFert restraining CCP and Federation of Pakistan (i.e. Respondents) from taking any coercive action.

In case of the other fertilizer company, the CAT has transferred the case back to the CCP for reassessment. EFert has also challenged the composition of the CAT before HCS and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against EFert during the pendency of the petition. EFert's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect in these consolidated financial statements.

33.3.7 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to EFert's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 between EFert and SNGPL be declared void ab initio because the output of Qadirpur gas field has in fact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. EFert has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to EFert through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the new plant, with right to first 100 mmscfd gas production from the Qadirpur gas field; and (iii) both EFert and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in SCP. However, EFert's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

33.4 Elengy Terminal Pakistan Limited and its subsidiary company

(Amounts in thousand)

33.4.1 The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The law for infrastructure fee thereafter was last amended through the Sindh Finance Act, 2014 according to which infrastructure fee will range from 0.9% to 0.95% of the total value of goods as assessed by the Custom Authorities plus one paisa per kilometer against various slab of net weight of goods.

On July 11, 2014, EETPL filed a petition against the aforementioned levy before HCS where it is currently pending. Earlier, HCS through an interim order on November 11, 2014 on petitions filed by others, directed companies to clear the goods on paying 50% of the amount of levy and furnishing bank guarantee / security for the balance amount.

On June 4, 2021, the HCS through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ("the Cess") promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. However, EETPL has paid 50% of the above levied cess and has provided bank guarantee amounting to Rs. 17,000 (2021: Rs. 17,000) in favour of the Custom Authorities to comply with interim orders of the Court dated November 14, 2014 for the above levied cess. EETPL has filed a petition against the judgement dated June 04, 2021 before SCP challenging the judgement dated June 04, 2021 before SCP. The SCP in its interim order dated September 01, 2021 decided till further orders, operations of the impugned judgement of the HCS dated June 04, 2021 and the recovery of the levy shall remain suspended and that EETPL will continue to comply with the interim order of HCS dated November 14, 2014. EETPL based on the merits of the case and as per the opinion of its legal advisor, EETPL expects a favourable outcome on the matter and accordingly no provision has been made on remaining 50% of the levy in these consolidated financial statements.

33.4.2 EETPL in connection with the import of Floating Storage and Regasification Unit (FSRU) received a demand from Customs Authority amounting to Rs. 1,530,494 contending that the import of FSRU attracts payment of advance income tax. EETPL is of the view that the EETPL's profits and gains were exempt from income tax for 5 years from the date of commercial operations. EETPL in response to the above demand filed an appeal based on which the Chief Commissioner Inland Revenue (CCIR) through its order dated August 22, 2016 remanded the case back to the concerned commissioner, which again rejected the request for exemption against which EETPL filed an appeal before CCIR. In 2020, CCIR decided appeal against EETPL vide order dated July 24, 2020 against which EETPL filed an appeal before the HCS on August 6, 2020 and has obtained stay in this regard. EETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favorable outcome on the matter and accordingly, no provision has been made in this respect in these consolidated financial statements.

33.4.3 In accordance with the clause 18.1 of the Time Charter Party and LNG Storage and Regasification Agreement (TCP) except for the bunkers present onboard the FSRU upon delivery at the commencement of the term of TCP, EETPL is responsible for the bunkers used onboard the FSRU during the term of TCP. EETPL is also required to ensure that at the end of the term of TCP, the FSRU contains bunkers in the same quantities that were present at the time of delivery at the commencement of the Term. In 2021, the FSRU was substituted for the purpose of dry docking and thereafter redelivered however no intimation was given to EETPL by master of ship under clause 18.3 for bunkers and LNG remaining on board nor any amounts have been claimed by Excelsior Energy Middle East, LLC (EE) so far during the term in this respect. Due to lack of information from EE and / or master of the ship and interpretation of relevant clauses of TCP, EETPL reassessed its position and is of the view that the amount of liability cannot be measured with sufficient reliability at this stage.



(Amounts in thousand)

33.5 Engro Energy Limited and its subsidiary companies

33.5.1 On February 11, 2021, EPQL and CPPA signed Master Agreement, wherein it was agreed that the dispute related to alleged savings will be resolved through arbitration. In accordance with the Master Agreement, EPQL and GoP signed the Arbitration Submission Agreement (ASA) on June 15, 2022. Subsequently, the arbitrators have been appointed as per ASA. EPQL's management believes that there are strong grounds that the matter will ultimately be decided in favour of the EPQL.

33.6 Engro Eximp Agriproducts (Private) Limited (EEAP)

33.6.1 In 2017, the tax department had raised a demand of sales tax of Rs. 250,000 for not charging sales tax on rice husk / rice bran for the tax year 2015. There was an error in the order as the department had treated all the by-products falling under the category of rice bran or rice hull / husk; though in reality the proportion of these two products among by-products is comparatively low while rice bran was admittedly exempt during that period. As the value of rice husk was wrongly taken, the CIR(A) has vacated the order and demand but upheld the legal position regarding charging of sales tax on rice husk. EEAP has gone in appeal as it is of the view that the department is not treating husk correctly. Currently, the matter is pending before the Appellate Tribunal and based on the opinion of its tax consultant, EEAP's management is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.

33.7 Associated Companies and Joint Venture

33.7.1 Details of material contingency which might affect share of profit from associates and joint venture is as follows:

33.7.2 FCEPL has provided bank guarantees to The Government of Sindh, amounting to Rs. 323,386 (2021: Rs. 268,387) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021 SCP through its order dated September 1, 2021 has directed that till further orders operation of the impugned judgement of the HCS dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. SCP's order further stated that the petitioners (including FCEPL) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

33.7.3 Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amount to Rs. 2,418,431 (2021: Rs. 1,716,093). Other commitments include arrangements in respect of standby letters of credit and Ijarah which are not material to the Group.

33.8 Commitments

Details of commitments as at December 31, 2022 entered by the Group are as follows:

33.8.1 Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs. 43,204,163 (2021: Rs. 31,245,701).

33.8.2 The aggregate facilities available to the Group for opening Letter of credits and bank guarantees, and other commitments other than those disclosed elsewhere in these consolidated financial statements, amount to Rs. 35,314,255 (2021: Rs. 28,424,600).

(Amounts in thousand)

33.8.3 In 2019, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6,993. During the year, there was an increase in the project cost by EUR 662 due to increase in price of catalyst. As at December 31, 2022, outstanding commitment for civil works and equipment procurement amounts to EUR 1,331 (2021: EUR 367).

33.8.4 In 2021, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide Plant at a consideration of CNY 104,400. As at December 31, 2022, outstanding commitment for civil works and equipment procurement amounts to CNY 70,592 (2021: CNY 104,400).

33.8.5 In 2021, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide Plant at a consideration of Rs. 927,000. As at December 31, 2022, outstanding commitment amounts to Rs. 472,174 (2021: Rs. 741,600).

33.8.6 In May 2022, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the manufacturing plant for a consideration of Rs. 470,000. As at December 31, 2022, outstanding commitment for equipment procurement amounts to Rs. 180,716 (2021: Nil)

33.8.7 EPCL 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. 3,600 (2021: Rs. 2,500).

33.8.8 EETPL under the Time Charter Party and LNG Storage and Re-gasification Agreement with Excelerate Energy Middle East, LLC (EE) has furnished SBLC through National Bank of Pakistan amounting to USD 22,500 (2021: USD 22,500) to EE. This SBLC is valid till March 7, 2023 and is renewable annually. The aforementioned guarantee is secured against the Holding Company owned Treasury Bills equivalent to 10% margin of the facility amount and a corporate guarantee and project assets of EETPL.

33.8.9 National Bank of Pakistan (NBP) has issued Standby Letter of Credit (Equity SBLC) worth USD 18,900 (in Pak Rupee equivalent) on behalf of EEL for its equity commitments related to SECMC in favour of the Inter-creditor Agent (Habib Bank Limited) and SECMC. The Equity SBLC has been furnished for subscription and / or contribution of sponsor equity pursuant to the Sponsor Support Agreement (SSA) originally dated February 26, 2016, and amended and restated from time to time. Equity SBLC expire as per the terms of the SSA. The SBLC is secured through lien over cash or cash equivalent of the Holding Company. As of December 31, 2022, the outstanding amount of SBLC is USD 5,600 (2021: USD 8,635).

33.8.10 Allied Bank of Pakistan (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21,070 on behalf of EEL relating to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) dated March 22, 2016 and expires on earlier of (i) June 30, 2023 or (ii) on payment of the Maximum Amount. It is secured through lien over cash and cash equivalents of the Holding Company.

(Amounts in thousand)

33.8.11 EEL has also provided sponsor support contractual commitment for cost overrun, among other commitments, in favour of Senior Lenders amounting to cumulative USD 6,300 for SECMC Phase I and Phase II Expansion pursuant to the Amended and Restated Sponsor Support Agreements (A&R SSA) dated September 02, 2019 for SECMC and USD 41,600 pursuant to Amendment and Restatement Sponsor Support Agreement dated February 12, 2016 in case of EPTL.

Phase I and Phase II have been achieved; however, the cost overruns / commitment will be released on finalization of Project Completion Document (PCD). PCD for Phase I has been filed with lenders and is expected to be concluded in 2023, following which PCD for Phase II will also be initiated.

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

33.8.13 In 2018, EEL took over the operations and maintenance of the power plant owned by Tenaga Generasi Limited (TGL) under an agreement signed between both parties. EEL needs to submit a performance bond equivalent to USD 930 on an annual basis as per the agreement. The bond was furnished by EEL on October 21, 2019 and was extended upto December 20, 2022. It is in the process of being renewed.

33.8.14 On March 28, 2022, and as supplemented from time-to-time Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account Standby Letter of Credit worth USD 23,316 and Rs. 1,029,044 on behalf of EEL for its commitments related to EPTL in favor of their Senior Lenders.

33.8.15 EEAP has entered into export selling contracts of 2,100 tons (2021: 26,202 tons) of Super Basmati Rice to various parties on a agreed terms for delivery on various date subsequent to the year end. The sales value of these open commitments at year end amounts to Rs. 619,103 (2021: Rs. 3,687,500).

33.8.16 Following bank guarantees have been extended by other companies of the Group:

- EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to Rs. 1,860,000 (2021: Rs. 1,620,000) and Rs. 930,000 (2021: Rs. 810,000) in favour of SSGCL to guarantee performance of its obligations under the LNG Operations and Services Agreement (LSA). The aforementioned guarantee is secured against project assets of EPTL and the Holding Company's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2023 and are renewable annually.
- EETPL has provided bank guarantee amounting to Rs. 1,952,145 (2021: Rs. 1,881,115) from MCB Bank Limited and Rs. 1,322,483 (2021: Nil) from Bank Alfalah Limited, in favor of Nazir of the Court to comply with the interim orders of the HSC. During the last year, tax department filed application to the HSC to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the HSC.
- EFert has issued bank guarantees amounting to Rs. 9,117,070 (2021: Rs. 5,332,652) in favour of third parties.

(Amounts in thousand)

- EPCL has availed aggregate facilities for issuance of performance guarantees by the banks on its behalf as at December 31, 2022 amounting to Rs. 7,048,000 (2021: Rs. 5,148,000). The amount utilized there against as at December 31, 2022 is Rs. 6,268,568 (2021: Rs. 3,336,182).

The performance guarantees of Rs. 73,644 and Rs. 286,682 given in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of Engro Peroxide (Private) Limited, respectively. With regards to greenfield status, the management of the EPCL is of the view that if any payment on account of sales tax and income tax which amounts to Rs. 149,620 is required to be made to the Government authorities, the same will be recoupable in its tax returns for future periods. Accordingly, no provision has been made in this respect.

- EEL, in order to provide the collateral to all the Bank Guarantees issued by Bank Alfalah Limited, Allied Bank Limited has issued counter guarantee on behalf of EEL amounting to Rs. 400,000 in favor of Bank Alfalah Limited.

- Bank guarantees amounting to Rs. 2,496,126 (2021: Rs. 2,496,126) have been given by EPQL to Sui Northern Gas Pipelines Limited (SNGPL) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between EPQL and SNGPL.

- National Bank Limited, Askari Bank Limited and Faysal Bank Limited, have issued guarantees of Rs. 1,500,000, Rs. 1,000,000 and Rs. 2,066,800, respectively, expiring on December 31, 2023, December 28, 2023 and July 6, 2024, respectively. Further, Meezan Bank Limited has issued three guarantees of Rs. 1,114,610, Rs. 900,000 and Rs. 485,000 each expiring on November 21, 2023, December 27, 2023 and August 3, 2023 respectively. These guarantees have been issued on behalf of EPTL in favour of SECMC to secure EPTL's payment obligations under the Coal Supply Agreement. The SBLC issuing Banks have entered into a non-funded financing facility with EPTL as Junior Creditors and acceded the Intercreditor Agreement and security accordingly.

33.9 For other tax related matters, refer note 42

### 34. revenue

Own manufactured products (notes 34.1 and 34.2)

Less:

- Sales tax
- Discounts

Purchased products  
Services rendered (note 34.3)  
Less: Sales tax

2022                      2021  
-----Rupees-----

292,903,884	273,152,534
(23,991,695)	(16,600,268)
(2,297,964)	(1,827,474)
(26,289,659)	(18,427,742)
<u>266,614,225</u>	<u>254,724,792</u>
63,532,101	44,445,348
31,209,905	18,592,513
(4,928,705)	(6,175,252)
89,813,301	56,862,609
<u><u>356,427,526</u></u>	<u><u>311,587,401</u></u>

(Amounts in thousand)

34.1 Includes export sales amounting to Rs. 6,817,888 (2021: Rs. 7,916,927) in European, USA, Middle East and Afghanistan markets.

	2022	2021
	-----Rupees-----	
34.2 Includes revenue from sale of Energy which comprises of:		
Capacity purchase price (note 34.2.1)	43,773,052	34,031,257
Energy purchase price	50,761,902	53,087,941
	<b>94,534,954</b>	<b>87,119,198</b>

34.2.1 On June 15, 2022, National Electric Power Regulatory Authority (NEPRA) decided upon the Commercial Operations Date (COD) Adjustment Tariff (Tariff Decision), forming the basis on which future indexations in the EPTL's tariff are to be made and the revenue is to be recognized with effect from the COD. EPTL believes that the aforementioned Tariff Decision is principally not in accordance with EPTL's Upfront Tariff issued by NEPRA dated March 13, 2015, and being aggrieved from the Tariff Decision, EPTL had filed an appeal before the Appellate Tribunal - NEPRA on July 13, 2022 in accordance with the applicable legislation.

Further, EPTL had obtained a stay order from HCS against the above Tariff Decision till the finalisation of EPTL's appeal before the Appellate Tribunal - NEPRA. Accordingly, the Tariff Decision dated June 15, 2022 also stands suspended.

In light of the aforementioned appeal filed and favorable advice from EPTL's legal counsel, EPTL's management had assessed that it has strong legal grounds against certain disallowances made by NEPRA in the Tariff Decision and the Group has continued to recognize revenue in these consolidated financial statements in accordance with its interpretation of the relevant tariff provisions.

However, there are certain adjustments disallowed in the Tariff Decision which are applicable on EPTL post CoD and the Group had decided to recognize its impact in these consolidated financial statements amounting to Rs. 2,338,389 which pertains to prior periods i.e. from July 10, 2019 till December 31, 2021. Resultantly, the Group has recognized contract liability of Rs. 833,355.

34.3 This includes revenue from services rendered by EETPL which comprises of:

	2022	2021
	-----Rupees-----	
Operating lease rental income	1,261,205	983,699
Revenue from O&M services	4,125,807	3,137,001
Finance income on sublease	6,139,802	5,153,362
Revenue from utilization / regasification services	4,882,042	3,685,727
	<b>16,408,856</b>	<b>12,959,789</b>

(Amounts in thousand)

**35. cost of revenue**

	2022	2021
	-----Rupees-----	
Cost of goods sold (note 35.1)	233,446,118	199,846,819
Cost of services rendered (note 35.2)	14,021,085	8,332,033
Finance cost on lease liabilities	4,341,277	3,675,852
	<b>251,808,480</b>	<b>211,854,704</b>

35.1 Cost of goods sold		
Raw and packing materials consumed including unprocessed rice (notes 35.1.2 and 35.1.4)	120,366,664	104,667,094
Salaries, wages and staff welfare (note 35.1.3)	5,321,923	5,767,405
Fuel and power	28,561,919	25,642,334
Operation and management	-	3,730,876
Repairs and maintenance	7,233,362	3,671,968
Depreciation - Right-of-use asset (note 5.2)	449,662	419,364
Depreciation (note 4.4)	11,885,090	11,070,934
Amortization (note 6.1)	28,543	37,176
Consumable stores	2,098,563	2,057,542
Staff recruitment, training, safety and other expenses	906,447	733,977
Purchased services	3,058,878	2,040,589
Storage and handling / product transportation	2,761,435	2,329,666
Travel	626,178	357,868
Communication, stationery and other office expenses	143,721	77,786
Insurance	2,819,284	2,351,378
Rent, rates and taxes	241,754	259,316
Provision against surplus and slow moving spares (note 13.1)	84,591	195,262
Write-off of stores and spares (note 13.2)	25,975	98,719
Write-off of stock-in-trade (net of proceeds) (note 14.1.1)	237,549	49,265
Other expenses	128,842	64,249
Manufacturing cost	186,980,380	165,622,768

Add: Opening stock of work-in-process	177,862	135,688
Less: Closing stock of work-in-process (note 14)	133,161	177,862
	44,701	(42,174)

Cost of goods manufactured 187,025,081 165,580,594

Add: Opening stock of finished goods manufactured	7,351,417	7,588,920
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Less: Closing stock of finished goods manufactured (note 14)	9,469,340	7,351,417
	(2,117,923)	237,503

Cost of goods sold - own manufactured product	184,907,158	165,818,097
- purchased product (note 35.1.1)	48,538,960	34,028,722

**233,446,118 199,846,819**

35.1.1 Cost of goods sold - purchased product

Opening stock (net of NRV)	8,523,247	1,020,662
Add: Purchases	49,469,428	41,531,307
Less: Closing stock (net of NRV)	9,453,715	8,523,247
	<b>48,538,960</b>	<b>34,028,722</b>



(Amounts in thousand)

- 35.1.2 This includes an amount of Rs. 2,402,000 representing downward adjustment of inventory relating to the Group's subsidiary EEAP, identified during the third quarter of the current year based on an exercise carried out by the management of EEAP to reconcile inventory balances as appearing in books and the inventory available in warehouses.
- 35.1.3 This includes Rs. 396,648 (2021: Rs. 337,450) in respect of staff retirement benefits.
- 35.1.4 This includes reversal of cost amounting to Rs. 12,130,839 to be charged by SECMC based on the decision given by Thar Coal Energy Board (TCEB) on December 29, 2022 related to the CoD stage tariff for 3.8 mtpa tariff true up of SECMC. Resultantly, the Group has also accounted for consequential adjustment in revenue by the same amount and recognized contract liability of Rs. 12,130,839 (note 29).

	2022 -----Rupees-----	2021 -----Rupees-----
<b>35.2 Cost of services rendered</b>		
Fixed expenses	2,539,978	1,852,227
Variable expenses (note 35.2.2)	3,289,463	2,367,451
Operational and maintenance services	996,950	1,193,140
Depreciation (note 4.4)	2,026,426	398,397
Depreciation - Right-of-use asset (note 5.2)	603,671	354,230
Amortization (note 6.1)	10,889	63
Amortization of direct cost on FSRU	86,516	86,516
Salaries, wages and staff welfare (note 35.2.1)	865,853	708,418
Fuel and power	2,143,452	541,992
Purchased services	160,218	199,453
Communication and other office expenses	89,105	100,727
Stores and spares consumed	-	77,983
Repairs and maintenance	504,839	284,008
Travelling and entertainment	157,238	68,571
Security and other expenses	525,328	96,054
Others	21,159	2,803
	<b>14,021,085</b>	<b>8,332,033</b>

- 35.2.1 This includes Rs. 39,718 (2021: Rs. 29,808) in respect of staff retirement benefits.
- 35.2.2 This includes Rs. 1,989,088 (2021: Rs. 1,724,391) in respect of royalty charges paid to Port Qasim Authorities as per the LSA.

(Amounts in thousand)

**36. selling and distribution expenses**

	2022 -----Rupees-----	2021 -----Rupees-----
Salaries, wages and staff welfare (note 36.1)	1,629,617	1,435,788
Staff recruitment, training, safety and other expenses	196,958	196,309
Product transportation and handling	5,448,535	4,684,979
Repairs and maintenance	19,225	10,258
Advertising and sales promotion	755,244	435,539
Rent, rates and taxes	554,666	577,379
Communication, stationery and other office expenses	49,988	31,004
Travel	307,305	98,513
Depreciation (note 4.4)	154,212	138,007
Depreciation - Right-to-use asset (note 5.2)	25,299	-
Amortization (note 6.1)	4,371	4,756
Purchased services	96,926	121,366
Others	83,504	85,393
	<b>9,325,850</b>	<b>7,819,291</b>

- 36.1 This includes Rs. 137,130 (2021: Rs. 119,723) in respect of staff retirement benefits.

**37. administrative expenses**

	2022 -----Rupees-----	2021 -----Rupees-----
Salaries, wages and staff welfare (note 37.1)	4,993,768	3,101,845
Staff recruitment, training, safety and other expenses	222,203	206,122
Repairs and maintenance	87,440	58,929
Advertising	418,551	235,118
Rent, rates and taxes	525,279	378,876
Communication, stationery and other office expenses	506,512	461,803
Travel	862,619	393,877
Depreciation - Right-of-use asset (note 5.2)	245,086	244,739
Depreciation (note 4.4)	547,752	312,530
Amortization (note 6.1)	368,457	202,797
Purchased services	1,960,888	1,780,844
Directors' remuneration	479,698	228,848
Share based compensation expense (note 37.2)	133,993	-
Others	424,401	52,515
	<b>11,776,647</b>	<b>7,658,843</b>

- 37.1. This includes Rs. 393,174 (2021: Rs. 285,187) in respect of staff retirement benefits.
- 37.2. This represents expense recognized for cash settled share based payment transactions of Rs. 133,993 (2021: Nil) (note 28.9).

(Amounts in thousand)

**38. other income**

Financial assets:

Income on deposits / other financial assets  
Interest on amount receivable from SSGCL  
Others

	2022	2021
	-----Rupees-----	
	14,196,542	7,754,537
	161,969	170,749
	-	4,378
	<b>14,358,511</b>	<b>7,929,664</b>

Non financial assets:

Insurance claims  
Gain on disposal of property, plant and equipment  
Delayed payment charges on overdue receivables  
Income from sale of spares / scrap  
Reversal of impairment of property, plant and equipment (note 4.5)  
Others

	106,743	54,803
	260,370	3,458
	5,233,201	3,702,727
	181,248	120,418
	1,458,297	-
	275,490	416,317
	7,515,349	4,297,723
	<b>21,873,860</b>	<b>12,227,387</b>

**39. other operating expenses**

Workers' profits participation fund  
Workers' welfare fund  
Legal and professional charges  
Human resource development  
Research and development  
Auditors' remuneration (note 39.1)  
Provision for doubtful debts (note 15.6)  
Donations (note 55)  
Exchange loss  
Impairment against long-term investment and off balance sheet obligation of investee company  
Write-off of property, plant and equipment  
Others (note 39.2)

	2,006,619	2,566,039
	627,473	745,505
	547,066	823,958
	21,351	134,701
	2,507,929	1,579,583
	155,884	94,753
	12,426	289,094
	800,832	1,196,668
	2,998,075	658,979
	71,146	691,371
	270	120,968
	285,877	334,062
	<b>10,034,948</b>	<b>9,235,681</b>

39.1 Auditors' remuneration:

The aggregate amount charged in respect of auditors' remuneration, including remuneration of auditors of foreign subsidiaries, is as follows:

(Amounts in thousand)

Fee for:

- audit of annual financial statements  
- review of half yearly financial information  
- Special audits, certifications, review of compliance with the Code of Corporate Governance and other assurance & advisory services

Taxation services  
Reimbursement of expenses

	2022	2021
	-----Rupees-----	
	20,236	17,390
	5,238	5,149
	48,587	30,192
	76,670	37,515
	5,153	4,507
	<b>155,884</b>	<b>94,753</b>

39.2 This includes an amount equal to 51% of the sales tax receivable of FrieslandCampina Engro Pakistan Limited (FCEPL), an associated company, recognized in the financial years 2012 to 2016, which the Holding Company is required to pay, under the Share Purchase Agreement (SPA) with FrieslandCampina Pakistan Holding B.V. (FCP), if the same is not recovered by FCEPL within six years after it is recognized. Accordingly, on prudence basis, the Holding Company has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered till December 31, 2022.

**40. finance cost**

Interest / mark-up on:

- long term borrowings  
- short term borrowings  
Markup on Shariah compliant borrowings  
Interest on lease liabilities  
Unwinding of deferred incentive revenue  
Foreign exchange loss, net  
Amortization of transaction costs  
Financial / bank charges  
Default surcharge on GIDC  
Delayed payment charges  
Others

	2022	2021
	-----Rupees-----	
	15,553,638	10,038,921
	3,588,937	1,253,956
	151,940	136,315
	1,537,633	906,275
	79,313	121,417
	789,319	344,883
	885,075	1,012,054
	1,770,705	1,112,736
	503,733	156,583
	3,806,908	2,055,404
	77,038	135,514
	<b>28,744,239</b>	<b>17,274,058</b>

**41. share of income from joint venture and associates**

Joint venture:

Engro Vopak Terminal Limited  
Share of profit before taxation  
Less: Share of provision for taxation

Associates:

Share of profit from:

- Sindh Engro Coal Mining Company Limited  
- FrieslandCampina Engro Pakistan Limited

	1,975,972	1,653,036
	(753,203)	(477,579)
	<b>1,222,769</b>	<b>1,175,457</b>
	1,008,703	1,331,413
	983,804	719,827
	1,992,507	2,051,240
	<b>3,215,276</b>	<b>3,226,697</b>

(Amounts in thousand)

**42. taxation**

	2022	2021
	-----Rupees-----	
Current		
- for the year (note 42.1)	20,570,800	18,402,348
- for prior years (notes 42.1 to note 42.3)	6,512,742	(1,455,423)
	<u>27,083,542</u>	<u>16,946,925</u>
Deferred		
- for the year	(4,995,038)	1,716,380
- for prior years	1,174	(6,092)
	<u>(4,993,864)</u>	<u>1,710,288</u>
	<u><b>22,089,678</b></u>	<u><b>18,657,213</b></u>

42.1 Includes super tax aggregating to Rs. 2,604,907 and Rs. 2,589,681 for the year ended December 31, 2021 [(tax year 2022) (as explained in note 33.1)] and December 31, 2022 (tax year 2023) respectively, on account of provision made in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022.

The management of the Group believes that the tax authorities will file an appeal before the Supreme Court of Pakistan (SCP) against the decision of HCS. However, legal advisors have opined that there are reasonable chances that SCP will uphold the decision of HCS on the matter of 6% discriminatory super tax. Accordingly, the Group, based on legal advice, has recognized provision at the rate of 4% for all eligible companies in the Group including those falling under the notified sectors for the year ended December 31, 2021 and 2022.

42.2 This includes an amount of Rs. 6,457,059 (2021: Nil) relating to the disallowance of GIDC provision by the income tax department on account of non-payment. The Group has therefore recognized the prior year charge and a corresponding impact on deferred tax asset which shall be realized once the matter is settled by the Court as disclosed in note 27.

42.3 During the year, the Holding Company's management has reassessed its income tax provisions based on the finalization of its income tax assessments of prior tax years from 2011 to 2022 by the income tax department. Upon such assessment, the Holding Company's management has recognized a reversal of tax provisions amounting in aggregate to Rs. 1,444,225 in these consolidated financial statements.

Details of significant income tax matters are as follows:

42.4 The Holding Company

42.4.1 In 2016, an amendment was introduced in the Ordinance, via the Finance Act, 2016 imposing tax on Inter-Corporate Dividends (ICD) which were previously exempt to companies designated as a Group under section 59B of the Ordinance. Subsequently, in December 2019, the exemption on ICD was restored through amendment in the Ordinance vide Tax Laws (Second Amendment) Ordinance, 2019 (the Amendment Ordinance). However, in respect of the dividends received before the said amendment, the Holding Company had challenged the imposition of tax on ICD in HCS and has been granted a stay in this respect.

(Amounts in thousand)

In 2020, the Amendment Ordinance was laid down before the Parliament and enacted as Tax Laws (Amendment) Act 2020 (the 2020 Act). The 2020 Act ratified the exemption on ICD restored by the Amendment Ordinance, however, the provision granting exemption from application of withholding tax on ICD, as previously deleted by Finance Act 2016, was not restored. Hence, in respect of the ICD received by the Holding Company from its subsidiaries during the year 2020, the Holding Company obtained stay from the HCS against deduction of withholding of tax.

Subsequently in 2021, the exemption of income tax on ICD was again withdrawn via Tax Laws (Second Amendment) Ordinance, 2021 in March 2021 and subsequently by Finance Act 2021. The Holding Company has again challenged the amendment before the HCS and stay has been granted in this respect. The management, on prudent basis, has recognized a tax charge of Rs. 9,218,658 (2021: Rs. 6,408,991) in these consolidated financial statements pertaining to periods during which exemption of income tax on ICD remained withdrawn.

42.4.2 Through the Finance Act 2015, levy of 'Super Tax for rehabilitation of temporarily displaced persons' under section 4B of the Ordinance was introduced for tax year 2015. The said levy was extended and made applicable on succeeding years via subsequent Finance Acts upto financial year ended December 31, 2018. In the year 2019, through Finance Supplementary Act, 2019, the levy of Super Tax is prescribed at zero percent from financial year ended December 31, 2019 onwards for companies other than banking companies.

In 2020, the petition filed by the Holding Company along with other taxpayers against the imposition of Super Tax in the HCS was rejected vide order dated July 21, 2020. The Holding Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the HCS in the Supreme Court of Pakistan (SCP). Consequent to the High Court judgement, the tax authorities issued notices to the Holding Company and subsequently framed orders for recovery of Super Tax for tax years 2017 to 2019 with total tax demand of Rs. 2,232,966. Appeal was filed against these orders with Commissioner Inland Revenue (Appeals) (CIR(A)) on certain contentions and factual grounds. The CIR(A) has decided all appeals against the Holding Company and maintained the levy of Super Tax considering the HCS judgement. The Holding Company has filed a further appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending to be heard.

In November 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Holding Company) subject to them depositing 50% of the impugned outstanding tax amount.

The Holding Company has till date paid Super Tax amounting to Rs. 265,389 through adjustments of excess tax refunds against the demand for tax years 2018 and 2019. Adequate provision for Super Tax for the respective tax years is being maintained in these consolidated financial statements.

42.4.3 Following is the position of the Holding Company's open tax assessments:



(Amounts in thousand)

42.4.3.1 During the year, the Deputy Commissioner Inland Revenue (DCIR) - Audit has finalized the tax audit proceedings for tax year 2018 which is a "Group Return" filed under section 59AA of the Ordinance with its wholly owned subsidiaries EEL and EEAP. The Amended Order dated January 9, 2023, creates tax demand of Rs. 211,992 which is mainly on account of disallowances made of the provision pertaining to retirement benefits in the case of the Holding Company, a portion of disallowance of 'Purchases' for alleged non-withholding of taxes thereon in the case of EEAP and taxation of project management fee in the case of EEL as 'services rendered' at the rate of 7 percent vis a vis 8 percent as per the return.

Super Tax under section 4B of the Ordinance has also been reworked to Rs. 321,581 in this order based on the revised amounts of taxes determined. Moreover, the entire amount has been considered recoverable despite the adjustments made.

The Holding Company is in the process of filing an appeal against the order before the CIR(A). The management of the Holding Company is confident of a positive outcome of the case.

42.4.3.2 In 2020, the Assistant Commissioner Inland Revenue (ACIR) - Audit through order dated December 22, 2020 amended the return for the tax year 2017 by creating tax demand of Rs. 4,335,176 mainly on account of tax levied on undistributed profits under section 5A and Super Tax under section 4B. The Holding Company had obtained stay from HCS against the levy of tax on undistributed profits, therefore the said demand was not recoverable by the tax department. In April 2021, the HCS disposed of the appeal against the levy of tax under section 5A as ultra vires to the Constitution. During the year, the ACIR passed the order dated December 30, 2022 rectifying the earlier order in relation to the levy of tax on undistributed profits. Thereafter, the demand of Rs. 4,335,176 was reduced and refundable of Rs. 392,231 was determined. As normal recourse, the Holding Company filed an appeal against the order of ACIR - Audit before the CIR(A) which has been heard on January 31, 2023 and is reserved for order. The management of the Holding Company is confident of a positive outcome of the case.

42.4.3.3 In 2020, the income tax department, in respect of the tax year 2014, amended the return by creating tax demand of Rs. 401,240 whereby the Additional Commissioner Inland Revenue (ACIR) has levied tax on capital gains on disposal of shares of listed subsidiary, apportioned expenses against dividend income, disallowed the classification of 'Interest Income' as "Income from Business" as well as not allowing the adjustment of brought forward capital losses and brought forward minimum tax paid under section 113(2)(c) of the Ordinance. As a normal recourse, the Holding Company filed an appeal against the order of ACIR before the CIR(A). During the year, Appellate order has been framed by CIR(A) and favorable decision was made in respect of taxation of capital gains on disposal of shares of listed subsidiary whereas other matters have been remanded back to the ACIR for reconsideration.

42.4.3.4 During 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs. 128,400, whereby, the ACIR - Audit has levied tax on inter-corporate dividends, Super Tax including on exempt income, the effects of classification of 'Interest Income' as "Income from Other Sources" as well as not allowing the adjustment of the minimum tax paid under section 113(2)(c) of the Ordinance. In the year 2019, the CIR(A) vide order dated May 6, 2019 has maintained the matter relating to taxation of inter-corporate dividend, Super Tax under section 4B, the classification of the interest income and carry forward of minimum tax for adjustment whereas the rectificatory matters including the levy of Super Tax on exempt income was remanded back. The Holding Company has preferred an appeal before ATIR on all issues adjudicated against it. The Holding Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Holding Company. However, on prudence, the Holding Company has recorded provision against Super Tax.

(Amounts in thousand)

42.4.3.5 In 2017, the ACIR through order dated June 13, 2017 amended the return for the tax year 2016 creating tax demand of Rs. 1,573,876 mainly on account of tax levied on inter-corporate dividend, Super Tax including on exempt income and disallowance on account of allocation of expenses to dividend and capital gains including minimum tax paid under section 113 of the Ordinance. The CIR(A) while disposing off the Holding Company's appeal maintained the order of ACIR with respect to certain issues which were further contested before the ATIR. During 2019, the ATIR in its order dated July 31, 2019 has annulled the order of ACIR and validated the exemption on inter-corporate dividend as well as the non-applicability of Super Tax on such exempt income whereas the issues relating to the levy of Super Tax under section 4B and the carry forward of minimum tax have been linked to the pending decisions of the HCS (where the matter is separately being contested by the Holding Company) and the carry forward under section 113(2)(c) has been linked to the decision of the SCP in the case of another taxpayer.

Against the order dated June 13, 2017, the Holding Company had filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs. 1,084,733. Through the said order, the ACIR accepted the Holding Company's contention relating to various matters except the issue of allocation of expenses to capital gains. The Holding Company contested this matter in appeal before the CIR(A) who has maintained the order of ACIR through order dated December 18, 2018. The Holding Company filed an appeal before the ATIR against the CIR(A) order.

In 2020, the Holding Company received appeal effect order dated November 20, 2020 issued by the ACIR giving effect to the findings of appellate orders of CIR(A) and ATIR by deleting the tax levied on inter-corporate dividends and Super Tax on exempt income which resulted in revised demand of Rs. 149,257. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in the Holding Company's favour as "Income from Business".

During the year, Appellate Order has been framed by the CIR(A) wherein the levy of Super Tax under section 4B of the Ordinance has been maintained. An appeal has been filed before the ATIR which is pending.

In addition to the above, the ACIR issued a further amendment order dated November 24, 2020 for the same tax year and determined additional income tax liability of Rs. 21,808 on account of capital gain tax on debt securities. The same has been discharged by the Holding Company.

42.4.3.6 In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs. 218,790 and raised a demand of Rs. 139,575 whereby DCIR - Audit disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Holding Company filed an appeal with the CIR(A) who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs. 184,191 and revised the demand to Rs. 104,976. The Holding Company paid Rs. 53,250 there against and simultaneously filed an appeal against the CIR(A) decision with ATIR which granted a stay to the Holding Company. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officers for denovo proceedings, thereby accepting the Holding Company's contention. The income tax department, in response there against, had filed an appeal with ATIR, which was dismissed during 2016.

(Amounts in thousand)

In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Holding Company filed an appeal against the said order with CIR(A), who based on ATIR's order for tax year 2011, has remanded back the order to assessing officers for denovo proceedings.

During 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Holding Company received notices of demand amounting to Rs. 105,955 and Rs. 250,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue – Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Holding Company filed appeals thereagainst before the CIR(A) and also obtained stays from the HCS from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of both tax years, the CIR(A) accepted the Holding Company's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR(A) for both tax years, which were subsequently dismissed. In 2017, the Holding Company reversed excess provision of Rs. 168,896 in respect of tax years 2011 and 2012 consequent to denovo proceedings after which the amended orders were passed in respect of the aforementioned tax years, wherein, the Commissioner has maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". In response, the Holding Company filed an appeal challenging this contention before the CIR(A). In January 2019, the CIR(A) passed the appellate orders for both the years and has again remanded the matter to the assessing officer for denovo proceedings.

During 2020, the Holding Company received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs. 75,308 and Rs. 112,681, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as "Income from Other Sources". During the year, Appellate order was framed by CIR(A) and favorable decision was made in respect of classification of interest income as "Income from Business" and allocation of expenses to dividend income and capital gains. The income tax department, in response thereagainst, had filed an appeal with ATIR, which is still pending.

#### Subsidiary Companies

#### 42.5 Engro Fertilizers Limited (EFert) and its subsidiary company

42.5.1 Subsequent to the year end, EFert received an amendment order in respect of TY 2021, creating disallowances having a tax impact of Rs. 916,584. The disallowances mainly pertain to disallowance of WPPF and minimum tax on stock-in-trade.

EFert's management considers, based on its tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

42.5.2 During the year, in respect of TY 2018, EFert received an order from ACIR restricting brought forward losses having a tax impact of Rs. 580,910. This disallowance has been made in the assessment orders relating to prior years which are pending in appeals. Certain errors have been made in relation to allowance of credits which are being taken up in rectification.

EFert 's management, based on its tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

(Amounts in thousand)

42.5.3 In 2020, the income tax department amended the assessment filed by EFert for tax year 2019. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs. 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

During the year, the appeal was heard by CIR(A) and favorable decision was passed mainly pertaining to proration of expenses to exempt income, tax credit on investment in plant and machinery, and disallowance of deductible allowances for WWF and WPPF, hence, reducing the aggregate demand to Rs. 294,586. EFert has filed appeal before ATIR against the unfavorable decision of CIR(A).

Subsequently, the tax department has passed appeal effect order based on favourable CIR(A)'s decision and has maintained disallowance on deductible allowance for WPPF having tax impact of Rs. 269,435. Appeal before CIR(A) has been filed against this matter.

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this amendment.

42.5.4 In 2019, the income tax department amended the assessment filed by EFert for the tax years 2015, 2016 and 2017. EFert filed appeals before CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from EEAP under section 59B of the Ordinance, resulting in cumulative demand of Rs. 1,980,698 (cumulative addition of Rs. 16,173,826 to taxable income) for these tax years. Subsequently, CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. EFert, as well as the tax department filed appeals against CIR(A)'s order before ATIR.

Through order dated February 26, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favor of EFert, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 01, 2020, the tax department filed reference application before HCS for questions of law arising out of the ATIR order.

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

42.5.5 In 2018, EFert received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the Ordinance for TY 2018. EFert filed a Constitutional Petition before the HCS challenging the notice as well as the vires of Section 4B of the Ordinance. An interim order was granted in favour of EFert. On July 21, 2020, HCS held that of Section 4B was intra vires the Constitution (HCS Judgment). Thereafter, EFert filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the HCS Judgment. The CPLA was filed by EFert only in relation to TY 2018 i.e. the year which was challenged before the HCS as well.

Pursuant to the HCS Judgement, the tax department passed orders to EFert for TY 2015 to 2019 in relation to recovery of Super Tax amounting in aggregate of Rs. 2,110,491. EFert filed appeals against the orders before CIR(A).

(Amounts in thousand)

On November 26, 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the EFert) subject to them depositing 50% of the impugned outstanding tax amount.

42.5.6 In 2015, the income tax department amended the assessment filed by EFert for tax year 2014. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Ordinance resulting in demand of Rs. 1,231,201 (additions to taxable income of Rs. 3,191,963). In addition, the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which EFert specifically obtained a stay order. The matter was heard by the CIR(A) and favorable decision was made in respect of exchange gain and loss and acceptance of prior years tax refunds, whilst other additions made by the tax department in respect of ACT, loss on derivatives and group relief under section 59B were maintained in the order. EFert has filed an appeal against the order of CIR(A) before the Income Tax Appellate Tribunal which is pending to be heard.

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this amendment.

42.5.7 In 2014, the income tax department amended the assessment filed by EFert for tax years 2010 and 2011. EFert filed appeals thereagainst before ATIR against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011, and loss on derivative for tax year 2011 raising a demand in respect of these years in aggregate of Rs. 1,075,466. EFert had challenged the said decision before the HCS. In the year 2020, the matter was heard, and was reserved for judgement. The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

42.5.8 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with EFert, all pending tax issues of EXIMP have been transferred to EFert. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 796,000. The tax department had not accepted the said treatment for tax year 2013, however, the matter was decided in favor of EFert by the Commissioner Income Tax Appeals (CIT(A)), against which the tax department has filed an appeal with the ITAT. However, the department has given appeal effect order to the aforementioned favorable decision of the CIT(A) for tax year 2013.

In 2019, in respect of tax year 2013, the matter was decided by the ITAT in favor of EFert and the department's appeal in this respect was rejected. EFert's management is confident for a favorable outcome on this case.

42.5.9 As a result of demerger in the year 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Limited had been transferred to EFert. Major issues pending before the tax authorities are described below:

(Amounts in thousand)

In previous years, the taxation department had filed reference applications in the HCS against the below-mentioned ATIR's decisions in EFert's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial years 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial years 2007 and 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome.

42.6 Engro Polymer & Chemicals Limited (EPCL) and its subsidiary companies

42.6.1 Through the notice dated January 20, 2020, ACIR raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required EPCL to pay Rs. 552,331 being the amount short paid with the return. EPCL filed a Constitutional Petition in the HCS challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the HCS in respect of another company. However, HCS directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further thirty days to enable EPCL to approach the SCP. EPCL has filed Civil Petition for Leave to Appeal against HCS order in SCP, which was heard on March 18, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by EPCL. EPCL based on the advice of its legal advisor, is confident of a favorable decision. Accordingly, no provision is recognized in these consolidated financial statements.

42.6.2 Through the Finance Act 2015, section 4B of the Ordinance was inserted which levied super tax at specified rates on income for the tax year 2015. This levy was subject to the threshold of taxable income of Rs. 500,000. The levy was extended upto tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the levy of super tax has amended the rate of super tax to 0% from tax year 2020 and onwards for companies other than banking companies. On August 01, 2018, EPCL filed petition against the levy of super tax in the HCS and based on the opinion of its legal advisor, EPCL has made a provision for full amount of Super tax of Rs. 328,000. In 2020, super tax was declared intra vires by HCS and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, EPCL received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. EPCL filed appeal against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 to 2019. EPCL filed an appeal before Appellate Tribunal against the decision of CIR(A) which is pending adjudication.

In the meanwhile, EPCL also filed petition in SCP against the order of HCS, which is pending adjudication. In November 2020, the SCP conditionally granted stay subject to deposit of 50% of super tax demand.

42.6.3 DCIR through order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,239, disallowance of provision against Special Excise Duty (SED) refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.



(Amounts in thousand)

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position except for additions on account of SED provision of Rs. 36,687 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained. EPCL filed a reference with HCS against the additions maintained by ATIR. Likewise, the tax department has also filed reference with HCS against the order passed by the ATIR in favour of EPCL. The Group, based on the advice of EPCL's tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same in these consolidated financial statements.

- 42.6.4 DCIR through an order dated November 26, 2009, raised a tax demand of Rs. 213,172 from EPCL for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under Section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 5,899; addition of imputed interest on loans to employees and executives of Rs. 16,069 to income, disallowance of finance cost of Rs. 134,414 and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

EPCL filed an appeal against the aforesaid order before the CIR(A) but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and payment of the balance of Rs. 32,404 'under protest'. Through the appellate order, the CIR(A) maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by EPCL before the ATIR. The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 to 2007 to the extent of Rs. 26,992 which were maintained.

In 2013, EPCL filed a reference with the HCS against the additions maintained by ATIR. Likewise, the tax department also filed reference with the HCS against the order passed by the ATIR in favor of the EPCL. In 2018, the HCS disposed of EPCL's appeal on the ground that the issues raised by EPCL requires factual verification whereas the petition of the tax department is still pending before the HCS. The Group based on the advice of EPCL's tax consultants, decided to accept the decision of the HCS and accordingly, has recognized the provision of Rs. 108,882 in respect of additions maintained by ATIR in these consolidated financial statements.

- 42.7 Elengy Terminal Pakistan Limited (ETPL) and its subsidiary company

- 42.7.1 EETPL's tax exemption period ended on March 28, 2020. In the post exemption period, EETPL applied for issuance of nil deduction certificate on the premise that its income from terminal services falls under clause 42 of Part IV of Second Schedule of the Ordinance. However, the Commissioner rejected the EETPL's request. Thereafter, EETPL filed Revision Application with the Chief Commissioner Inland Revenue, who maintained the action of the Commissioner. EETPL in consultation with the lawyer filed Constitution Petition before the HCS and through the interim orders HCS has directed SSGCL not to withhold tax on payments made to EETPL, however, this is subject to submission of Bank Guarantee

(Amounts in thousand)

(BG) of equal amount with the Nazir of HCS. EETPL in compliance with the HCS directions is submitting BG and, based on assessment, has recognized the current tax charge based on the withholding tax deductible considering this as a minimum tax liability of EETPL as per the applicable provisions of the Ordinance.

- 42.8 Engro Energy Limited (EEL) and its subsidiary companies

- 42.8.1 In 2021, the ACIR under section 122 (5A) of the Ordinance, amended the tax return for the tax year 2020 vide order dated September 28, 2021 (Rectified Order November 8, 2021) and made certain additions and disallowances that primarily pertains to profit on debt on account of loans from the Holding Company claimed as a deduction and receipts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR). EEL filed an appeal before CIR(A) dated October 26, 2021, which is pending for hearing.

- 42.8.2 EPTL's income tax return for tax year 2020 has been amended under section 122(5) of the Ordinance. The ACIR has issued order dated August 30, 2021, under which other income has been taxed which was partially treated by EPTL as exempt business income while the remaining was set-off against business losses. This has resulted in a tax demand of Rs. 190,963. Based on the advice of its tax advisor, EPTL has filed an appeal before CIR(A) dated September 8, 2021, for which hearing was held on December 29, 2022 and is reserved for order. EPTL based on the advice of its tax advisor, is confident that chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.

- 42.8.3 In 2020, the ACIR under section 122 (5A), amended the tax return for the tax year 2017 vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertains to apportionment of administrative expenses against profit on debt and receipts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR). EEL has filed an appeal before CIR(A) dated December 28, 2020, which was heard on December 31, 2021 and is pending adjudication.

- 42.8.4 EEL's income tax return for the tax year 2016 was selected for audit under section 214C of the Ordinance. The DCIR after conducting audit made certain additions and disallowances, and hence, amended the return filed by EEL vide order dated November 2, 2018, framed under section 122(1)/(5) of the Ordinance. These additions primarily relate to treating reimbursement from subsidiary as services, additions on account of apportionment of administrative expenses and receipts on account of the project management services to be taxed under normal tax regime / minimum tax regime and resulted in tax demand of Rs. 80,888. EEL being aggrieved filed an appeal before the CIR(A). EEL also approached the HCS for stay against recovery of demand which was duly granted till the adjudication of appeal by the CIR(A).

ATIR annulled the order of DCIR and CIR(A) and the return position was reinstated vide appeal effect order October 25, 2022. Appeal has been filed before the CIR(A) against the Order dated June 28, 2022 under section 4B of the Ordinance for the tax year 2016.

In 2019, EEL received an order from CIR(A) in which certain issues were remanded back to the DCIR while the other issues were decided in favor of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of the tax advisors and

(Amounts in thousand)

legal consultant of EEL, EEL's management is confident that EEL has a good case on merit and expects a favorable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

42.8.5 The ACIR through separate show cause notices dated December 11, 2017 and December 12, 2017, issued in respect of tax years 2012, 2013, 2015 and 2016, raised an issue with respect to the inter-corporate dividend claimed as exempt. The ACIR also showed an intention to levy super tax on dividend income for tax years 2015 and 2016. EEL challenged these notices before the HCS which has restrained the tax authorities from taking any coercive action including passing an order on the basis of the said notices. Accordingly, no provision has been made in this respect in these consolidated financial statements.

42.8.6 EEL's income tax return for the tax year 2014 was selected for audit under section 214C of the Ordinance. The DCIR after conducting the audit made certain additions and disallowances, and, hence amended the return filed by EEL vide order dated January 12, 2017, framed under section 122(1)/(5) of the Ordinance and raised a tax demand of Rs. 268,584. EEL being aggrieved filed an appeal before CIR(A). EEL also approached the HCS for a stay against recovery of said demand which was duly granted till the adjudication of appeal by the CIR(A).

In 2019, EEL received an order of CIR(A) in which certain issues were remanded back to the DCIR while other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, EEL's management believes that EEL has a good case on merits and expects a favourable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

Associated Company and Joint Venture

42.9 FrieslandCampina Engro Pakistan Limited (FCEPL)

Following is the position of FCEPL's open tax assessments:

42.9.1 The DCIR issued show cause notices to FCEPL for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for year 2013 on October 17, 2017 and for years 2014, 2015 and 2016 on March 9, 2018 aggregating to Rs. 14,886,500 challenging the exemption / zero rating on these products. Against the show cause notices the FCEPL had filed Constitutional Petitions before HCS for year 2013 on October 25, 2017 and for years 2014, 2015 and 2016 on March 15, 2018, and had obtained an interim injunction against adverse action by tax authorities on the same day. The HCS vide its order dated November 18, 2020 has upheld FCEPL's view with respect to 'Tarang' in view of the decision of the Classification Committee obtained by FCEPL on February 11, 2019. With respect to 'Omung' the HCS has suspended the notice, advising that the FBR may refer the matter to the Classification Committee, for a decision afresh; and till such time no action can be taken against FCEPL. The amount of show cause notices pertaining to 'Omung' aggregate to Rs. 1,480,841. In case the Classification Committee (for Omung) decides against FCEPL, FCEPL can avail all legal remedies available to it. FCEPL has filed an appeal against this decision with respect to Omung in the SCP. Further, FBR has also challenged the order dated November 18, 2020 in the SCP. SCP disposed-off cross appeals filed against the HCS order dated November 18, 2020. SCP has allowed the FCEPL's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. After the SCP order, show cause notices issued to FCEPL have been completely set aside.

(Amounts in thousand)

On March 15, 2022, the Classification Committee (CC) issued ruling, effective prospectively, on tea whiteners including 'Tarang'. CC therein reviewed its previous rulings and decided the matter against the taxpayers. On October 28, 2022, the Lahore High Court (LHC) passed an order setting aside the ruling dated March 15, 2022 and remanded back the case to the Collector of Customs to re-adjudicate the matter as per the procedure prescribed under the law. Pursuant to the order of the LHC, if any classification ruling is issued, the same would be applicable from the date of the final decision by the Collector of Customs. The Collector of Customs held various hearings and FCEPL has submitted its responses however decision of the Collector of Customs is pending. The Parties in LHC case have also further appealed the LHC's order in the SCP. Some dairy companies have further challenged LHC order in SCP on the ground that LHC direction to Collector of Customs to re-adjudicate the matter afresh is void and illegal.

42.9.2 On January 29, 2009, DCIR reduced tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007. Being aggrieved with the impugned order, FCEPL has filed appeal before the CIR(A) on March 11, 2009, which is pending for adjudication. However, FCEPL, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and hence no provision has been recognized in these consolidated financial statements.

42.9.3 FCEPL in accordance with section 59B 'Group Relief' of the Ordinance had surrendered to Holding Company, its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the financial years ended December 31, 2006, 2007 and 2008 (i.e. tax years 2007, 2008 and 2009) for cash consideration aggregating to Rs. 1,500,847, being equivalent to tax benefit / effect thereof.

FCEPL had been designated as part of the Group of ECL by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59B of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

The ATIR, in respect of surrender of aforementioned tax losses by the FCEPL to the Holding Company for the financial years ended December 31, 2006 and 2007, decided the appeals on July 1, 2010 in favor of the Holding Company, whereby, allowing the surrender of tax losses by FCEPL to the Holding Company. The tax authority has filed reference application dated October 23, 2010 there against before the HCS, which is under the process of hearings. On May 20, 2013, ATIR also decided similar appeal filed by the Holding Company for the year ended December 31, 2008 in favor of the Holding Company. FCEPL based on the merits of the case expects a favorable outcome of the matter.

(Amounts in thousand)

#### 42.10 Relationship between tax expense and accounting profit

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2022	2021
	-----Rupees-----	
Profit before taxation	68,200,884	71,239,689
Tax calculated at the rate of 29% (2021: 29%)	19,778,256	20,659,510
Effect of exemption from tax on certain income	(5,716,960)	(4,383,832)
Effect of applicability of Super tax, lower tax rate, Final Tax Regime and other tax credits / debits	1,520,586	2,129,559
Prior year current and deferred tax charge	6,513,916	(1,461,515)
Un-recoupable minimum turnover tax	4,870	5,298
Impact of change in tax rate	(1,326,196)	-
Tax effect of minimum tax liability on imports, exports and local trading	897,734	541,986
Effect of surrender of tax losses	(2,171,249)	-
Effect of expenses not allowed for tax	2,649,975	1,145,054
Others	(61,254)	21,153
Tax charge for the year	<b>22,089,678</b>	<b>18,657,213</b>

#### 43. profit from discontinued operations

As stated in note 1.3.3.1, the Board of Directors of EDL has decided to discontinue its operations. As a result, financial performance of EDL has been classified as discontinued operations, a summary of which is as follows:

	2022	2021
	-----Rupees-----	
Administrative expenses	-	(2,642)
Other operating expenses	(197)	(4,365)
Other income	268	32,389
Profit from operations	71	25,382
Finance cost	-	(7,308)
Profit before taxation	71	18,074
Taxation	-	11,209
Profit for the year	71	29,283
Net cash inflow / (outflow) from operating activities	204	(21,688)
Net increase / (decrease) in cash generated by EDL	<b>204</b>	<b>(21,688)</b>

#### 44. earnings per share - basic and diluted

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year.

As at December 31, 2022, there is no dilutive effect on the basic earnings per share of the Group. Earnings per share is based on the following:

(Amounts in thousand)

Profit for the year, attributable to:

- continuing operations
- discontinued operations

Weighted average number of ordinary shares for determination of basic and diluted EPS

Earnings per share in rupees - Basic and Diluted

- continuing operations
- discontinued operations

	2022	2021
	-----Rupees-----	
Profit for the year, attributable to:		
- continuing operations	24,331,981	27,912,231
- discontinued operations	71	29,283
	<b>24,332,052</b>	<b>27,941,514</b>
	-----Number in thousands-----	
Weighted average number of ordinary shares for determination of basic and diluted EPS	576,163	576,163
Earnings per share in rupees - Basic and Diluted		
- continuing operations	42.23	48.45
- discontinued operations	0.00	0.05
	<b>42.23</b>	<b>48.50</b>

#### 45. remuneration of CEO, directors and executives

The aggregate amounts for remuneration, including all benefits, to chief executive and directors of the Holding Company and executives of the Group are given below:

	2022			2021		
	Directors Chief Executive	Others	Executives	Directors Chief Executive	Others	Executives
	-----Rupees-----					
Managerial remuneration	95,931	-	6,893,608	75,862	-	5,390,889
Bonus	70,195	-	2,227,161	102,623	-	1,217,577
Retirement benefits funds	-	-	864,429	-	-	705,922
Fees	-	136,242	53,474	-	103,458	-
Advisory arrangement	-	100,484	-	-	-	-
Other benefits	-	-	467,584	-	-	783,517
Total	<b>166,126</b>	<b>236,726</b>	<b>10,506,256</b>	<b>178,485</b>	<b>103,458</b>	<b>8,097,905</b>
Number of persons including those who worked part of the year	<b>1</b>	<b>9</b>	<b>1,485</b>	<b>1</b>	<b>9</b>	<b>1,190</b>

45.1 The Group also makes contributions to pension and gratuity funds and provides certain household items for use of some executives. The Group also provides certain household items for use of some employees and Chief Executive. Cars are also provided for use of certain employees and directors. In addition, directors of the Holding Company are also entitled for travelling benefits in respect of which Rs. 318,498 (2021: Rs. 63,084) have been incurred. Further, an amount of Rs. 133,993 (2021: Nil) has been recognized in these consolidated financial statements for the share based payment transactions. Individual allocations of this amount will be determined upon completion of the vesting conditions.



(Amounts in thousand)

45.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Group, amounts to Rs. 506 (2021: Rs. 3,511).

#### 46. retirement benefits

##### 46.1 Defined benefit plans

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, EFert offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, the Act, the Ordinance and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in risk free investments of 3, 5 or 10 year Special Savings Certificates, Regular Income Certificates, Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

**Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

In addition to above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

##### 46.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2022, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

(Amounts in thousand)

##### 46.1.2 Consolidated Statement of Financial Position reconciliation

Present value of defined benefit obligation  
Fair value of plan assets  
Deficit / (Surplus)  
Unrecognized asset  
Net liability recognized in the consolidated statement of financial position

Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
2022	2021	2022	2021
-----Rupees-----			

540,263	445,393	19,103	22,324
(348,973)	(333,472)	(43,900)	(42,821)
191,290	111,921	(24,797)	(20,497)
-	-	24,797	20,497
<b>191,290</b>	<b>111,921</b>	<b>-</b>	<b>-</b>

Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
2022	2021	2022	2021
-----Rupees-----			

##### 46.1.3 Movement in net liability recognized in the Statement of Financial Position

Net liability at beginning of the year  
Expense / (income) for the year  
Remeasurement loss to Other Comprehensive Income  
Payments made to outgoing members  
Net liability at end of the year

111,921	35,966	-	-
35,120	27,569	(2,278)	(978)
44,249	58,542	2,278	978
-	(10,156)	-	-
<b>191,290</b>	<b>111,921</b>	<b>-</b>	<b>-</b>

##### 46.1.4 Movement in present value of defined benefit obligation

As at beginning of the year  
Current service cost  
Interest cost  
Benefits paid during the year  
Remeasurement loss / (gain) to Other Comprehensive Income  
As at end of the year

445,393	537,779	22,324	26,836
22,234	25,461	-	-
52,335	45,479	2,400	2,118
(3,112)	(214,711)	(3,059)	(3,192)
23,413	51,385	(2,562)	(3,438)
<b>540,263</b>	<b>445,393</b>	<b>19,103</b>	<b>22,324</b>

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2022	2021	2022	2021
46.1.5 Movement in fair value of plan assets	-----Rupees-----			
As at beginning of the year	333,472	511,969	42,821	38,820
Expected return on plan assets	39,449	43,371	4,678	3,096
Benefits paid during the year	(3,112)	(214,711)	(3,059)	(3,192)
Remeasurement (loss) / gain to Other Comprehensive Income	(20,836)	(7,157)	(540)	4,097
As at end of the year	<u>348,973</u>	<u>333,472</u>	<u>43,900</u>	<u>42,821</u>
46.1.6 Charge for the year				
Current service cost	22,234	25,461	-	-
Net Interest cost	12,886	2,108	(2,278)	(978)
	<u>35,120</u>	<u>27,569</u>	<u>(2,278)</u>	<u>(978)</u>
46.1.7 Principal actuarial assumptions used in the actuarial valuation	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2022	2021	2022	2021
Discount rate	13.25%	11.75%	13.25%	11.75%
Expected rate of return on plan assets - per annum	13.25%	11.75%	13.25%	11.75%
Expected rate of increase in future salaries - per annum	12.25% to 13.25%	10.75% to 11.75%	-	-
46.1.8 Actual return on plan assets	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2022	2021	2022	2021
	<u>19,572</u>	<u>36,214</u>	<u>7,581</u>	<u>7,193</u>
46.1.9 Plan assets comprise of the following	2022		2021	
	Rupees	(%)	Rupees	(%)
Defined Benefit Gratuity Plans				
Debt	257,437	73.77%	240,397	72.09%
Equity	81,213	23.27%	92,699	27.80%
Others (including cash)	10,323	2.96%	376	0.11%
	<u>348,973</u>	<u>100%</u>	<u>333,472</u>	<u>100%</u>
Defined Benefit Pension Plan				
Debt	30,000	68.34%	42,821	100.00%
Others	13,900	31.66%	-	0.00%
	<u>43,900</u>	<u>100%</u>	<u>42,821</u>	<u>100%</u>

(Amounts in thousand)

46.1.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

46.1.11 Historical information of staff retirement benefits

	2022	2021	2020	2019	2018
	-----Rupees-----				
Defined benefit gratuity plans					
Present value of defined benefit obligation	(540,263)	(445,393)	(537,779)	(517,729)	(503,530)
Fair value of plan assets	348,973	333,472	511,969	306,420	364,649
Deficit	<u>(191,290)</u>	<u>(111,921)</u>	<u>(25,810)</u>	<u>(211,309)</u>	<u>(138,881)</u>
Defined benefit pension plan					
Present value of defined benefit obligation	(19,103)	(22,324)	(26,836)	(24,018)	(24,600)
Fair value of plan assets	43,900	42,821	38,820	38,277	38,104
Surplus	<u>24,797</u>	<u>20,497</u>	<u>11,984</u>	<u>14,259</u>	<u>13,504</u>

46.1.12 Expected future cost / (reversal) for the year ending December 31, 2022 is as follows:

	(Rupees)
Defined benefit gratuity plans	55,433
Defined benefit pension plan	<u>(3,087)</u>

(Amounts in thousand)

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2022	2021	2022	2021

-----Rupees-----

46.1.13 Remeasurement recognized in Other Comprehensive Income

Gain / (Loss) from change in experience adjustments	(22,983)	(50,469)	1,332	(286)
Gain / (Loss) from change in financial assumptions	(430)	(916)	1,230	3,724
Remeasurement of obligation	(23,413)	(51,385)	2,562	3,438
Actual Return on plan assets	19,572	36,214	7,581	7,193
Expected Return on plan assets	(39,449)	(43,371)	(4,678)	(3,096)
Difference in opening fair value of plan assets	(959)	-	(3,443)	-
Remeasurement of plan assets	(20,836)	(7,157)	(540)	4,097
Effect of asset ceiling	-	-	(4,300)	(8,513)
	<b>(44,249)</b>	<b>(58,542)</b>	<b>(2,278)</b>	<b>(978)</b>

46.1.14 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption

-----Rupees-----

Discount rate	507,590	539,084	18,363	19,906
Long term salary increases	577,369	468,423	-	-
Long term pension increases	-	-	20,008	18,261

46.1.15 Maturity Profile

Time in years	Gratuity Plans		Pension Plan	
	-----Rupees-----			
1	72,110		3,370	
2	141,553		3,088	
3	45,410		2,810	
4	57,089		2,538	
5-10	322,182		10,114	
11-15	567,574		3,437	
16-20	706,977		1,121	
20+	2,787,164		445	
Weighted average duration		8.09		3.87 t

(Amounts in thousand)

46.2 Defined contribution plans

46.2.1 An amount of Rs. 944,603 (2021: Rs. 529,756) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

47. cash generated from operations

	2022	2021
--	------	------

-----Rupees-----

Profit before taxation	68,200,884	71,239,689
Add: Profit attributable to discontinued operations	71	29,283
Profit before taxation from continuing operations	68,200,955	71,268,972
Adjustment for non-cash charges and other items:		
Depreciation	14,619,166	11,889,284
Depreciation on right-of-use asset	1,341,441	1,041,963
Amortization of intangible assets	412,260	244,983
Amortization of deferred income	(360,721)	(177,078)
Amortization of direct cost on FSRU	86,516	86,516
Reversal of impairment of property, plant and equipment	(1,458,297)	-
Gain on disposal / write-off of property, plant and equipment	(260,370)	(3,458)
Rent concession on lease liability	(12,729)	(24,205)
Remeasurement loss on provision for GIDC (note 27.1)	1,102,678	1,401,519
Impairment of long term investment	35,212	691,371
Financial charges	22,309,198	12,329,200
Default surcharge on GIDC (note 40)	503,733	156,583
Finance income on net investment in lease	(6,139,802)	(5,153,362)
Finance cost on lease liability	5,931,308	3,933,976
Income on deposits / other financial assets	(14,358,511)	(7,754,737)
Loss allowance on subsidy receivable from GoP (note 17.1)	522,936	557,700
Share of income from joint venture and associates (note 41)	(3,215,276)	(3,226,697)
Foreign currency translation	3,787,394	707,197
Working capital changes (note 47.1)	11,063,664	(26,136,852)
	<b>104,110,755</b>	<b>61,832,875</b>
47.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(524,683)	(1,853,932)
- Stock-in-trade	1,270,218	(12,476,649)
- Trade debts	(20,303,880)	(8,239,945)
- Loans, advances, deposits and prepayments	(1,829,009)	(181,043)
- Other receivables - net	(10,338,918)	(9,534,664)
	(31,726,272)	(32,286,233)
Increase in current liabilities		
- Trade and other payables and provisions	42,789,936	6,149,381
	<b>11,063,664</b>	<b>(26,136,852)</b>



(Amounts in thousand)

#### 48. cash and cash equivalents

Cash and bank balances (notes 20 and 48.1)  
 Short term investments with original maturity  
 less than 3 months (note 19)  
 Short-term borrowings

	2022	2021
	-----Rupees-----	
	44,986,627	40,452,829
	11,783,721	70,739,366
	(30,174,299)	(19,838,727)
	<b>26,596,049</b>	<b>91,353,468</b>

48.1 Balances of Rs. 17,000 (2021: Rs. 17,000) held against bank guarantee in favor of custom authorities to comply with interim orders of the Court and Rs. 40,752 (2021: Rs. 25,772) held against letter of credit in favor of Custom Authorities have been excluded from cash and cash equivalents for the purpose of consolidated statement of cash flows.

#### 49. financial instruments by category

49.1 Financial assets

- Financial assets at amortized cost  
 Financial asset at amortized cost  
 Loans and advances  
 Net investment in lease  
 Trade debts  
 Contract assets  
 Other receivables  
 Accrued income  
 Short term investments  
 Cash and bank balances

	2022	2021
	-----Rupees-----	
	3,783,265	3,592,784
	3,020,695	2,796,878
	57,843,698	49,208,145
	71,195,463	58,528,771
	14,124,293	6,487,105
	16,848,807	12,261,027
	2,269,306	633,633
	37,758,554	62,366,150
	44,986,627	40,495,601
	<b>251,830,708</b>	<b>236,370,094</b>

- Financial assets measured at fair value  
 through other comprehensive income  
 Pakistan Investment Bonds  
 Derivative financial instruments  
 Other investments

	29,380,322	-
	737,319	92,805
	92,320	144,244
	<b>30,209,961</b>	<b>237,049</b>

- Financial assets measured at fair value  
 through profit or loss  
 Mutual fund units  
 Pakistan Investment Bonds

	17,166,688	20,005,901
	1,799,903	-
	<b>18,966,591</b>	<b>20,005,901</b>

49.2 Financial liabilities

- Financial liabilities measured at amortized cost  
 Borrowings  
 Trade and other payables  
 Lease liabilities  
 Accrued interest / mark-up

	216,858,673	186,198,561
	104,857,649	84,009,447
	71,416,814	59,274,424
	2,764,706	1,366,497
	<b>395,897,842</b>	<b>330,848,929</b>

(Amounts in thousand)

#### 50. financial risk management

50.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's Finance and Planning departments under policies approved by the Senior Management.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions, foreign currency loan liabilities, related interest payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options, interest rate swaps or prepayments, etc. subject to the prevailing foreign exchange regulations.

At December 31, 2022, if the foreign exchange rate had weakened / strengthened by 1% against Pakistani Rupee with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 59,820.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from short and long-term borrowings and short term investments. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

As at December 31, 2022, if interest rates had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 778,452, mainly as a result of interest rate exposure on variable rate borrowings.

(Amounts in thousand)

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Group is exposed to price risk on its mutual fund investments.

As at December 31, 2022, if net asset value had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 11,747.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The Group maintains internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and AM3 respectively. However, the Group maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Group's fertilizer segment is exposed to concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees and inland letter of credits.

The Group's power segment is not exposed to any credit risk on its trade debts as these are secured by sovereign guarantee from the Government of Pakistan.

The Group's polymer / chemical segment is not materially exposed to credit risk on trade debts as unsecured credit is provided to selected parties with no default in recent history and a major part is secured by bank guarantees.

The Group's terminal segment is not materially exposed to credit risk on trade debts, other and lease receivables from SSGC considering history, no default has been made by the customer and payments are received on a timely basis.

The Group's connectivity and telecom segment is not materially exposed to credit risk on balances with banks and financial institutions, deposits, trade debts and other receivables.

(Amounts in thousand)

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
	-----Rupees-----	
Loans and advances	3,020,695	2,796,878
Trade debts	29,963,359	20,817,542
Contract assets	14,124,293	6,487,105
Other receivables	9,264,012	2,127,193
Short term investments	26,674,249	59,630,819
Bank balances	44,973,038	40,483,497
Accrued income	2,269,306	633,633
	<b>130,288,952</b>	<b>132,976,667</b>

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. Investments in Pakistan Investment Bonds and Treasury Bills are government guaranteed. The credit quality of Group's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Bank / financial Institution	Rating agency	Rating	
		Short term	Long term
ABL Asset Management Company Limited	PACRA	-	AM1
Al Baraka Bank (Pakistan) Limited	VIS	A-1	A+
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A
Bank of China	FITCH	F1+	A+
Bank of Khyber	PACRA	A-1	A
CIMB Bank Berhad	Moody's	P-2	A3
Citibank N.A.	Moody's	P-1	Aa3
Dubai Islamic Bank Pakistan Limited	VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
HBL Asset Management Limited	JCR-VIS	AM1	AM1
Industrial and Commercial Bank of China	Moody	P-1	A2
JS Bank Limited	PACRA	A1+	AA-
Mashreq Bank	Moody's	P-2	Baa1
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A
Meezan Bank Limited	JCR-VIS	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
National Investment Trust Limited	PACRA	-	AM1

(Amounts in thousand)

Bank / financial Institution	Rating agency	Rating	
		Short term	Long term
Pak Brunei Investment Company Limited	JCR-VIS	A1+	AA+
Pak China Investment Company Limited	JCR-VIS	A1+	AAA
Pak Kuwait Investment Company (Private) Limited	PACRA	A1+	AAA
Pak Oman Investment Company Limited	JCR-VIS	A1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-
The Bank of Punjab	PACRA	A-1+	AA+
UBL Fund Managers Limited	JCR-VIS	AM1	AM1
Mobilink Microfinance Bank	PACRA	A-1	A
Telenor Microfinance Bank	PACRA	A-1	A
United Bank Limited	JCR-VIS	A1+	AAA

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022			2021		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
----- Rupees -----						
Financial liabilities						
Borrowings	63,268,513	165,197,151	228,465,664	52,258,880	143,349,916	195,608,796
Trade and other payables	104,857,649	-	104,857,649	84,009,447	-	84,009,447
Lease Liability	12,794,103	86,187,057	98,981,160	10,405,735	78,538,247	88,943,982
Accrued interest / mark-up	2,764,706	-	2,764,706	1,366,497	-	1,366,497
	<u>183,684,971</u>	<u>251,384,208</u>	<u>435,069,179</u>	<u>148,040,559</u>	<u>221,888,163</u>	<u>369,928,722</u>

(Amounts in thousand)

50.2 Capital risk management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The regulatory regime in which the Group's power segment operates, renders the value of the equity to a bond given the guaranteed IRR of 15% with an indexation allowed under the Power Purchase Agreement for changes in US \$ / PKR exchange rate.

The Group's strategy is to ensure compliance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lender covenants. The proportion of borrowing to equity at year end was:

	2022	2021
	-----Rupees-----	
Borrowings (note 23)	183,873,713	162,928,247
Lease liabilities (note 25)	71,416,814	59,274,424
Total borrowings	255,290,527	222,202,671
Equity	240,583,957	242,799,687
	<u>495,874,484</u>	<u>465,002,358</u>
Gearing ratio	51.48%	47.79%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

51. fair value estimation

The carrying value 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 level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).



(Amounts in thousand)	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
As at December 31, 2022				
Fair value through profit or loss				
- Mutual fund units	-	17,166,688	-	17,166,688
- Pakistan Investment Bonds	-	1,799,903	-	1,799,903
	<u>-</u>	<u>18,966,591</u>	<u>-</u>	<u>18,966,591</u>
Fair value through other comprehensive income				
- Derivative financial instruments	-	737,319	-	737,319
- Pakistan Investment Bonds	-	29,380,322	-	29,380,322
- Other investments	-	92,320	-	92,320
	<u>-</u>	<u>30,209,961</u>	<u>-</u>	<u>30,209,961</u>
As at December 31, 2021				
Fair value through profit or loss				
- Mutual fund units	-	20,005,901	-	20,005,901
Fair value through other comprehensive income				
- Derivative financial instruments	-	92,805	-	92,805
- Other investments	139,244	5,000	-	144,244
	<u>139,244</u>	<u>97,805</u>	<u>-</u>	<u>237,049</u>

Level 2 fair value have been determined on the basis of PKRV rates and closing net asset values for government securities and mutual fund units respectively.

There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

## 52. segment reporting

52.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

Type of segments	Nature of business
Fertilizer	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment includes a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro and Engro DAP optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phosphatic fertilizers. The Company carrying on the fertilizer business is listed on Islamic Index.

(Amounts in thousand)	Type of segments	Nature of business
	Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals all over Pakistan and few Central Asian countries. The Company carrying on the polymer business is listed on Islamic Index.
	Terminal	This part of the business includes operating and maintaining integrated liquid chemical terminal and storage farm, and LNG terminal for receipt, storage and regasification of LNG.
	Power and mining	This part of the business includes power generation, distribution, transmission and sale of electricity in Pakistan and operations and management services in Pakistan and Nigeria.
	Connectivity and telecom	This part of the business includes buying, building, maintaining and operating telecommunication infrastructure and ancillary products and services.
	Other operations	It includes management of investments in associates and joint ventures by the Holding Company. It also includes investments made in foods and dairy segment.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from profit or loss in the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

(Amounts in thousand)

52.2 The following information presents operating results regarding operating segments for the year ended December 31, 2022 and asset information regarding operating segments as at December 31, 2022:

	Fertilizer		Polymer		Terminal		Power and mining		Connectivity and telecom		Other operations		Elimination - net		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from external customers (note 34)																
At a point in time	157,016,931	132,363,138	81,982,766	69,941,017	-	-	-	-	-	118,822	75,246,438	24,992,776	(66,392,063)	(20,764,564)	247,854,072	206,651,189
Over time	-	-	76,817	80,661	16,408,856	12,959,789	83,069,965	87,525,307	9,094,633	4,370,455	-	-	(76,817)	-	108,573,454	104,936,212
	<u>157,016,931</u>	<u>132,363,138</u>	<u>82,059,583</u>	<u>70,021,678</u>	<u>16,408,856</u>	<u>12,959,789</u>	<u>83,069,965</u>	<u>87,525,307</u>	<u>9,094,633</u>	<u>4,489,277</u>	<u>75,246,438</u>	<u>24,992,776</u>	<u>(66,468,880)</u>	<u>(20,764,564)</u>	<u>356,427,526</u>	<u>311,587,401</u>
Segment gross profit / (loss)	42,847,140	44,074,160	23,379,899	24,035,625	5,611,632	4,281,671	29,371,094	24,139,901	3,830,597	2,085,645	22,930,852	21,273,670	(23,352,168)	(20,435,947)	104,619,046	99,454,725
Segment expenses - net off other income	(14,979,123)	(13,655,222)	(5,029,383)	(3,439,552)	(546,548)	(723,140)	2,267,909	1,096,415	(795,503)	(929,772)	(8,235,648)	(4,881,378)	1,135,225	997,389	(26,183,071)	(21,535,260)
Interest income	1,838,431	1,631,204	1,437,332	1,294,603	692,804	486,850	3,527,054	1,065,730	546,632	835,351	7,533,956	4,121,683	(1,217,698)	(1,510,136)	14,358,511	7,925,285
Finance cost (note 40)	(2,621,808)	(1,602,197)	(3,091,904)	(1,903,508)	(965,141)	(811,304)	(18,846,137)	(11,755,063)	(3,603,487)	(2,711,648)	(847,870)	(309,622)	1,232,108	1,819,284	(28,744,239)	(17,274,058)
Loss allowance on subsidy receivable from GoP	(522,936)	(557,700)	-	-	-	-	-	-	-	-	-	-	-	-	(522,936)	(557,700)
Share of income from joint venture and associates (note 41)	-	-	-	-	1,222,769	1,175,457	1,008,703	1,331,413	-	-	983,804	719,827	-	-	3,215,276	3,226,697
Reversal of impairment of property, plant and equipment (note 4.5)	-	-	-	-	-	-	-	-	-	-	1,458,297	-	-	-	1,458,297	-
Income tax (charge) / credit (note 42)	(10,558,414)	(8,797,588)	(5,006,829)	(4,926,657)	(2,323,766)	(1,672,342)	(1,976,879)	(1,230,392)	308,915	139,515	(2,391,416)	(1,761,716)	(141,289)	(408,033)	(22,089,678)	(18,657,213)
Segment profit / (loss) after tax - continuing operations	16,003,290	21,092,657	11,689,115	15,060,511	3,691,750	2,737,192	15,351,744	14,648,004	287,154	(580,909)	21,431,975	19,162,464	(22,343,822)	(19,537,443)	46,111,206	52,582,476
Segment gain / (loss) - discontinued operations	-	-	-	-	-	-	-	-	71	29,283	-	-	-	-	71	29,283
	<u>16,003,290</u>	<u>21,092,657</u>	<u>11,689,115</u>	<u>15,060,511</u>	<u>3,691,750</u>	<u>2,737,192</u>	<u>15,351,744</u>	<u>14,648,004</u>	<u>287,225</u>	<u>(551,626)</u>	<u>21,431,975</u>	<u>19,162,465</u>	<u>(22,343,822)</u>	<u>(19,537,443)</u>	<u>46,111,277</u>	<u>52,611,759</u>
Segment assets	145,413,332	132,818,383	85,400,579	77,985,743	74,971,634	64,339,032	292,796,191	243,371,269	60,974,587	44,859,768	92,570,122	83,543,972	(38,699,719)	(36,669,948)	713,426,726	610,248,219
Investment in joint venture / associates	-	-	-	-	-	-	7,696,482	6,722,991	-	-	28,292,444	27,349,835	-	-	35,988,926	34,072,826
Total segment assets	<u>145,413,332</u>	<u>132,818,383</u>	<u>85,400,579</u>	<u>77,985,743</u>	<u>74,971,634</u>	<u>64,339,032</u>	<u>300,492,673</u>	<u>250,094,260</u>	<u>60,974,587</u>	<u>44,859,768</u>	<u>120,862,566</u>	<u>110,893,807</u>	<u>(38,699,719)</u>	<u>(36,669,948)</u>	<u>749,415,652</u>	<u>644,321,045</u>
Total segment liabilities	<u>100,359,904</u>	<u>85,731,575</u>	<u>58,278,863</u>	<u>48,017,833</u>	<u>67,330,086</u>	<u>56,715,706</u>	<u>228,595,228</u>	<u>178,169,148</u>	<u>42,760,262</u>	<u>27,071,529</u>	<u>26,155,440</u>	<u>17,079,157</u>	<u>(14,648,088)</u>	<u>(11,263,590)</u>	<u>508,831,695</u>	<u>401,521,358</u>
Capital expenditure	<u>8,377,514</u>	<u>10,567,296</u>	<u>9,095,716</u>	<u>3,600,670</u>	<u>463,889</u>	<u>102,530</u>	<u>4,671,204</u>	<u>1,469,212</u>	<u>17,626,696</u>	<u>4,323,274</u>	<u>495,244</u>	<u>437,001</u>	-	-	<u>40,730,263</u>	<u>20,499,983</u>
Impairment of long term investment	-	-	-	-	-	-	-	383,829	-	-	-	-	-	-	-	383,829
Depreciation	<u>3,256,411</u>	<u>2,884,200</u>	<u>2,934,134</u>	<u>2,251,063</u>	<u>442,703</u>	<u>400,486</u>	<u>6,486,824</u>	<u>5,718,469</u>	<u>2,276,585</u>	<u>1,156,702</u>	<u>563,950</u>	<u>520,327</u>	-	-	<u>15,960,607</u>	<u>12,931,247</u>
Amortization of intangible assets (note 6.1)	<u>181,908</u>	<u>144,891</u>	<u>97,446</u>	<u>33,740</u>	<u>12,332</u>	<u>9,250</u>	<u>64,171</u>	<u>26,741</u>	<u>10,811</u>	<u>2,749</u>	<u>54,424</u>	<u>31,478</u>	<u>(8,832)</u>	<u>(3,866)</u>	<u>412,260</u>	<u>244,983</u>

(Amounts in thousand)

52.3 Revenue derived from CPPA-G which is in excess of 10% or more of the Group's revenue amounting to Rs. 82,548,083 (2021: Rs. 87,119,198), attributable to power and mining segment.

**53. transactions with related parties**

53.1 Following are the details of associated undertakings and other related parties with whom the Group entered into transactions or had agreements and arrangements in place during the year:

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
1	Dawood Hercules Corporation Limited	37.22%	Holding Company
2	Arabian Sea Country Club	N/A	Associated Company
3	Engro Foundation	N/A	Associated Company
4	FrieslandCampina Engro Pakistan Limited	39.90%	Associated Company
5	Habib Bank Limited	N/A	Associated Company
6	Javed Akbar Associates (Private) Limited	N/A	Associated Company
7	Mitsubishi Corporation	N/A	Associated Company
8	Pakistan Institute of Corporate Governance (PICG)	N/A	Associated Company
9	Pakistan Stock Exchange - PSX	N/A	Associated Company
10	Reon Energy Limited	N/A	Associated Company
11	Siddiqsons Energy Limited	N/A	Associated Company
12	Signify Pakistan Limited	N/A	Associated Company
13	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
14	Sui Southern Gas Company Limited - SSGC	N/A	Associated Company
15	Thar Foundation	N/A	Associated Company
16	Thar Power Company Limited	N/A	Associated Company
17	Vopak LNG Holding B.V., incorporated in the Netherlands	N/A	Associated Company
18	Engro Vopak Terminal Limited	50%	Joint Venture
19	Mr. Ghias Khan	N/A	Chief Executive Officer
20	Mr. Mazhar Abbas Hasnani	N/A	Chief Financial Officer
21	Dawood Corporation (Private) Limited	0.01%	Common Directorship
22	Hagler Bailly Pakistan	N/A	Common Directorship
23	Inbox Business Technologies Private Limited	N/A	Common Directorship
24	Karachi School for Business & Leadership	N/A	Common Directorship
25	Overseas Investors Chamber of Commerce & Industry	N/A	Common Directorship
26	Pakistan Oxygen Limited	N/A	Common Directorship
27	Dawood Investments	2.01%	Common Directorship
28	Tenaga Generasi Limited	N/A	Common Directorship
29	The Dawood Foundation	N/A	Common Directorship
30	The Karachi Education Initiative	N/A	Common Directorship
31	Mr. Abdul Samad Dawood	0.29%	Director
32	Mr. Hussain Dawood	2.90%	Director
33	Mr. Khawaja Iqbal Hassan	0.01%	Director
34	Mr. Mohammad Abdul Aleem	0.04%	Director
35	Mr. Rizwan Diwan	N/A	Director
36	Mr. Shahzada Dawood	1.00%	Director
37	Ms. Dominique Russo	N/A	Director
38	Ms. Henna Inam	N/A	Director
39	Ms. Sabrina Dawood	0.64%	Director
40	Ms. Azmeh Dawood	0.26%	Daughter of director
41	Mrs. Ayesha Dawood	N/A	Spouse of director
42	Mrs. Humera Aleem	0.01%	Spouse of director
43	Mrs. Kulsum Dawood	1.26%	Spouse of director
44	Dr. Shamshad Akhtar	N/A	Director of Group Company
45	Mr. Asad Said Jafar	N/A	Director of Group Company
46	Mr. Asim Murtaza Khan	N/A	Director of Group Company
47	Mr. Feroz Rizvi	N/A	Director of Group Company
48	Mr. Hideki Adachi	N/A	Director of Group Company

(Amounts in thousand)

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
49	Mr. Ismail Mahmud	N/A	Director of Group Company
50	Mr. Javed Akbar	N/A	Director of Group Company
51	Mr. Nazoor Ali Baig	N/A	Director of Group Company
52	Mr. Noriyuki Koga	N/A	Director of Group Company
53	Ms. Ayesha Aziz	N/A	Director of Group Company
54	Mr. Shahab Qader	N/A	Key management personnel
55	Mr. Abdul Qayoom	N/A	Key management personnel
56	Mr. Adil Mushtaq	N/A	Key management personnel
57	Mr. Ahsan Zafar Syed	N/A	Key management personnel
58	Mr. Aneeq Ahmed	N/A	Key management personnel
59	Mr. Asghar Ali Khan	N/A	Key management personnel
60	Mr. Athar Abrar Khawaja	N/A	Key management personnel
61	Mr. Eram Hasan	N/A	Key Management Personnel
62	Mr. Fahd Khawaja	N/A	Key management personnel
63	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
64	Mr. Farooq Nazim Shah	N/A	Key Management Personnel
65	Mr. Imran Ahmed	N/A	Key Management Personnel
66	Mr. Jahangir Piracha	N/A	Key management personnel
67	Mr. Kalimuddin A Khan	N/A	Key management personnel
68	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
69	Mr. Khawaja Bilal Mustafa	N/A	Key Management Personnel
70	Mr. Khusrau Nadir Gilani	N/A	Key Management Personnel
71	Mr. Mahmood Siddiqui	N/A	Key management personnel
72	Mr. Mohammad Omer	N/A	Key management personnel
73	Mr. Mohammed Saqib	N/A	Key management personnel
74	Mr. Muhammad Idrees	N/A	Key Management Personnel
75	Mr. Muhammad Majid Latif	N/A	Key Management Personnel
76	Mr. Muhammad Saad Khan	N/A	Key Management Personnel
77	Mr. Nadir Salar Qureshi	N/A	Key Management Personnel
78	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
79	Mr. Salman Hafeez	N/A	Key management personnel
80	Mr. Shahzad Nabi	N/A	Key Management Personnel
81	Mr. Shariq Abdullah	N/A	Key Management Personnel
82	Mr. Sulaiman Ijaz	N/A	Key Management Personnel
83	Mr. Syed Abbas Raza	N/A	Key management personnel
84	Mr. Syed Ali Akbar	N/A	Key management personnel
85	Mr. Syed Ammar Shah	N/A	Key management personnel
86	Mr. Syed Manzoor Hussain Zaidi	N/A	Key Management Personnel
87	Mr. Syed Mohsin Hassan	N/A	Key management personnel
88	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
89	Mr. Tariq Zafar	N/A	Key Management Personnel
90	Mr. Yusuf Siddiqui	N/A	Key Management Personnel
91	Ms. Ekta Sitani	N/A	Key Management Personnel
92	Ms. Fatima Khushnud	N/A	Key Management Personnel
93	Ms. Nida Fatima Hashmi	N/A	Key management personnel
94	Ms. Rabia Wafah Khan	N/A	Key management personnel
95	Ms. Rizwana Halepoto	N/A	Key management personnel
96	Ms. Shomaila Loan	N/A	Key Management Personnel
97	Mr. Vaqar Zakaria	N/A	Key Management Personnel
98	Ms. Fauzia Viqar	N/A	Key Management Personnel
99	Mr. Kaiser Bengali	N/A	Key Management Personnel
100	Ms. Nausheen Ahmed	N/A	Key Management Personnel
101	Mr. Kan Li	N/A	Key Management Personnel
102	Mr. Xiangwei Duan	N/A	Key Management Personnel
103	Mr. Xinjie Wei	N/A	Key Management Personnel
104	Mr. Sami Aziz	N/A	Key Management Personnel
105	Mr. Wang Pu	N/A	Key Management Personnel
106	Mr. Amir Qasim	N/A	Key Management Personnel



(Amounts in thousand)

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
107	Engro Corporation Limited - MPT Employees DC Gratuity Fund	N/A	Post Employment Benefits
108	Engro Corporation Limited - MPT Employees DC Pension Fund	N/A	Post Employment Benefits
109	Engro Corporation Limited Gratuity Fund	N/A	Post Employment Benefits
110	Engro Corporation Provident Fund	N/A	Post Employment Benefits
111	Engro Fertilizers Limited NMPT Gratuity Fund	N/A	Post Employment Benefits
112	Engro Fertilizers Limited Pension Fund	N/A	Post Employment Benefits
113	Engro Foods Employees Gratuity Fund	N/A	Post Employment Benefits

(Amounts in thousand)

53.2 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	2022	2021
	-----Rupees-----	
<b>Parent Company</b>		
Dividend paid	7,291,974	7,720,913
Expense in connection with advisory agreement	14,617	117,000
Reimbursements to Parent company	16,098	-
<b>Associated Companies</b>		
Purchases and services	51,083,731	45,600,457
Donations	671,184	818,262
Payments against EPC contract	-	289,825
Short term loan received	2,849,878	3,500,000
Repayment of overdraft facility	3,609,879	500,000
Reimbursement to associated companies	323,324	215,927
Expenses paid on behalf of associated companies	310,277	544,219
Dividends paid / payable	537,680	920,842
Loans repaid	113,052	98,083
Finance costs	4,170,368	2,280,518
<b>Joint Venture</b>		
Purchase of services	3,178,688	2,540,891
Reimbursements	78,865	35,041
Dividend received	932,400	1,155,000
Expenses paid on behalf of joint venture company	399,456	177,884
Dividend paid	1,078,176	-
<b>Retirement funds</b>		
Contribution to retirement benefit funds	1,050,298	1,013,252
<b>Directors</b>		
Dividend paid	1,259,953	1,201,160
Dividend paid to key management personnel	15,750	-
Advisory arrangement	100,484	-
Directors' fees	136,242	106,659
<b>Others</b>		
Other benefits paid	147,844	136,252
Remuneration of key management personnel	1,514,454	1,298,203
Reimbursement to key management personnel	1,808	1,458

(Amounts in thousand)

53.3 Details of related parties incorporated outside Pakistan with whom the Group had transactions or arrangements in place are as follows:

	GEL Utility Limited	China Machinery Engineering Corporation	China East Resources Import & Export Corporation	Engro Power Services Limited (EPSL)	Engro Power Investment International B.V. (EPII B.V.)	Engro Power Services Holding B.V. (EPSH B.V.)	Engro Power International Holding B.V. (EPIH)	Engro Eximp FZE	Vopak LNG Holding B.V.
Country of Incorporation	Nigeria	People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates	Netherlands
% of holding	45%	N/A	N/A	100%	100%	100%	100%	100%	N/A
Basis of Relationship	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(Subsidiary)	(Associate)

#### 54. contributory retirement funds

The employees of the Group participate in the Provident Fund maintained by the Holding Company. Monthly contributions are made both by the companies in the Group and the employees to the fund maintained by the Holding Company at the rate of 10% of basic salary.

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

#### 55. donations

55.1 Donations include the following in which the Directors of the Holding Company or Group companies are interested:

Director	Interest in Donee	Name of donee	2022 -----Rupees-----
Ghias Khan	Director	Engro Foundation	497,218

55.2 During the year the Group made / accrued the following donations which are above Rs. 1,000 or 10% of each component's total amount of donation:

Engro Foundation	497,218
Thar Foundation	167,619
R. B. Udhawdas Tarachand Hospital, DC Office, Shikarpur	49,728
Prime Minister Flood Relief Fund	22,845
Flood Relief	12,582
NED University of Engineering & Technology	9,890
Developments in Literacy	2,150
The Kidney Centre Post Graduate	2,000
Lady Dufferin Hospital	1,500
Strengthening Participatory Organization	1,213
Behbud Foundation	1,000

(Amounts in thousand)

#### 56. production capacity

		Designed		Actual Production	
		Annual Capacity 2022	2021	2022	2021
Urea (note 56.1)	Metric Tons	2,275,000	2,275,000	1,954,528	2,104,722
NPK (note 56.1)	Metric Tons	100,000	100,000	137,075	144,564
PVC Resin (note 56.1)	Metric Tons	295,000	295,000	239,000	243,000
EDC (note 56.1)	Metric Tons	127,000	127,000	102,000	94,000
Caustic soda (note 56.1)	Metric Tons	106,000	106,000	97,000	92,000
Caustic flakes (note 56.1)	Metric Tons	20,000	20,000	9,000	8,000
VCM (note 56.1)	Metric Tons	254,000	254,000	219,000	203,000
Power (note 56.2)	Mega Watt Hours	7,139,758	7,141,295	4,454,614	5,076,068
Power	Mega Watt	66	66	55	55
Milling / Drying unit of rice processing plant (note 56.3)	Metric Tons	414,000	414,000	87,856	148,839

56.1 Production planned as per market demand and in house consumption needs.

56.2 Output produced by the plants of EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

56.3 Three months season design capacity and production is dependent on availability of rice paddy.

56.4 The annual regassification capacity of EETPL as service provider to SSGCL is 4.5 MTPA and there has been no shortfall during the year.

#### 57. number of employees of the group

	Number of employees as at		Average number of employees during the year	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Management employees	2,342	2,297	2,290	2,217
Non-management employees	472	469	471	469
	2,814	2,766	2,761	2,686

#### 58. seasonality

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average, fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

The Group's agri business is subject to seasonal fluctuation as majority of paddy / unprocessed rice is procured during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. The Group manages seasonality in the business through appropriate inventory management.

(Amounts in thousand)

#### 59. interest in joint arrangements

During the year, EFert, Fauji Fertilizer Company Limited (Fauji) and Fatima Fertilizer Company Limited (FATIMA) (collectively the Fertilizer Manufacturers) entered into a Framework Agreement dated November 30, 2022 (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project. Under the Agreement, the Fertilizer Manufacturers have decided to jointly develop and install pressure enhancement facilities at Mari Petroleum Company Limited's (MPCL's) delivery node to sustain the current level of pressure of gas supply from HRL reservoir of MPCL.

All decisions with respect to the development and operations of PEF would be made only with unanimous consent of the Fertilizer Manufacturers. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS 11 - Joint Arrangements. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Fertilizer Manufacturers, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operation' in these consolidated financial statements. Current cost sharing percentages in PEF of EFert, Fauji and FATIMA are 33.9%, 47.7% and 18.4%, respectively. The Group has recognized its share of jointly held asset in these consolidated financial statements.

#### 60. non-adjusting event after reporting date

60.1 The Board of Directors of the Holding Company in its meeting held on February 15, 2023 has proposed a final cash dividend of Rs. 1 per share for the year ended December 31, 2022 amounting to Rs. 576,163 for approval of the members at the Annual General Meeting to be held on March 30, 2023.

60.2 The members of the Holding Company in its meeting held on January 26, 2023 have approved purchase / buy-back by the Holding Company upto an aggregate number of 70,000,000 issued ordinary shares of the Holding Company, having paid-up / face value of Rs. 10 each, representing approximately 12.1% of the total issued and paid-up ordinary shares of the Holding Company, at the spot / current share price acceptable to the Holding Company prevailing during the purchase period, through the stock exchange.

(Amounts in thousand)

#### 61. listing of subsidiary companies, associated companies and joint venture

Name of Subsidiaries	Financial year end
Engro Fertilizers Limited (EFert)	December 31
EFERT Agritrade (Private) Limited (EAPL)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Think PVC (Private) Limited	December 31
Engro Peroxide (Private) Limited	December 31
Engro Plasticizer (Private) Limited	December 31
Engro Energy Limited (EEL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTPL)	December 31
Elengy Terminal Pakistan Limited (ETPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Eximp FZE (FZE)	December 31
Engro LNG FZE (ELNG)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Connect (Private) Limited	December 31
Engro Infiniti (Private) Limited	December 31
Engro Enfrashare (Private) Limited	December 31
Engro Energy Services Limited (EESL)	December 31
Name of Joint Venture	
Engro Vopak Terminal Limited (EVTL)	December 31
Name of Associates	
FrieslandCampina Engro Pakistan Limited (FCEPL)	December 31
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
Gel Utility Limited (GEL)	December 31
Siddiqsons Energy Limited (SEL)	June 30
Pakistan Energy Gateway Limited (PEGL)	December 31
Magboro Power Company Limited (MPCL)	December 31



(Amounts in thousand)

61.1 Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI). The amounts disclosed for each subsidiary are before inter-company eliminations:

	2022				
	EPQL	EPTPL	ETPL	EFert	EPCL
	Rupees				
Total Assets	24,161,647	272,636,155	74,971,632	145,413,332	85,400,580
Total Liabilities	11,056,858	206,364,041	67,330,086	100,359,904	58,278,865
Total Comprehensive Income	1,460,181	16,264,068	2,468,981	15,993,161	11,689,115
Total Comprehensive Income allocated to NCI	454,262	8,115,770	1,086,352	6,993,809	5,121,001
Accumulated NCI	4,105,813	33,580,023	3,350,938	19,618,902	13,106,710
Cash and cash equivalents	(5,934,338)	19,751,100	4,027,769	(4,096,566)	3,453,356
Cash (utilized in) / generated from					
- operating activities	4,281,667	23,887,877	5,209,228	31,634,356	21,734,401
- investing activities	(544,366)	6,766	(463,889)	(18,926,865)	(8,753,830)
- financing activities	(4,963,631)	(27,808,130)	(3,828,703)	(29,181,275)	(15,550,460)
Dividend paid / payable to NCI	(1,410,279)	(12,078,738)	(1,078,335)	(7,883,006)	(6,619,089)
Interest of NCI	31.11%	49.90%	44%	43.73%	43.81%
	2021				
	EPQL	EPTPL	ETPL	EFert	EPCL
	Rupees				
Total Assets	27,444,638	223,245,066	64,339,032	132,818,383	77,966,040
Total Liabilities	11,266,830	157,734,827	56,715,706	85,731,575	47,998,130
Total Comprehensive Income	1,593,433	14,154,879	1,561,735	21,053,202	15,060,511
Total Comprehensive Income allocated to NCI	495,445	7,063,635	687,163	9,832,729	6,573,746
Accumulated NCI	5,061,830	37,542,991	3,342,921	20,508,099	14,604,798
Cash and cash equivalents	(4,708,006)	21,717,985	3,901,720	12,377,216	6,304,008
Cash (utilized in) / generated from					
- operating activities	374,796	29,225,940	3,082,098	14,611,502	14,569,087
- investing activities	(108,518)	(1,372,270)	(102,530)	16,027,644	(9,341,299)
- financing activities	(1,368,880)	(16,036,280)	(2,396,996)	(23,388,309)	(13,334,631)
Dividend paid / payable to NCI	327,397	-	329,060	9,050,857	5,061,651
Interest of NCI	31.11%	49.90%	44%	43.73%	43.81%

(Amounts in thousand)

**62. corresponding figures**

Corresponding figures and balances have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation, the effects of which are not material.

**63. date of authorization for issue**

These consolidated financial statements were authorized for issue on February 15, 2023 by the Board of Directors of the Holding Company.



**Muhammad Abdul Aleem**  
Director



**Mazhar Abbas Hasnani**  
Chief Financial Officer



**Ghias Khan**  
President & CEO



# proxy form

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member of ENGRO  
CORPORATION LIMITED and holder of \_\_\_\_\_ Ordinary Shares as per  
share(Number of Shares)

Register Folio No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_  
and Sub Account No. \_\_\_\_\_, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the  
Company to be held on the 30th day of March, 2023, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

## WITNESSES:

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

CNIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

CNIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

\_\_\_\_\_  
Signature  
Signature should agree with the  
specimen registered with the Company.

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours  
before the meeting. A Proxy holder may not need to be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their  
Computerized National Identity Card or Passport with this proxy form before submission to the  
Company.

# پراکسی فارم



میں / ہم \_\_\_\_\_ اینگرو کارپوریشن لمیٹڈ کے ممبر کی حیثیت سے

شیرز رجسٹر فوئیو نمبر \_\_\_\_\_ اور ایسی ڈی سی پارٹی سپنٹ آئی ڈی

نمبر \_\_\_\_\_ اور سب کاؤنٹ نمبر \_\_\_\_\_ عمومی شیرز کی تحویل رکھتا

ہوں۔ میں / ہم یہاں \_\_\_\_\_ کو 30 مارچ 2023 کو ہونے والے سالانہ اجلاس میں اپنی / ہمارے غیر موجودگی میں شرکت اور ووٹ دینے

کے لیے اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں۔

بتاریخ، \_\_\_\_\_ 2023

گواہان:

دستخط:

نام:

ایڈریس:

سی این آئی سی / پاسپورٹ نمبر:

دستخط:

نام:

ایڈریس:

سی این آئی سی / پاسپورٹ نمبر:

نوٹ: پراکسیز کے موثر ہونے کے لیے یہ لازمی ہے کہ پراکسیز اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔ پراکسی کے لیے کمپنی کا ممبر ہونا ضروری نہیں ہے۔

CDC شیرز ہولڈرز اور ان کے پراکسیز سے گزارش کی جاتی ہے کہ کمپنی کو پراکسی فارم جمع کرانے سے پہلے وہ اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ منسلک کریں۔

# standard request form

circulation of annual audited accounts

The Share Registrar  
Engro Corporation Limited.  
FAMCO Associates (Pvt.) Ltd.  
8-F, Near Hotel Faran  
Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal  
KARACHI.  
E-mail: info.shares@famco.com.pk  
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Dated: \_\_\_\_\_

Dear Sir,

Subject: **Request for Hard Copy of Annual Report of Engro Corporation Limited.**

I, \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_ being a registered shareholder of Engro Corporation Limited with the particulars as mentioned below would request that my name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual Report of the Company and hereby request you send to me the Annual Report in hard copy form at my registered address as contained in the member register instead of providing the same through email.

Particulars	
Name of Shareholder	
Folio No. / CDC ID No.	
CNIC/NICOP/ Passport No.	
Land Line Telephone No. (if any)	
Cell No. (if any)	

Yours truly,

Shareholder's Signature

Copy to:  
Company Secretary  
Engro Corporation Limited  
8th Floor, The Harbour Front, Dolmen City  
HC-3, Block 4, Clifton, Karachi-75600.



## 7۔ الیکٹرانک ڈیویڈمنڈیٹ

کمپنیز ایکٹ 2017 کے سیکشن 242 کی شرائط کے مطابق ،لسٹڈکمپنی کوکیش ڈیویڈنڈ کی ادا یئگی صرف الیکٹرانک طریقہ کار کے ذریعے حقدار شیئر ہولڈرز کی طرف سے مقرر کردہ بینک اکاؤنٹ میں براہ راست کرنا ہوگا۔

براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب نقد ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لیے فزیکل شیئرز کی صورت میں شیئر

ہولڈرانفارمیشن فارم کو پُر کریں اور اسے درست سی این آئی سی کی کاپی کے ساتھ دستخط شدہ، شیئرز رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیجیں۔

سی ڈی سی میں حصص رکھنے کی صورت میں الیکٹرانک ڈیویڈمنڈیٹ فارم براہ راست شیئر ہولڈر کے بروکرز/ پانرز/ سی ڈی سی اکاؤنٹ سروسز کو جمع کروایا جانا چاہیے۔

معلومات کی عدم وصولی کی صورت میں، کمپنی شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔

**8۔** اکٹ نگیس آرڈیننس کے پہلے شیڈول کے حصہ III کے ڈویژن ا کے ساتھ پڑھے گئے سیکشن 150 کی تعمیل میں، 2001 ڈیویڈنڈ آمدنی پرودہ ہولڈنگ ٹیکس 'فائلر' اور 'نان فائلر' شیئر ہولڈرز کے لیے 15% اور 30% پر کاٹا جائے گا۔ بالترتیب ایک 'فائلر' ایک ٹیکس دہندہ ہے جس کا نام ایف بی آر کی طرف سے وقتاً فوقتاً جاری کی جانے والی ایکونگیس دہندگان کی فہرست (ATL) میں ظاہر ہوتا ہے اور 'نان فائلر' فائلر کے علاوہ کوئی دوسرا شخص ہوتا ہے۔ کمپنی کو فائلرز کے لیے %15 ٹیکس ود ہولڈ کرنے کے قابل بنانے کے لیے، تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام FBR کی ویب سائٹ پر تازہ ترین دستیاب ATL میں ظاہر ہوں، بصورت دیگر نان فائلرز کے لیے ان کے کیش ڈیویڈنڈ پر %30 ٹیکس کاٹ دیا جائے گا۔ ڈیویڈنڈ کی آمدنی سے ود ہولڈنگ ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دی جائے گی جب درست ٹیکس آئٹمی سرٹیفکیٹ کی ایک کاپی شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو کتاب بند ہونے کے پہلے دن تک فراہم کی جائے۔

ایف بی آر کے مطابق مشترکہ اکاؤنٹس کی صورت میں ود ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر کے 'فائلر/ نان فائلر' اسٹیٹس کے ساتھ ساتھ جو انٹ ہولڈرز کے اسٹیٹس کی بنیاد پر ان کے شیئر ہولڈنگ کے تناسب کی بنیاد پر کیا جائے گا۔ جو مبران جو انٹ شیئر ہولڈرز کے ساتھ شیئر رکھتے ہیں ان سے درخواست کی جاتی ہے کہ پرنسپل شیئر ہولڈر اور جو انٹ ہولڈرز کے شیئر ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار، میسرز کو فراہم کریں۔ فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، تحریری طور پر۔ اگر ہمارے رجسٹرار کو مطلوبہ معلومات فراہم نہیں کی جاتی ہیں تو یہ سمجھا جائے گا کہ حصص پرنسپل شیئر ہولڈر اور جو انٹ ہولڈرز کے برابر تناسب میں رکھے گئے ہیں۔

**9۔** زکوٰۃ کی لازمی کٹوتی سے استثنیٰ کا دعویٰ کرنے کے لیے، حصص یافتگان سے درخواست کی گئی ہے کہ وہ 50 روپے کے این بے ایس پی پر زکوٰۃ ڈیکلریشن فارم "CZ-50" کی ایک نوٹریٹائزڈ کاپی شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو کتاب کی بندش کے پہلے دن تک پیش کر دیں۔ اگر حصص اسکرپ لیس فارم میں موجود ہیں تو زکوٰۃ ڈیکلریشن فارم "CZ-50" کو ان کے پارٹنیشنس / انویسٹرا کاؤنٹ سروسز کے ذریعے شیئر ہولڈر کے سی ڈی سی اکاؤنٹ میں اپ لوڈ کیا جانا چاہئے۔ مزید یہ کہ غیر مسلم حصص یافتگان کو بھی ضروری ہے کہ وہ Solemn Affirmation ) https://famco.com.pk/share-registration-service/ پر دستیاب) کو کمپنی کے شیئر رجسٹرار کو پیش کریں، اگر شیئرز فزیکل سرٹیفکیٹ کی شکل میں ہیں یا سی ڈی سی پارٹنیشنس / انویسٹرا کاؤنٹ سروسز میں، اگر شیئرز اسکرپ لیس فارم میں ہوں۔ زکوٰۃ کی کٹوتی سے کسی قسم کی چھوٹ کی اجازت نہیں ہوگی جب تک کہ مذکورہ بالا دستاویزات ہر لحاظ سے دستیاب نہ ہو جائیں۔

**10۔** درست سی این آئی سی جمع کروانا (لازمی)

ایس ای سی پی کی ہدایات کے مطابق جن شیئر ہولڈرز کے درست شناختی کارڈز، شیئر رجسٹرار کے پاس دستیاب نہیں ہیں ان کا ڈیویڈنڈ روکا جاسکتا ہے۔ اس لیے فزیکل شیئر ہولڈنگ رکھنے والے تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے درست سی این آئی سی کی فونو کاپی فوری طور پر، اگر پہلے سے فراہم نہیں کی گئی ہیں، شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بغیر کسی تاخیر کے جمع کروائیں۔

**11۔** غیر دعویدار ڈیویڈنڈ

کمپنیز ایکٹ 2017 کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ کوئی بھی شیئرز، یا اعلان کردہ ڈیویڈنڈ جو ادا یئگی کی تاریخ سے تین سال کی مدت تک غیر دعویدار/ غیر ادا شدہ رہ گئے ہیں اور قابل ادا ہیں، انھیں فیڈرل گورنمنٹ کے کریڈٹ کے لیے اور شیئر ہولڈرز کے دعویٰ کو فائل کرنے کے لیے شیئر ہولڈرز کو جاری کردہ نوٹسز کے بعد سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں جمع کروانا ضروری ہے۔ جاری کردہ شیئرز اور کمپنی کی طرف سے اعلان کردہ ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے بتایا ہے، شیئر ہولڈرز کو بھیج دی گئی ہیں۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے غیر دعویٰ شدہ ڈیویڈنڈ اور شیئرز کے دعوے فوری طور پر درج کیے جائیں۔ اگر مقررہ وقت میں کمپنی کے پاس کوئی دعویٰ درج نہیں کیا جاتا ہے، تو کمپنی، سیکشن (2) 1244 ایکٹ کے تحت اخبار میں نوٹس دینے کے بعد غیر دعویدار/ غیر ادا شدہ رقم اور حصص وفاقی حکومت کے پاس جمع کروائے گی۔

**12۔** سی ڈی سی اکاؤنٹ میں فزیکل شیئرز کی تبدیلی

ایس ای سی پی نے اپنے یلڈ نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ، 2017 ("ایکٹ") کے سیکشن 72 کی دفعات پر عمل کریں۔، جس کے تحت تمام کمپنیوں کو ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو بک انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔

اس کے مطابق، فزیکل فولیو/ شیئرز سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کریں۔ شیئر ہولڈرز سی ڈی ایس اکاؤنٹ کھولنے اور بعد ازاں فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے میں مدد کے لیے پی ایس ایکس ممبر، سی ڈی سی شرکت کنندہ، یا سی ڈی سی انوسٹرا کاؤنٹ سروس پرووائیڈرز سے رابطہ کر سکتے ہیں۔ بک انٹری فارم میں حصص کو برقرار رکھنے کے بہت سے فوائد ہیں۔ سی ڈی سی کے ساتھ حصص کی محفوظ تحویل، ڈیپلیکیٹ حصص کے اجراء کے لیے درکار رسمی کارروائیوں سے گریز، وغیرہ۔ کمپنی کے شیئر ہولڈرز فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کے لیے کمپنی کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ، یعنی فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ سے رابطہ کر سکتے ہیں۔



# سالانہ اجلاس عام کی اطلاع

ESG، EHS، رسک ایسیمنٹ اور مینجمنٹ آف چینج (MOC) پر مشتمل ہے۔ گروپ ایچ ایس ای (Group HSE) نے بھی قیادت کی اور ایمنٹی نتائج کی جانچ میں حصہ لیا تاکہ بنیادی وجہ کا تجزیہ کیا جاسکے اور اس عمل کی تکرار کروکنے کے لیے عملی کارکردگی کے ذریعے وضاحت کی جاسکے۔ HSE کی ضروریات کی وضاحت میں نئے پروجیکٹس کی تیاری کے دوران SME کی مدد اور ضرورت کے مطابق عملدرآمد کی سہولت بھی فراہم کی گئی۔

## پیٹرن آف شیئر ہولڈنگ

داؤد ہرکولس کارپوریشن لمیٹڈ سمیت داؤد گروپ، اینگریکارپوریشن کے اہم شیئر ہولڈرز ہیں۔ دیگر شیئر ہولڈرز میں مقامی اور غیر ملکی ادارے اور عوام الناس شامل ہیں۔

شیئر ہولڈنگ کے عام پیٹرن کے ساتھ رپورٹنگ فریم ورک کے تحت شیئر ہولڈرز کی مخصوص کلاسز، جن کا اعلان ضروری تھا، کہ شیئر ہولڈنگ کے پیٹرن اور 2022 میں ڈائریکٹرز، ایگزیکٹوز اور ان کے ازواج سمیت چھوٹے بچوں کی طرف سے شیئرز کی خرید و فروخت کے گوشوارے کی تفصیلات اس رپورٹ کے شیئر ہولڈنگ کے سیکشن میں پیش کی گئی ہیں۔

## بعد میں وقوع پذیر ہونے والے واقعات سے ہونے والی تبدیلی

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت پر قابل ذکر تبدیلیوں اور دیگر عزم سے کسی قسم کی کوئی تبدیلی واقع نہیں ہوئی۔

## اظہار تشکر

ڈائریکٹرز کمپنی کے شیئر ہولڈرز کا شکریہ ادا کرتے ہیں کہ جنہوں نے ہمیشہ کمپنی پر اپنا اعتماد ظاہر کیا۔ ہم شیئر ہولڈرز کے اینگریفیلٹی کے ہر ممبر کے عزم، لگن اور جدید خیالات کو سراہنے پر مشکور و ممنون ہیں اور پُر اعتماد ہیں کہ مستقبل میں بھی یہ سب ایسے ہی سراہتے رہیں گے۔



غیاث خان

پریزیڈنٹ اور چیف ایگزیکٹو



حسین داؤد

چیئر مین

مطلع کیا جاتا ہے کہ مندرجہ ذیل کاروباری امور کی انجام دہی کے لیے اینگریکارپوریشن لمیٹڈ ("کمپنی") کا ستاون واں سالانہ اجلاس عام، بروز جمعرات، مورخہ 30 مارچ 2023 کو دوپہر 02:30 بجے، کراچی اسکول آف بزنس اینڈ لیڈرشپ، نیشنل انسٹیٹیوٹ روڈ، بالمقابل لیاقت نیشنل ہسپتال، کراچی۔ 74800 میں منعقد ہوگا۔

ممبران سے درخواست کی جاتی ہے کہ وہ ڈیوکانفرنس فیملیٹی کے ذریعے اجلاس میں شرکت کریں جس کے انتظامات کمپنی نے کیے ہیں (تفصیلات کے لیے براہ مہربانی نوٹس سیکشن کا مطالعہ کریں)

### (A) عمومی امور

1۔ کمپنی کے 31 دسمبر 2022 کو اختتام پذیر ہونے والے سال کے آزادانہ اور نمونہ شدہ آڈٹ شدہ مالیاتی گوشوارے کے ساتھ ساتھ ڈائریکٹرز رپورٹ اور آڈیٹرز رپورٹ اور چیئر مین کی جائزہ رپورٹ کی وصولی، جائزہ اور قبول کرنا۔

کمپنیز ایکٹ، 2017 کے سیکشن (7) 223 کے مطابقت کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں جو مندرجہ ذیل لنک سے ڈاؤن لوڈ کیے جاسکتے ہیں:

<https://www.engro.com/investor-relations/financial-reports/>

2۔ ڈائریکٹرز کی تجویز کے مطابق 31 دسمبر 2022 کو اختتام پذیر سال کے لئے فائنل کیش ڈیویڈنڈ کی ادائیگی 1.00 روپے (10%) ہے۔ یہ انٹرمیکش ڈیویڈنڈ میں 33 روپے (330%) کے علاوہ ہے۔

3۔ سال 2023 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ ممبران کو مطلع کیا جاتا ہے کہ بورڈ آڈٹ کمیٹی اور بورڈ آڈٹرز کی تجویز نے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے ریٹائر ہونے والے آڈیٹرز اے ایف فرگن اینڈ کمپنی، کے نام کی سفارش کی ہے۔

### (B) خصوصی امور

4۔ کمپنیز ایکٹ 2017 کے سیکشن 199 جسے کمپنیز (منسلک کمپنیز یا منسلک انڈر ٹینگٹو میں سرمایہ کاری) ریگولیشنز 2017 (جیسا کہ ترمیم کیا گیا ہو) کے ساتھ پڑھا جائے، کے تحت درج ذیل خصوصی قرارداد (قراردادوں) پر غور کرنے اور اگر مناسب سمجھا جائے تو ترمیم، اضافہ یا حذف کے ساتھ یا اس کے بغیر پاس کرنا، جیسا کہ کمپنی کے بورڈ آڈٹرز کی تجویز کیا ہے:

منظور کیا گیا کہ کمپنی کے مندرجہ ذیل امور کی انجام دہی کے لیے اینگریکارپوریشن لمیٹڈ ("کمپنی") کے ممبران کی منظوری خصوصی قرارداد کے ذریعے دی جائے (مطابق کمپنیز ایکٹ 2017 کے سیکشن 199 جسے کمپنیز (منسلک کمپنیز یا منسلک انڈر ٹینگٹو میں سرمایہ کاری) ریگولیشنز 2017 (جیسا کہ ترمیم کیا گیا ہو) کے ساتھ پڑھا جائے)۔

A۔ کمپنی کو اپنی ذیلی کمپنی، اینگریو فریٹلائزرز لمیٹڈ تک توسیع دینے کی منظوری، ایک انٹر کمپنی قرضہ جو کہ مجموعی طور پر بارہ ارب روپے (12,000,000,000 روپے) تک ہے، جس میں دیگر چیزوں کے ساتھ ساتھ قرضے، ایڈوانسز اور/یا سیکورٹی بھی شامل ہے۔ (بشمول حد بندی کی ضمانتیں، سرکاری سیکورٹیز، نقد رقم، درج/غیر فہرست شدہ سیکورٹیز وغیرہ) Arm's length basis پر ایک ریولونگ لائن آف کریڈٹ کی شکل میں جو خصوصی قرارداد کی تاریخ سے ایک سال کی مدت کے لیے درست ہو سکتی ہے جو ہر ایک سال کے مسلسل چار ادوار تک کمپنی کی طرف سے توسیع کی جاسکتی ہے؛

B۔ کمپنی کو اپنی ذیلی کمپنی، اینگریو پوٹیم اینڈ کیمیکلز لمیٹڈ تک توسیع دینے کی منظوری، ایک انٹر کمپنی قرضہ جو کہ مجموعی طور پر سات ارب روپے (7,000,000,000 روپے) تک ہے، جس میں دیگر چیزوں کے ساتھ ساتھ قرضے، ایڈوانسز اور/یا سیکورٹی بھی شامل ہے۔ (بشمول حد بندی کی ضمانتیں، سرکاری سیکورٹیز، نقد رقم، درج/غیر فہرست شدہ سیکورٹیز وغیرہ) Arm's length basis پر ایک ریولونگ لائن آف کریڈٹ کی شکل میں جو خصوصی قرارداد کی تاریخ سے ایک سال کی مدت کے لیے درست ہو سکتی ہے جو ہر ایک سال کے مسلسل چار ادوار تک کمپنی کی طرف سے توسیع کی جاسکتی ہے؛



موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کوچارٹرز ڈاکومنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے آڈیٹرز کی حیثیت سے ان کے دوبارہ تقرر کی سفارش کی ہے۔

## انسانی سرمایہ

اینگرو میں ہمارے لوگوں کی صلاحیتوں میں اضافے اور ان کی ترقی کے لیے مسلسل توجہ مرکوز ہے۔ لوگوں میں تبدیلی کی شروعات کرنے کے بعد اب ہم ”ٹیلنٹ ایجنڈا“ پر اپنی توجہ مرکوز رکھنے کا اختیار رکھتے ہیں۔ اس سلسلے میں ایک اہم قدم ہمارے ”ٹیلنٹ ڈیولپمنٹ پروگرام (TDP)“ متعارف کروانا ہے جس کا مقصد ملازمین کو بااختیار بنانا ہے تاکہ وہ اپنے کیریئر کے سفر اور ترقی کا تعین خود کر سکیں۔ ”ٹیلنٹ ڈیولپمنٹ پروگرام (TDP)“ کو اس طرح سراہا جاسکتا ہے کہ اہم تعیناتوں کی منصوبہ بندی کے لیے ٹیلنٹ کے شعبے کو فروغ دینا ایک اہم اقدام ہے۔

تنوع اور شمولیت ہماری روایت کے اہم جزو ہیں۔ ہمارے کام کے ماحول اور تمام شعبوں کو تنوع، مساوات اور شمولیت کے تمام ذرائع کے تحت مرتب کیا گیا ہے۔ جیسا کہ ہم نے ایک باخبر اور یکساں کام کا ماحول ترتیب دینے کے لیے اپنے عہد پر قائم ہیں، لہذا اپنے ملازمین کو متاثر کن اور مثالی شخصیت بنانے کے لیے اس سال DE&I لیڈرز پروگرام منعقد کیا گیا جس کے ذریعے ہماری اقدار کی درحقیقت عکاسی ہوتی ہے۔ اس سال خواتین کے نمائندہ ریٹرن شپ پروگرام ”بریک کے بعد“ میں خواتین کے نئے گروہ کا اندراج کیا گیا ہے جو تمام گروپ کے متعدد شعبوں میں اپنے کیریئر کا آغاز کر رہی ہیں۔ جیسے کہ #EnabaleAll کے ایک اہم حصے کے طور پر ڈیجیٹل ایکسیلیٹی ٹریننگ تمام انٹرنل ٹیموں کو ایسا مواد تیار کرنے میں مدد فراہم کرنے کے لیے شروع کیا گیا جس تک معذور افراد کی رسائی ممکن ہو سکے۔ مزید یہ کہ اینگرو نے اپنا ڈیولپمنٹ ”پرسنل وڈس ایبیلیٹی انٹرشپ پروگرام / معذوری کے ساتھ انٹرشپ پروگرام“ متعارف کروایا ہے۔

ٹیکنالوجیکل ایڈوانسمنٹس کے تحت منظم طریقہ کار کے ذریعے اپنے ملازمین کو بہترین تجربہ فراہم کرنا ہمارے مقصد میں شامل ہے، اسی لیے اینگرو نے اپنے آپریٹرز کو مرکزی اور ڈیجیٹلائز کیا ہے۔ ”اپنے لوگوں کو اولیت دینا“ ہمیشہ سے ہماری سوچ کی بنیاد رہا ہے اور اس کی عکاسی ہمارے اقدامات اور روشن مستقبل کی جانب بڑھتے قدموں سے ہوتی رہے گی۔

## سماجی سرمایہ

کسی بھی کاروباری ادارے کے وسیع تناظر میں کارکردگی کو ماحول، معاشرے اور معاشی مفادات کے بدلے ادارے کے سماجی سرمایہ سے سمجھا جاسکتا ہے۔ ہم اس بات کو بخوبی سمجھتے ہیں کہ بزنس کی ترقی کے لیے معاشرے کی خوشحالی اور ترقی بہت اہم ہے، اپنی کارپوریٹ گورننس پرفرمنس کو محسوس کرتے ہیں اور ماحول اور معاشرے کی ذمہ داریوں سے بخوبی واقف ہیں۔

ہم ایسے پروگرام اور فیصلے کرتے رہتے ہیں جن سے پاکستان کے دیرینہ مسائل کے حل کے ساتھ ساتھ ان معاشروں میں فلاحی کام جاری رہیں جہاں ہم کام کرتے ہیں۔ ہماری تعلیم، مہارتوں میں اضافے، طبی سہولیات اور دیگر پروگراموں سے ہمارے بزنس اور پس ماندہ طبقے میں ایک طویل مدتی تعلق کو فروغ ملتا ہے۔ ہمارے ماحولیاتی اور سماجی پروگراموں کی تفصیل ہماری منسلک رپورٹس میں پیش کی گئی ہے۔

## صحت، تحفظ اور ماحول (HSE)

صحت، تحفظ اور ماحول ہمیشہ سے اینگرو کی اقدار رہی ہیں اور ہم پاکستان میں اپنے وسیع کاروباری مقامات پر ان کے بہترین تجربات اپنانے کے لیے پُر عزم رہتے ہیں۔ اپنے تجربات سے سیکھ کر، HSE کے معیارات اور صنعتی تجربات میں بہترین پرنسپل کرنا ہماری سوچ کا محور رہتا ہے۔ ہم کسی وجہ سے پیدا ہونے والی معذوری، بیماری اور صحت، حفاظت اور ماحولیاتی (HSE) حادثات کی شرح صفر کرنے کے لیے جدوجہد کر رہے ہیں۔ جبکہ جہاں کمپنی اپنا کام انجام دینے کے لیے وفاقی اور صوبائی دونوں ضروری ریگولیٹری پر عملدرآمد کے لیے ڈیزائن اور تعمیل میں حفاظتی یقین دہانی کی پابند ہے۔

مسلسل بہتری اور تنظیم کو عالمی معیار کے HSE اپنانے کے لیے اینگرو نے ڈیولپمنٹ سسٹمز (DSS+) جو کہ ایک نمایاں بین الاقوامی HSE کنسلٹنٹ ہے، کے ساتھ شراکت میں خطرے پر مبنی HSE منجمنٹ سسٹم موافقت پر مبنی نقطہ نظر سے کثیر سالہ سفر کا آغاز کیا ہے۔ اینگرو سینٹرل ٹیکنیکل ڈویژن (ECTD) کے تحت ایک مخصوص ٹیم نے میں پورے ادارے میں اہم تبدیلی کے نظامی عمل کی قیادت کی ہے۔

عالمی معیار کے HSE رسک ایسیسمنٹ میتھالوجی بشمول ہیزرڈ آئی ڈیٹیکشن (HAZID)، پروسیس ہیزرڈ اینالیزس (PHA)، لیٹر آف پروٹیکشن اینالیزس (LOPA) اور یو ٹائی اینالیزس (BTA) پر مبنی تنظیمی صلاحیتوں کو بڑھانے کے لیے نمایاں کوششیں انجام دی گئی ہیں۔ سال 2022 میں ”ٹرین دی ٹریز“ کے نظریے پر مبنی خطرات سے نمونہ آزما ہونے والے منتخب چیمپینز کی صلاحیتوں میں اضافے کے تربیتی سیشنز میں 4,000 افرادی گھنٹے صرف کیے گئے۔ HSE سسٹم کی مکمل منتقلی سات سالوں (2021-2027) میں ہو جائے گی۔ پہلے مرحلے کے طور پر تمام اینگرو گروپ کمپنیوں کے لیے بڑے پیمانے کے خطرات (میجر ایکسیڈنٹ ہیزرڈ) کی فوری اسکیننگ سال 2023 آخر تک مکمل کی جائے گی۔ اینگرو فریلائزر (ڈھری)، اینگرو پولیمر اینڈ کیمیکلز (پورٹ قاسم) اور اینگرو پاؤور جن تھر (تھر) سائنٹس کے لیے تقریباً 12,000 گھنٹے بڑے پیمانے کے خطرات اور ان سے متعلقہ اثر انداز ہونے والی رکاوٹوں کا جائزہ لینے کے لیے صرف کیے گئے۔ مؤثر رسک منجمنٹ کے لیے HSE کے تجزیات اعلیٰ قیادت تک واضح فراہمی کے لیے اس مشق کی کارکردگی کی ظاہری تفصیلات اعلیٰ سطح کے ڈیش بورڈ پر دی جاتی ہیں۔ یہ انٹرنیشنل رسک رجسٹر اور کوانڈرونی تفصیلات بھی فراہم کرے گا۔

گروپ ایچ ایس ای (Group HSE) ٹیم متعلقہ اداروں کے ساتھ صحت، تحفظ اور ماحولیاتی اقدامات پر عمل درآمد کرتی ہے اور مسلسل نگرانی اور رہنمائی فراہم کرتی ہے۔ ٹیم کارپوریٹ HSE کے معیارات کو برقرار رکھتے ہوئے تعمیل سے متعلق آڈٹ، کارکردگی کے جائزے، لاپرواہی کی نشاندہی اور حادثے کی تفتیش کے ذریعے کمپنی کے حفاظتی ایجنڈا کو یقینی بناتی ہے۔ کمپنی کا مقصد HSE منجمنٹ سسٹم کے نفاذ کی بنیاد پر ان ذمہ داریوں کو نبھانے کی جسے عالمی معیارات اور انڈسٹری کے بہترین تجربات کی روشنی میں بنایا گیا ہے۔ HSE کے معیارات پر عملدرآمد ہماری اعلیٰ قیادت کے کمپینٹس ماڈل کا حصہ ہے جو ہمارے ملازمین کی کارکردگی کے جائزے اور ترقی کے لیے استعمال کیا جاتا ہے۔

سال 2022 کے دوران بنیادی توجہ اینگرو کارپوریشن کے HSE معیارات کو کم سے کم ضروریات کے ساتھ اداراتی صورت دینے پر تھی تاکہ انھیں اینگرو کے تمام مقامات پر نافذ کیا جاسکے۔ HSE منجمنٹ سسٹم کی کارکردگی کی جانچ اور علاقوں کی بہتری سے متعلق رہنمائی فراہم کرنے کے لیے متعدد سائنٹس پریکٹس پارٹی آڈٹس کیے گئے۔ گروپ ایچ ایس ای (Group HSE) کی کوششوں کا ایک بڑا حصہ ٹیکسٹ کے لیے اور ایک نئے HSE MIS پلیٹ فارم - VelocityEHS میں شامل کیا گیا تاکہ HSE کے کام کا طریقہ کار بہتر ہو سکے اور معلومات کی بنیاد پر تجزیات کو واضح کیا جاسکے تاکہ ان اہم علاقوں کی شناخت ہو سکے جنہیں توجہ کی ضرورت ہے۔ یہ پلیٹ فارم چار (4) ماڈلز

## ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹرز سیکورٹی اینڈ ایکنجیمیشن آف پاکستان کے کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم کی تعمیل کی توثیق کرتے ہیں جو کہ درج ذیل ہیں:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کر رہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کی جاتی ہے، ان معیارات، ترامیم یا وضاحتوں کی بنیادی تعمیل میں ہونے والی تبدیلی کے علاوہ اور اکاؤنٹنگ تخمینے کی تیاری مناسب اور محتاط انداز کی بنیاد پر کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگوانٹرنیشنل فنانشل رپورٹنگ کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کو کوئی گنجائش نہیں۔
- کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

## نان ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضے کی پالیسی

ڈائریکٹرز کے بورڈ نے نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کے معاوضے کی پالیسی منظور کی ہے، جس کی نمایاں خصوصیت درج ذیل ہیں:

- معاوضہ معقول اور ڈائریکٹرز کی مہارت اور ذمہ داریوں کے مطابق ہونا چاہیے، جس کا مقصد ڈائریکٹرز کی توجہ اور مصروفیت کو قائم رکھنا ہے جو کمپنی کی نگرانی کے لیے ضروری اور قدر میں اضافے کے لیے حوصلہ افزاء ہیں۔ یہ معاوضہ ڈائریکٹرز کی خود مختاری پر ہرگز اثر انداز نہیں ہونا چاہیے نہ ہی اس پر کوئی جھوٹہ کیا جائے گا۔
- بورڈ اگر مناسب سمجھے تو اپنے ڈائریکٹرز کے معاوضوں کی معقول سطح جانچنے کے لیے آزاد کنسلٹنٹ کی خدمات حاصل کر سکتا ہے۔
- اینگرو کی دیگر کمپنیوں میں تعینات دیگر ایگزیکٹو ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کرنے کا کوئی معاوضہ ادا نہیں کیا جائے گا۔
- بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کی طرف سے خرچ کیے گئے کسی بھی طرح کے سفری اور دیگر ضروری اخراجات کی حقیقی رقم قابل ادا ہوگی۔

## ڈائریکٹرز کا معاوضہ

کمپنی میں کمپنیز ایکٹ 2017 اور سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل میں اپنے ڈائریکٹرز کے معاوضے کے لیے ایک شفاف طریقہ کار اور ایک باضابطہ پالیسی موجود ہے۔ پالیسی میں نان ایگزیکٹو ڈائریکٹرز کے لیے کاروباری سفر کے لیے ڈیلی الاؤنس اور ٹریول سہولت کی وضاحت فراہم کی گئی ہے۔

معاوضہ، بشمول بورڈ یا بورڈ کمیٹی کے اجلاس میں شرکت کے لیے ڈائریکٹرز کی فیس، ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو کی جانے والی ادائیگی کی تفصیل ان کنسلٹنٹس فنانشل اسٹیٹمنٹس کے نوٹ 28 پر واضح کی گئی ہے۔

## اندرونی مالیاتی کنٹرولز کی مناسبت

بورڈ آف ڈائریکٹرز اینگرو کے اندرونی کنٹرول کے سسٹم اور اس کے مؤثر ہونے کی نگرانی کے قطعی ذمہ دار ہے۔ اپنی مجموعی ذمہ داری کو مد نظر رکھتے ہوئے بورڈ نے اندرونی کنٹرول کے نظام اور تفصیلی ڈیزائن کو چیف ایگزیکٹو کے سامنے پیش کیا۔

اینگرو کے اندرونی کنٹرول کا نظام عمل درآمد کے واضح ڈھانچے، اختیارات کی حدود اور حساب و کتاب، اچھی طرح سمجھی گئی پالیسیوں اور بجٹ بنانے کے طریقہ کار پر مشتمل ہے۔ بورڈ ہر سہ ماہی میں اجلاس منعقد کرتا ہے جس میں اینگرو کی مالی کارکردگی، مالیاتی اور آپرینٹس بجٹ، تجارتی ترقی اور ترقیاتی منصوبوں، سرمائے کی اخراجات کی تجاویز اور دیگر اہم کارکردگی کے امور پر غور و خوض کیا جاتا ہے۔ بورڈ آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹرز کی جانب سے اندرونی مالیاتی کنٹرول کے نظام کی رپورٹ وصول کرتی اور اندرونی کنٹرولز کے مؤثر ہونے کی نگرانی کے عمل کا جائزہ لیتی ہے۔

## متعلقہ پارٹیز

کمپنی تمام متعلقہ پارٹیوں کی ایک تفصیلی فہرست برقرار رکھتی ہے۔ وہ تمام متعلقہ پارٹیاں جنہوں نے کمپنی کے سال دوران سال کسی لین دین میں حصہ لیا ہوتا ہے، ان کی تفصیل، تعلق کی نوعیت اور کاروباری شرح مالیاتی گوشواروں کے نوٹ 52 میں وضاحت کے ساتھ بیان کر دی گئی ہے۔

کچھ بیک آفس میں انجام دیے جانے والے کام جیسا کہ ہیومن ریسورسز، انفارمیشن ٹیکنالوجی، کارپوریٹ کمیونیکیشن وغیرہ کو کمپنی میں مرکزی طور پر منظم کیا جاتا ہے تاکہ کمپنی آپریشنز میں آسانی، دُہراؤ کا خاتمہ اور اجتماعیت کے ذریعے اخراجات میں کمی واقع ہو۔ اس سے انتظامی، بہتری اور خطرات پر قابو پانے کے ساتھ معیاری پروسیس، سسٹم اور رپورٹنگ کی بدولت بہتر اور بروقت نگرانی یقینی ہو جاتی ہے۔ کمپنی نے اپنی ذیلی کمپنیوں اور متعلقہ اداروں کے ساتھ اخراجات پر گفت و شنید کے معاہدے کیے ہیں تاکہ اس بات کو یقینی بنایا جائے کہ عمومی کاروباری امور میں متعلقہ پارٹیوں کے ساتھ ہونے والی لین دین کو عمومی کاروباری شرائط و ضوابط کے تحت نظر میں رکھا جائے۔

کوڈ آف کارپوریٹ گورننس اور نافذ قوانین کی تعمیل میں ہر سہ ماہی میں تمام متعلقہ پارٹیوں کے ساتھ ٹریڈیشن کی تفصیل بورڈ آڈٹ کمیٹی کو جائزہ کے لیے پیش کی جاتی ہے اور اس کی تجویز کی بنیاد بورڈ کی جانب سے ان کی منظوری ہوتی ہے۔

اینٹروکارپوریشن نے درج ذیل خطرات کی نشاندہی کرتے ہوئے ان پرتقاہ پانے کی منصوبہ بندی کر رکھی ہے:

### معاشی اور ریگولیٹری رسک

مستقل اور موثر کوششوں اور پالیسی سازوں سے مذاکرات کے ذریعے اپنے کاروبار کو معاشی اور ریگولیٹری مسائل سے پیدا ہونے والے خطرات سے نمٹنے میں مدد ملی۔

### غیر ملکی زرمبادلہ کا خطرہ

ہمارے سرمایہ کاری کے پورٹ فولیو نے ہم پر غیر ملکی زرمبادلہ کا خطرہ واضح کر دیا تھا، مجموعی طور پر پورٹ فولیو کا جائزہ لے کر ہم اس بات کو یقینی بناتے ہیں کہ جہاں تک ممکن ہو مناسب قدرتی حدود کو برقرار رکھا جائے۔

### شرح سود کا خطرہ

ہمارے قرض اور سرمایہ کاری کے اضافی فنڈز نے ہم پر شرح سود کا خطرہ واضح کیا۔ کسی بھی قسم کے منفی اتار چڑھاؤ کی مسلسل نگرانی اور قلیل مدتی منصوبوں میں اضافی فنڈ کی سرمایہ کاری سے اس خطرے کو کم کیا جاتا ہے۔

### لیکویڈیٹی رسک

ٹریڈری پالیسی کا مقصد پورٹ فولیو کی ممکنہ ترقی کے لیے درکار معاہدوں کے لیے فنڈز کی دستیابی یقینی بنانا ہے۔ ہم کیش کی اندرونی پیداوار اور مالیاتی اداروں کی سہولیات کے ذریعے لیکویڈیٹی رسک میں کمی لاتے ہیں۔

### کریڈٹ رسک

اعلیٰ کریڈٹ ریٹنگ کے حامل مالیاتی اداروں کے محتاط طریقے کے انتخاب سے ہمیں یہ خطرہ کم کرنے میں مدد ملی۔

### بزنس آپریشن رسک

توانائی کے خدشات، درآمدی خام مال اور دیگر آپریشنل خطرات کی جانچ باقاعدہ اور حالیہ بنیادوں پر کیا جاتا ہے۔ کمپنی مستحکم ویلیو چین کو پائیدار اور درآمدات میں اضافے کے لیے کمپنی گیس کمپریشن پروڈیکٹس وغیرہ جیسے فعال اقدامات کرتی ہے۔

### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم امور پر نظر ثانی کرتا ہے۔ اس میں کمپنی کی کاروباری سمت، سالانہ کاروباری منصوبے اور اہداف، طویل مدتی سرمایہ کاریاں اور قرضہ جات کے فیصلے شامل ہیں۔ بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کا اعلیٰ معیار قائم رکھنے کے لیے پرعزم ہے۔

موجودہ بورڈ 26 اپریل 2021 کو منتخب ہوا۔ بورڈ 10 ڈائریکٹرز پر مبنی ہے جو چیف ایگزیکٹو سمیت علم، جنس اور مہارتوں کے وسیع مجموعے پر مشتمل ہے اور اس کے موثر ہونے کی اہمیت کو مزید بڑھاتا ہے۔ اس بورڈ میں 3 خواتین ڈائریکٹرز سمیت 7 مرد ڈائریکٹرز شامل ہیں، جسے درج ذیل انداز میں تقسیم کیا گیا ہے:

- 3 آزاد مرد ڈائریکٹرز
- 2 آزاد خاتون ڈائریکٹرز
- 3 نان ایگزیکٹو مرد ڈائریکٹرز
- 1 نان ایگزیکٹو خاتون ڈائریکٹر
- 1 ایگزیکٹو ڈائریکٹر

ذیل میں ان افراد کے نام ہیں جو سال 2022 میں کسی بھی وقت کمپنی کے ڈائریکٹرز رہے ہیں:

- ۱۔ محترم حسین داؤد
- ۲۔ محترم شہزادہ داؤد
- ۳۔ محترم عبدالصمد داؤد
- ۴۔ محترمہ سربینا داؤد
- ۵۔ محترم محمد عبدالعلیم
- ۶۔ محترم رضوان دیوان
- ۷۔ محترم خواجہ اقبال حسن
- ۸۔ محترمہ حنا انعام
- ۹۔ محترمہ ڈومنیق روسو
- ۱۰۔ محترم غیاث خان

بورڈ کی سرگرمیوں کا جائزہ لینے کے لیے 2022 میں بورڈ کے 10 اجلاس منعقد ہوئے۔ بورڈ نے تین کمیٹیاں تشکیل دے رکھی ہیں تاکہ بورڈ کو اپنی قانونی ذمہ داریاں نبھانے میں مدد مل سکے۔ ممبر شپ تفصیلات کے ساتھ ان کمیٹیوں کی تفصیلات درج ذیل ہیں:

بورڈ آڈٹ کمیٹی	بورڈ انویسٹمنٹ کمیٹی	بورڈ پیپل کمیٹی
2022 میں 4 اجلاس منعقد ہوئے	2022 میں 8 اجلاس منعقد ہوئے	2022 میں 10 اجلاس منعقد ہوئے
محترم محمد عبدالعلیم	محترم شہزادہ داؤد	محترمہ حنا انعام
محترم رضوان دیوان	محترم محمد عبدالعلیم	محترم شہزادہ داؤد
محترم خواجہ اقبال حسن	محترم رضوان دیوان	محترم خواجہ اقبال حسن
محترمہ حنا انعام	محترمہ ڈومنیق روسو	محترمہ ڈومنیق روسو



بہر حال، ہم رائل وو پاک کے ساتھ 25 سال پر محیط اپنے تعلق کو کامیابی کے ساتھ جاری رہنے پر مسرت کا اظہار کرتے ہیں، جو کہ نہ صرف ایک مارکیٹ لیڈر ہے بلکہ جس نے مقامی اور بین الاقوامی سطح پر اپنے مشترکہ وسائل اور مہارت کو بروئے کار لاتے ہوئے اینگرو اور رائل وو پاک کی شراکت کی راہ کو مزید ہموار کرنے میں ایک اہم کردار ادا کیا۔

## - نوڈز

میکرو اکنامک کے چیلنج کرتے حالات کے نتیجے میں صارفین کے اختیاری اخراجات میں اعتدال پیدا ہو سکتا ہے اور ہماری ترقی کی راہ میں رکاوٹ پیدا کر سکتا ہے۔ تاہم، کمپنی غذائیت سے بھرپور اور محفوظ پروڈکٹس کی مسلسل فراہمی کے عمل کو یقینی بنانے پر ترجیح دے گی۔ یہ بہتر منافع پر توجہ مرکوز رکھتے ہوئے اور ہموار سپلائے چین کو یقینی بنانے کے لیے سپلائرز اور ڈسٹری بیوٹرز کے ساتھ مل کر فعال انداز میں ترقی کے عمل کو جاری رکھے گا۔

## - ٹیلی کمیونیکیشن انفراسٹرکچر

موبائل ڈیٹا کی بڑھتی ہوئی طلب اور اعلیٰ معیاری سروسز نے ایم این او ایس (MNOs) کو تیزی کے ساتھ built-to-suit پر عملدرآمد کے ذریعے بہتر بنایا ہے۔ جس کے نتیجے میں انفراسٹرکچر کے لیے بزنس آؤٹ لگ مستحکم رہتا ہے کیونکہ یہ ٹیلی کمیونیکیشن ٹاور سے متعلقہ capex کے تحت اور عملی کارکردگی کو بہتر بنا کر ایم این او ایس (MNOs) کو ان کے بنیادی بزنس پر توجہ مرکوز رکھنے کے قابل بناتا ہے۔ موجودہ میکرو اکنامک کی صورتحال کے نتیجے میں افراط زر کے دباؤ، کاروبار کے لیے مزید لاگت کی ضرورت پڑ سکتی ہے۔

اندرونی اور بیرونی ترقی کے مواقع کے ذریعے بحیثیت ایک خود مختار ٹاور کمپنی کے اینگرو انفراسٹرکچر اپنی مارکیٹ لیڈر شپ کو برقرار رکھے گا۔ سال 2024 تک یہ 5,000 ٹاور کمپنی بننے کے پہلے طے شدہ ہدف کو مکمل کرنے کی راہ میں ہے۔

ایک تجارتی ادارہ ہونے کی حیثیت سے جو پاکستان میں گزشتہ 60 سال سے کام کر رہی ہے، اینگرو اس اہم موڑ پر ہماری معیشت کی بحالی کے لیے اپنا اہم کردار انجام دیتا رہے گا۔

## شیئر ہولڈرز کو حصص کی تقسیم

بورڈ زیادہ سے زیادہ منافع دینے کے لیے پُر عزم ہے اور 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے فی شیئر 1 روپے کا حتمی نقد منافع منقسمہ تجویز کرنے پر بے حد خوش ہے۔ اس حساب سے سال کے لیے ٹوٹل ڈیویڈنڈ 34 روپے فی شیئر بنتا ہے اور اس میں دوران سال 33 روپے فی شیئر کا ٹوٹل عبوری نقد منقسمہ شامل ہے۔

## کریڈٹ ریٹنگ اور گریڈنگ

سال 2022 کے دوران کریڈٹ ریٹنگ ایجنسیوں نے کمپنی اور اس کے ذیلی اداروں کی کریڈٹ ریٹنگ کی توثیق کی ہے۔

کمپنی	ریٹنگ ایجنسی	طویل مدتی ریٹنگ	قلیل مدتی ریٹنگ
اینگرو کارپوریشن لمیٹڈ	PACRA	AA+	A1+
اینگرو فرنیچر لمیٹڈ	PACRA	AA	A1+
اینگرو پالیمیر اینڈ کیمیکلز لمیٹڈ	PACRA	AA	A1+
اینگرو ایگزیمپ ایگری پروڈکٹس (پرائیوٹ لمیٹڈ)	PACRA	A-	A2
اینگرو انفراسٹرکچر (پرائیوٹ) لمیٹڈ	VIS	A-	A2
اینگرو پاؤور جن تھر (پرائیوٹ) لمیٹڈ	PACRA	AA-	A1
اینگرو انٹرنیٹ ٹریڈنگ (پرائیوٹ) لمیٹڈ	PACRA	AA-	A1

یہ کریڈٹ ریٹنگ کمپنی کی مالیاتی اور منجمنٹ کی اہلیت اور سازگار کریڈٹ اسٹینڈنگ کی عکاسی کرتی ہیں اور ہماری مضبوط بیلنس شیٹ اور شاندار کارکردگی کے ساتھ ساتھ مستقل ڈیویڈنڈ پے آؤٹس کی گواہی دیتی ہے۔

سال کے اختتام پر مجموعی طویل مدتی قرض بڑھ کر 255,291 ملین روپے تک پہنچ گیا جو 31 دسمبر 2021 میں 222,203 ملین روپے تھا۔ 2021 کے ختم شدہ سال کے لیے گریڈنگ 48 فیصد کے مقابلے میں 51 فیصد ہے جس سے کمپنی کو مستقبل میں ترقی کے مواقع میں مدد فراہم کرے گی۔

## رسک منجمنٹ

اینگرو کارپوریشن اور اس کے ذیلی ادارے خطرے کی جانچ اور اس کے حل کے لیے لین انٹرنیٹرز رسک منجمنٹ فریم ورک استعمال کر رہے ہیں۔ ہمارے کارپوریٹ مقاصد اور اہداف کے حصول پر اثر انداز ہونے والے خطرات اور بے یقینی کی کیفیت سے بچ کر شیئر ہولڈرز کے لیے قدر پیدا کرنے، اس کے تحفظ اور اضافے کے لیے رسک منجمنٹ کو اہمیت دینا ہماری پالیسی ہے۔

ہمارے مختلف کاروبار ایک پیچیدہ ماحول میں اپنی سرگرمیاں انجام دیتے ہیں اور انہیں درپیش خطرات کے امکانات اور اس کے اثرات کا جائزہ لینے کی ضرورت ہوتی ہے اور پورے ادارے میں اس سے نمٹنے کے لیے ذمہ داریاں سونپ دی جاتی ہیں۔ ہر ذیلی ادارہ خطرے کے امکانات اور ان پر قابو پانے کی سوچ کے ساتھ ایک طے شدہ طریقہ کار سے خطرے سے نمٹتے ہوئے اُسے کم کرتا ہے۔ پورے ادارے میں خطرات کا جائزہ لیا جاتا اور ان کے اثرات کے اعتبار سے ان پر قابو پانے کی ذمہ داری دی جاتی ہے۔ خطرات کی نشاندہی کے بعد اس قابو پانے کی منصوبہ بندی وضع کی جاتی ہے جس کی نگرانی منجمنٹ کمیٹی اور بورڈ کرتے ہیں۔

- غیر ملکی زرمبادلہ کی غیر یقینی صورتحال کو دیکھتے ہوئے اہم خام مال اور اجناس کو فعال انداز میں محفوظ میں کرنے کے لیے گروپ کمپنیوں نے ایک حکمت عملی کا تعین کیا ہے۔ جس نے ہمارے مکمل پورٹ فولیو کے مارجن کے حصول میں مدد فراہم کی اور عملی سہولیات میں آنے والی رکاوٹوں کو کم سے کم ہونے کو یقینی بنایا۔ ہماری ٹیمیں اسی حکمت عملی پر عمل کرتے ہوئے کاروباری سرگرمیوں کو مستحکم پائیداری کے ساتھ آگے بڑھانے کا م انجام دیتی رہیں گی۔

- کمپنی برآمدات کی ایک مستحکم حکمت عملی بھی بنا رہی ہے جس کا مقصد اپنے اہم اور قیمتی وسائل بشمول زمین، قدرتی وسائل اور انسانی وسائل کو استعمال کرنا ہے۔ ہمارا عزم چاول اور chlo-Vinyl کی مصنوعات کی بنیادی برآمدات میں مزید اضافہ کرنا ہے۔ یہ مختلف صنعتوں مثلاً فوڈ، زراعت، کیمیکلز، ٹیکنالوجی اور کان کنی میں برآمدات کے مزید مواقع پیدا کرے گی۔

- بین الاقوامی سطح پر نمایاں طور پر ابھرنا ہماری ترجیح رہے گی۔ کمپنی نے عالمی شراکت داروں کے ساتھ بین الاقوامی منصوبوں پر کام کرنے کے لیے توجہ مرکوز رکھی ہوئی ہے، جو اسے جغرافیائی تبدیلیوں کے اور اینگرو برانڈ کو دنیا بھر میں تشہیر کرے گی۔

### مستقبل قریب کا جائزہ:

بیرونی سرمایہ کاری کی بگڑتی حالت، غیر یقینی سیاسی صورتحال اور مالیاتی چیلنجز کی وجہ سے پیدا ہونے والی غیر مستحکم میکرو اکنامک کے باعث مستقبل قریب میں ترقی کی رفتار کم نظر آتی ہے۔ تاہم، پالیسی کے مؤثر اقدامات کے ساتھ یہ توقع ہے کہ درمیانی مدت سے معیشت کی رفتار میں ایک بار پھر اضافہ ہو جائے گا اور برآمدات میں اضافے، درآمدات کی تبدیلی اور مکنہ غیر ملکی سرمایہ کاری کے ذریعے ترقی کرے گی۔ مجموعی طور پر طویل مدتی امکانات مثبت نظر آتے ہیں اور کمپنی پاکستان کی مکنہ استعداد کے حوالے بھی ہمیشہ پُر امید رہی ہے۔

اینگرو کارپوریشن، پاکستان کے ضروری مسائل کو حل کرنے اور اس کے شہریوں کی زندگیوں کو بہتر بنانے کے لیے ایک مستحکم حالت میں ہے۔ سب کے لیے مستحکم قدر بنانے اور کاروباری ساخت کو لچکدار اور تیز کرنے پر توجہ مرکوز کرنے کے ساتھ ساتھ ہم اپنے چار اہم سطحوں اور ٹیکلز پر کاروبار کو بڑھانے اور ترقی کے نئے مواقع حاصل کرنے کے لیے پُر عزم ہیں۔

### - فریڈلائزر

پاکستان میں زراعت کا شعبہ حال ہی میں پیش آنے والے خطرناک سیلاب اور سیاسی و معاشی غیر یقینی صورتحال کے باعث نمایاں طور پر بڑے چیلنجز کا سامنا کر رہا ہے۔ چونکہ یہاں معیشت کا انحصار زیادہ تر زراعت پر ہے اسی لیے آئندہ چند ماہ میں بڑی رکاوٹوں کے پیدا ہونے کی توقع ہے۔

مگر ہمیں قوی یقین ہے کہ حکومت کے درست اقدامات اور متعلقہ ایجنسیوں کے تعاون سے حالات بہتر ہو سکتے ہیں۔ ہماری کمپنی بین الاقوامی مارکیٹوں سے رعایتی قیمتوں پر ضروری کھادوں کو خرید کر فراہم کرتے ہوئے خاص طور پر اپنا کردار ادا کرنے میں مصروف ہے۔

### - پیٹر و کیمیکلز

پولیمر کاروبار برآمدات کے ذریعے غیر ملکی کرنسی کمانے کے ساتھ ساتھ متبادل درآمدات کے ذریعے غیر ملکی کرنسی کو محفوظ کرنے میں بھی بے حد اہم کردار ادا کر رہا ہے۔

اینگرو پولیمر اینڈ کیمیکلز کنسٹرکشن اور ٹیکسٹائل جیسی پاکستان کی بڑی صنعتوں کو بنیادی اور ضروری خام مال فراہم کنندہ کی حیثیت سے اپنی خدمات انجام دینے کے لیے پُر عزم ہے۔ یہ بڑے پیمانے پر پیدا ہونے والی گیس کی کمی واقع ہونے پر کاروبار کے لیے توانائی کے متبادل ذرائع تلاش کر رہا ہے تاکہ بجلی کی لاگت میں کمی اور دستیاب گیس کی کمی کے خطرے کو دور کیا جاسکے، جبکہ اس کے ساتھ ساتھ نئے پروڈیکٹس اور مارکیٹس کی نشاندہی کا عمل بھی جاری رکھے ہوئے ہے۔ مذکورہ بالا کے علاوہ، برآمدات پر مبنی ٹیکسٹائل سیکٹر کو خام مال فراہم کرنے والا ایک اہم ادارہ ہونے کی حیثیت سے کمپنی حکومت کی جانب سے مناسب گیس کی فراہمی کی بھی امید رکھتی ہے۔

### - انرجی

انرجی کا تحفظ کرنا پاکستان کا سب سے اہم اور پیچیدہ مسئلہ رہا ہے۔ درآمدات سے چلنے والی انرجی پالیسی، ملک کے لیے مستحکم نہیں ہے اور اسی لیے مقامی سطح پر سستی انرجی فراہم کرنے کے مقصد کے ساتھ، پاؤریٹیکس کے لیے تھرکول حکومت کی میرٹ آرڈر لسٹ میں شامل رہے گا کیونکہ یہ فیول کی بڑھتی قیمتوں کے خلاف hedging فراہم کرتا ہے۔ انرجی کی مکنہ کی طلب کو پورا کرنے کے لیے ہمارے کان کنی کے کاروبار میں کامیابی کے ساتھ 7.6 ملین ٹن سالانہ اضافہ ہوا ہے اور سال 2024 کے آغاز میں 11.4 ملین ٹن سالانہ تک اضافہ کر دے گا۔

انتظامیہ سپینٹ مینز فیکچرز اور درآمد شدہ کوئلہ استعمال کرنے والے پاؤریٹیکس پروڈیوسرز کے ساتھ اشتراک کر رہی ہے تاکہ مقامی تھرکول کو استعمال میں لایا جاسکے۔ ہم سمجھتے ہیں کہ تھرکول کے مکمل طرح سے استعمال کرنے سے انرجی کے دونوں مسائل یعنی سیکٹر اور ہمارے بڑھتے ہوئے زرمبادلہ کے بحران کے مسائل کو حل کیا جاسکتا ہے۔

پائیدار انرجی کو قابل صلاحیت بنانے کے لیے انرجی بزنس نے ریگولیشنز کے ساتھ اشتراک کیا اور انڈسٹری اسٹیک ہولڈرز نے جھم پیر میں مکنہ 400 میگا واٹ پر قابل تجدید انرجی پارک (ری پارک) کی سہولت فراہم کرنے کی پیش رفت کی ہے۔ یہ بڑے پیمانے پر سستی اور گرین الیکٹرک سٹی فراہم کر کے مستحکم مستقبل کی جانب راہ ہموار کرنے اور اس کے فروغ میں اہم کردار ادا کرے گا۔ اس کے لیے کمپنی نے 6,700 ایکڑ زمین کی دستیابی کی تصدیق کی ہے جو کہ 400 میگا واٹ سے زیادہ انرجی پیدا کرنے کی صلاحیت میں معاون ہے۔ یہ مکنہ طور پر صارفین سے 670 میگا واٹ کی فراہمی کے وعدے بھی رکھتا ہے۔

### - ٹریٹمنٹ آپریشنز

ایل این جی ٹریٹمنٹ انرجی کی کمی کو دور کرنے میں بھی اپنا کردار ادا کر رہا ہے۔ جس طرح مارکیٹ میں انرجی کی طلب میں اضافہ ہو رہا ہے ہم سینئر ہولڈر کی قدر میں اضافے کے لیے نئے مواقع کی تلاش جاری رکھیں گے۔

لیکو ایڈ کیمیکلز ہینڈلنگ انڈسٹری میں اینگرو وپاک کی منفرد پوزیشن پہلے سے زیادہ بہتر کارکردگی کی امید کے ساتھ اسے کیمیکل ہینڈلنگ اور اسٹوریج بزنس میں مارکیٹ لیڈر کی حیثیت سے تسلیم کرتی ہے۔ تاہم، تاققان بارڈر ایریا کے ذریعے درآمدات کے عمل میں میرین LPG کی درآمدات کے دباؤ میں رہنے کی توقع ہے۔

سال کے دوران، اینگرو نے اپنے verticale میں سرمایہ کاری کے عمل کو جاری رکھا ہے جو حصص یافتگان کی خاص قدر پیدا کرے گا اور پاکستان کی ترقی میں گروپ کے تعاون کو مزید آگے بڑھائے گا۔ اس حوالے سے کچھ نمایاں نکات درج ذیل ہیں:

V- اینگرو فیٹلائزرز نے دیگر کھاد بنانے والوں کے ساتھ مل کر ماری فیئلڈ میں کمپریشن یونٹ کی تعمیر کے لیے ماری پیٹرولیم کمپنی لمیٹڈ (MPCL) کے ساتھ معاہدہ کیا ہے۔ جس سے تریسل کے دباؤ کی مناسب سطح کو برقرار رکھنے میں مدد اور مینوفیکچرنگ کی سہولت کو مستقبل قریب میں مقامی گیس پر بہترین سطح پر کام کرنے کی اجازت ملے گی۔

VI- اینگرو پولیمر اینڈ کیمیکلز نے VCM KTPA 50 سہولت کے لیے FEED اسٹڈی کا آغاز کیا ہے جو بہترین انداز سے جاری ہے۔ پاکستانی مارکیٹ میں expand کا عمل مسلسل جاری رہنے سے EPCL مقامی مارکیٹ کو PVC کا سب سے بڑا فراہم کنندہ رہنے کے لیے وقف ہے، جبکہ یہ اندرون ملک پیداوار اور برآمدی صلاحیت کو استعمال میں لاتے ہوئے زیادہ سے زیادہ منافع کما رہا ہے۔

VII- اپنی مختلف اور درآمدی متبادل کی حکمت عملی کے مطابق، اینگرو پولیمر اینڈ کیمیکلز اپنے 28KMT~ کے ہائیڈروجن پیروآکسائیڈ پروجیکٹ میں کامیابی کے ساتھ آگے بڑھ رہا ہے۔ پروجیکٹ کی تکمیل کی تاریخ 2023 کی تیسری سہ ماہی میں متوقع ہے۔ اس سے کمپنی کی مالی پوزیشن مضبوط ہوگی اور اس کے پورٹ فولیو میں ایک اہم پروڈکٹ کا اضافہ ہوگا۔

### 2023 - فوکس بلکس

ہم اپنے پورٹ فولیو کی کارکردگی پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں؛ تاہم یہاں یہ تسلیم کرنا ضروری ہے کہ بیرونی ماحول کی صورتحال کا غیر یقینی رہنے کا امکان ہے اور مستقبل میں بھی چیلنجز کا سامنا ہو سکتا ہے۔ چونکہ اینگرو کی موجودگی معیشت کے اہم سیکٹرز مثلاً نوڈ اور اینگرو انرجی میں زیادہ ہے اسی لیے بہتر معیشت کے لیے کاروباری عمل کا تسلسل کے ساتھ جاری رہنا ضروری ہے۔ اپنے شیئر ہولڈرز کے تحفظ اور قدر میں اضافے کے لیے ہم ایک حکمت عملی نافذ کرنے کا ارادہ رکھتے ہیں جو کہ ممکنہ رکاوٹوں کو دور کرنے اور مختلف خطوں میں ہمارے متنوع آپریشنز انجام دینے پر مرکوز ہوگی۔

درج ذیل میں حکمت عملی کے کچھ اہم اقدامات ہیں جس کی تمام گروپ میں پیروی کی جائے گی:

- ہم نے اپنے مستقبل کو بہتر بنانے کے لیے اخراجات کو کم کرنے پر توجہ مرکوز رکھی ہوئی ہے۔ لاگت کی اثر انگیزی، احتیاط اور حالات میں خود کو ڈھالنے کی صلاحیت پر بھرپور توجہ نے ہمیں مشکل حالات سے گزرنے میں مدد دی۔ یہ عمل آٹومیشن کے طریقہ کار کے ذریعے عملی کارکردگی میں خاص اضافے، اخراجات پر نظر رکھتے ہوئے ٹیکنالوجی کا استعمال اور اہم کاروباری حصوں میں پاکٹس ویلیو کی نشاندہی کرے گا۔
- خراب معاشی صورتحال کے باوجود پلانٹ کا بہتر معیار اور موثر کارکردگی ہماری ترجیح ہے اور آگے بھی رہے گی۔ اپنے اثاثوں کو بہتر انداز میں محفوظ بنانے کے لیے کچھ مخصوص رکاوٹوں پر فعال طور پر سرگرمیاں انجام دی جائیں گی۔

I- اینگرو انرجی، حکومت سندھ کے ساتھ مل کر اس وقت پاکستان کے پہلے ہائبرڈ renewable·GW1 انرجی (RE) پارک کی تکمیل کا جائزہ لے رہی ہے۔ یہ پروجیکٹ درآمدی متبادل کے طور پر 400 ملین امریکی ڈالر بچانے کی صلاحیت رکھتا ہے۔ 400 میگا واٹ کی وسعت کے ساتھ پروجیکٹ کے فیزا پر سال 2024 کے آغاز میں تصدیق شدہ زمین کی دستیابی کے ساتھ کام کرنے کا منصوبہ ہے۔ اس اقدام کا مقصد صنعتی صارفین کے لیے بجلی کی لاگت میں تقریباً 20 فیصد کمی لانا ہے اور 2030 تک پاکستان کے انرجی کس میں renewable انرجی کے حصے کو 30 فیصد تک بڑھانے کے حکومتی ہدف کی حمایت کرنا ہے۔ کمپنی خریداروں سے محفوظ منافع حاصل کرنے میں بھی کامیاب رہی ہے جس کا واضح ثبوت 670 میگا واٹ مالیت کے MOUs ہیں جن پر دستخط کیے گئے ہیں۔ کمپنی نے پالیسی سازوں کے ساتھ مل کر منصوبے پر عملدرآمد کے لیے زمین کو استعمال کرنے کی جانب پیش رفت بھی کی ہے۔

II- کمپنی نے ٹیلی کمیونیکیشن انفراسٹرکچر اینڈ سٹریٹس میں قدم رکھا جس کا مقصد پورے ملک میں ٹیلی کام تک رسائی کو فعال کرنا اور اس شعبے میں اہم قدر کو مستحکم کرنا ہے۔

ہمارے ذیلی کمپنیاں 2024 تک +5,000 ٹاورز کے اپنے ہدف تک پہنچنے کے لیے بہترین طرز پر گامزن ہے۔ مزید برآں، کمپنی فعال طور پر سرمایہ کاری کے نئے مواقع تلاش کر رہی ہے اور اس نے حال ہی میں مرجرز کے منافع اور دستیاب سرگرمیوں کو آگے بڑھانے میں اپنی دلچسپی کا اعلان کیا ہے۔

III- کمپنی نے buypack پروگرام کے تحت 23 جولائی 2023 تک 70 ملین شیئرز خریدنے کا اعلان کیا ہے۔ بورڈ آف ڈائریکٹرز سے ملنے والے تعاون کی وجہ سے انتظامیہ کی ٹیم یہ یقین رکھتی ہے کہ اینگرو کے پاس حصص یافتگان کے لیے قدر پیدا کرنا جاری رکھنے کی صلاحیت موجود ہے اور موجودہ مارکیٹ کی قیمتوں پر پیش کردہ یہ ایک بہترین موقع بھی ہے۔

IV- کمپنی نے پاکستان میں مقامی PDH اور PP سہولت کی تعمیر کی سہولت کا جائزہ لینے کے لیے ایک جامع ٹیکو کمرشل تجزیہ کیا اور FEED کا تخمینہ لگایا۔ مستحکم مقامی مارکیٹ کے حالات اور بہترین ٹیکنیکی مہارت کے باوجود EPC معاہدوں میں غیر معمولی اضافے کے باعث بڑے سرمائے کے اخراجات کے تخمینے کی وجہ سے اس منصوبے کو عارضی طور پر روکنے کا فیصلہ کیا گیا۔ تاہم، اینگرو مسلسل صورتحال کا ازسرنو جائزہ لے گا اور مستقبل میں اس منصوبے پر دوبارہ کام شروع کرنے کے امکان کے لیے تیار ہے۔



# ایگزیمپ ایگری پروڈکٹس

ریونیو  
(ملین روپے)

7,085

برآمدات میں مسلسل بہتری۔

قومی زرمبادلہ کے ذخائر میں اہم شراکت دار کے طور پر کاروبار نے برآمدات پر اپنی توجہ مسلسل رکھی۔ supply chain کی وجہ سے آنے والی رکاوٹوں میں آسانی پیدا کرتے ہوئے پچھلے سال 24 KT کے مقابلے میں 37 KT چاول کی برآمدات کے ذریعے 31 ملین کی آمدنی حاصل کی۔

دوران سال ڈومیسٹک والیمرز 11 KT ہونے کے باوجود کاروبار نے مقامی مارکیٹ میں بھی اپنی جگہ پر مضبوطی کے ساتھ قدم جمائے رکھے۔

رواں سال کے دوران، ایگریو EAPL کی مینجمنٹ نے انویسٹری بک اور ویسٹ ہاؤسز میں فزیکل انویسٹری کے سیکٹرز میں نمایاں فرق دیکھا۔ انٹرنل ٹیم کے تفصیلی تجزیے کے مطابق انٹرنل انویسٹری کے تخمینے میں ردوبدل پوسٹنگ کا انکشاف ہوا۔ پوسٹ انویسٹمنٹ کے بعد یہ نتیجہ اخذ کیا گیا کہ اندازاً 2.4 ملین پاکستانی روپے کا فرق ہے جو حالیہ اور گزشتہ ادوار کی فنانشل اسٹیٹمنٹ رپورٹس کے تناظر میں دیکھنے میں آیا ہے۔ جس کا اثر کمپنی کے profit اور loss کی شرح کو تسلیم کرتے ہوئے اکاؤنٹنگ کی ترجیحات کے مطابق جہاں ضرورت تھی وہاں لاگو کیا گیا ہے۔

مینجمنٹ نے اس حوالے سے سخت اقدامات اٹھائے اور اس بات کا احاطہ کیا کہ اس طرح کا لائحہ عمل طے کیا جائے کہ دوبارہ اس طرح کے واقعات نہ دہرائے جائیں۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے انٹرنل انویسٹمنٹ رپورٹ کا جائزہ لیا اور انتظامیہ کو ہدایت کی کہ ایک تھرڈ پارٹی آڈٹ فرم کو مزید تحقیقات کے لیے شامل کیا جائے جو اس معاملے کا تفصیلی جائزہ لے کر اس کی بنیادی وجہ پیش کرنے کے ساتھ اپنی تجاویز فراہم کرے جن کی روشنی میں آنے والے سالوں میں اس طرح کی غلطیوں سے بچا جائے اور سسٹم کو مزید مستحکم کیا جائے۔





# فرائز لینڈ کیمپینا اینگرو

ریونیو  
(بلین روپے)

73,473

FrieslandCampina Engro نے ڈیری اور آئس کریم دونوں شعبوں میں مضبوط ڈائیو میٹرک سیل کی وجہ سے مستحکم ترقی کی ہے۔

FrieslandCampina Engro Pakistan (FCEPL) نے گزشتہ سال کے 52 بلین روپے کے مقابلے میں 73 بلین روپے کی نیٹ آمدنی کی رپورٹنگ کرتے ہوئے 40 فیصد کی ٹاپ لائن گروتھ کا مظاہرہ کیا۔ معاشی بد حالی اور بیرونی عدم استحکام جیسے کہ اجناس کی قیمتوں میں زبردست اضافہ اور روپے کی قدر میں کمی کے باوجود FCEPL کے تیز بزنس ماڈل نے اسے مشکلات کے باوجود ترقی کی منازل طے کرنے کے قابل بنایا۔ کاروبار نے 2021 میں 1.8 بلین روپے سے 2022 میں 2.5 بلین روپے تک 39% کی PAT گروتھ ریکارڈ کی، اس کے ڈسٹری بیوشن نیٹ ورک کی توسیع کی وجہ سے ڈائیو میٹرک ترقی ممکن ہوئی۔

FCEPL نے سیلاب سے ہونے والے نقصانات کے ازالے کے لیے بڑے پیمانے پر اپنی کوششیں تیز کر دی ہیں اور سندھ اور بلوچستان کے قریب اس کے سکھ اور نارافارم پلانٹ میں جانوروں کی بہبود پر توجہ مرکوز کی۔





# اینگرو ووپک اور ایلیجی ٹرمینلز

ریونیو  
(ملین روپے)

21,912

میکرو اکنامک کی خراب صورتحال کے باوجود بنگلہ دیش کی فرہمی کے دوران اینگرو ووپک نے ترقی حاصل کی۔

اینگرو ووپک ٹرمینل نے گزشتہ سال 1,280KT کے مقابلے میں 1,331KT تک کیمیکل ہینڈلنگ میں اب تک سب سے زیادہ حجم کا اضافہ ریکارڈ کیا، جس کی وجہ بنیادی طور پر فاسفورک ایسڈ اور پیراکسیلین کی زیادہ درآمدات کو قرار دیا جاسکتا ہے، جو تفتان بارڈر کے دوبارہ کھلنے کی وجہ سے گزشتہ سال کے مقابلے میں 32 فیصد کم LPG میرین امپورٹ کی وجہ سے ممکن ہوا تھا۔

مجموعی طور پر سال 2022 کے دوران ٹرمینل کاروبار کے منافع سپرنٹیکس کی وجہ سے متاثر ہوا ہے۔ کاروبار نے صحت، حفاظت اور معیار کے غیر معمولی معیار کو برقرار رکھتے ہوئے بغیر کسی کام یا مشکلات کے 25 سالہ کامیاب اور محفوظ آپریشنز بہترین طور سے مکمل کر لیے۔

LNG ٹرمینل نے SSGC میں 219 bcf re-gastified کو 74 ویسلز کی فرہمی کی جو کہ 97.6 فیصد کی دستیابی کے ساتھ ملک کی گیس سپلائی کے 13-15 فیصد کے مطابق ہے۔





# اینگرو انرجی

ریونیو  
(ملین روپے)

83,069

مقامی ذرائع کو استعمال میں لاتے ہوئے اور sustainable energy پر توجہ مرکوز کرتے ہوئے ملک میں توانائی کے مسائل کو دور کرنا

کوئلے کی کان تھرانر جی اور کی الیکٹرک پاور کمپنی، اینگرو پاور جن تھرانر تک سال بھر میں کوئلے کی فراہمی کا عمل بہترین انداز کے ساتھ جاری رہا۔ دوران سال کان کے فیئر II کی توسیع کا کام مکمل ہوا جس نے یکم اکتوبر 2022 میں متاثر گن انداز میں expansion کو گنا کر کے 7.6 ملین روپے ٹرس سالانہ کر دیا ہے۔ ہماری کان نے آغاز سے 800 ملین امریکی ڈالر کی متبادل درآمدات کے قابل بنایا۔ توانائی کی ممکنہ بڑھتی ہوئی طلب کو پورا کرنے کے لیے انتظامیہ نے فیئر III کی expansion کو 11.4 ملین ٹرس سالانہ میں اضافے کا وعدہ کیا ہے، جس کے لیے حکومت سندھ سے منظوری کی درخواست کی گئی ہے۔

تھرانر پاور پلانٹ گزشتہ سال کے دوران تھرانر پاور پلانٹ نے گزشتہ سال کے 4,225 GWH کے مقابلے میں اس سال نیشنل گرڈ کو 3,690 GWH بجلی فراہم کی اور گزشتہ سال 83 فیصد کے مقابلے میں 73 فیصد کی دستیابی کا ہدف حاصل کیا۔ پہلی سہ ماہی میں ہونے والے واقعہ کی وجہ سے پلانٹ کی دستیابی بنیادی طور پر کم رہی۔ مکمل معائنے اور بحالی کے ضروری کام کے بعد پلانٹ کے دونوں یونٹس کامیابی کے ساتھ دوبارہ آن لائن آگئے ہیں۔

قادر پور پاور پلانٹ 768 GWH کا نیٹ الیکٹرک آؤٹ پٹ کا پلانٹ 41 فیصد کے لوڈ فیکٹر کے ساتھ نیشنل گرڈ کو فراہم کیا گیا۔ بڑے پیمانے پر Overhaul کے تحت طے شدہ وقت پر مینٹنس کا عمل انجام دیا گیا جو ہر چھ سال میں انجام دیا جاتا ہے۔ کاروبار نے سال کا 1.5 منافع بعد از ٹیکس (PAT) پوسٹ کیا جو گزشتہ سال 2021 میں 1.6 بلین روپے تھا۔





# اینگرو انفراشیئر

ریونیو  
(ملین روپے)

9,095

موثر ناور کی تعیناتی اور آپریشنل افادیت کے ذریعے حاصل کی گئی غیر معمولی کارکردگی۔

موبائل نیٹ ورک انڈسٹری ایک تبدیلی کے مرحلے سے کر رہی ہے، جہاں موبائل نیٹ ورک آپریٹرز (MNOS) کو کسٹمر سروسز، ایپلیکیشن اور متعلقہ خدمات پر توجہ مرکوز کرنے کی ضرورت ہے۔ ٹیلی کمیونیکیشن ناورز کی تعمیرات اور دیکھ بھال ایک اضافی ذمہ داری رہی ہے۔ پاکستان بھر میں ناورٹ پرنٹ کو بہتر اور اس کی کارکردگی میں موثر اضافے کے لیے اینگرو نے اینگرو انفراشیئر کے ذریعے اپنے کاروبار میں ایک قدم اور آگے بڑھایا ہے۔

سب سے بڑے اور خود مختار TowerCos کاروبار ہونے کی حیثیت سے اینگرو انفراشیئر MNOS کو اس قابل بناتا ہے کہ وہ ٹیلی کمیونیکیشن ناور سے وابستہ capex کے ساتھ اپنے بنیادی کاروبار پر توجہ مرکوز کر سکیں اور اپنے انفراسٹرکچر کی عمدہ کارکردگی کے ذریعے عملی آپریشنز کی صلاحیتوں کو بڑھا سکیں۔

پاکستان بھر میں ڈیجیٹل رسانی کو بڑھانے کی کوشش کرتے ہوئے اینگرو انفراشیئر نے اپنے نیشنل فوٹ پرنٹ میں اضافے کو جاری رکھا اور 1.17x کے ٹینسی ریشو کے ساتھ 3,329 ناور سائٹس کا ہدف حاصل کیا، جو پاکستان کے چاروں موبائل نیٹ ورک آپریٹرز (MNOS) کی ضروریات کو پورا کر رہا ہے۔ کاروبار نے دیگر آزاد ناورز کی کمپنیوں کے مقابلے میں build-to-suit (B2S) ناور رول آؤٹ میں 62% کا مارکیٹ شیئر حاصل کیا، جس کی وجہ سے گزشتہ سال کے مقابلے میں 2x کا اضافی ریونیو حاصل ہوا۔

دوران سال colocation سرگرمیوں کی وجہ سے کاروبار میں ممکنہ ترقی دیکھنے میں آئی، جو سال 2021 میں 1.10x کے مقابلے میں 1.17x کی کل colocation ٹینٹس تھی جو 6 فیصد اضافے کا نمایاں اضافہ ہے۔ کاروبار ترقی حاصل کرنے کے لیے اچھی طرح مستحکم ہے جس کی امید ڈیٹا کے استعمال میں اضافہ کرنے، اسمارٹ فون کی مقامی تصنیب اور حکومت پاکستان کی جانب سے پالیسی کی سطح پر دیگر وسائل سے ہے۔





# اینگرو پولیمرا اینڈ کیمیکل

ریونیو  
(ملین روپے)

82,060

PVC پاکستان میں resin کا واحد پروڈیوسر ہے جو درآمد متبادل اور برآمدات کے بہترین مواقع فراہم کرتا ہے۔

چین میں COVID-19 کی صورتحال میں بحالی کے نتیجے میں سپلائی کنسرژن کی وجہ سے سال کے دوران بین الاقوامی PVC کی قیمتیں اوسطاً امریکی ڈالر 1,106/MT رہی۔ بین الاقوامی مارکیٹ میں دستیابی کے خدشات کے باوجود اینگرو پولیمر کی مسلسل پیداوار کی وجہ سے مقامی PVC ڈاؤن اسٹریم مارکیٹ کو سپلائی بلا تعلق جاری رہی۔ متبادل درآمدات کے ذریعے پلانٹ کی بروقت xpansion اور فعال کارکردگی نے پاکستان کو 134 ملین امریکی ڈالر کے اضافی اخراجات سے بچنے میں مدد فراہم کی۔

پیٹرولیم کیمیکل برنس نے PVC والیومز کی اعلیٰ ترین سطح اور قیمتوں کی وجہ سے 17 فیصد سے زائد یعنی 70 بلین روپے کے مقابلے میں 82 بلین روپے کے ریکارڈ ریونیو حاصل کرتے ہوئے اپنے آگے بڑھنے کی رفتار کو جاری رکھا۔ بنیادی طور پر 1.2 بلین کے سپرنٹیکس کے اثرات کی وجہ سے سال 2021 میں 15 بلین کے مقابلے میں منافع بعد از ٹیکس (PAT) 12 بلین رہا۔

کاروبار نے سال 2021 میں 207 KT کے مقابلے میں 231 KT کی اپنی اب تک کی سب سے زیادہ مقامی سیل ریکارڈ کی، جس میں 94 فیصد کارماریٹ شیئر بھی شامل ہے۔ کاروبار نے لوکل PVC کی طلب کو پورا کرنے کے بعد 25 KT کی اپنی اب تک کی سب سے زیادہ ایکسپورٹ سیل بھی ریکارڈ کی، جس میں 15 KT کی کاسٹک برآمدات بھی شامل ہیں، جس سے 21 ملین امریکی ڈالر کا زرمبادلہ حاصل ہوا۔





# اینگرو فرٹیلائزرز

ریونیو  
(ملین روپے)

157,016

پاکستان میں غذائی تحفظ میں تعاون اور 1.3 بلین امریکی ڈالر کی متبادل درآمدات:

مقامی ایگری کچلر سیکٹر موجودہ عالمی معاشی بد حالی اور حال ہی میں ملک میں آنے والے شدید سیلاب سے بری طرح متاثر ہوا ہے۔ یوریا کی فروخت گزشتہ سال کے 2,295 KT کے مقابلے میں اس سال 1,935 KT رہی جو بنیادی طور پر سال کے دوران بیس پلانٹ میں LTR کے turnaround سے منسوب ہے۔ اینگرو فرٹیلائزرز نے صفر TRIR کے ساتھ 50 سالوں میں سب سے طویل اور مشکل turnaround کو مکمل کرتے ہوئے ایک تاریخ رقم کی ہے، جو کہ تحفظ اور پلانٹس میں بہتری حاصل کرنے کے حوالے سے گروپ کی جانب سے کیے گئے عزم کا ثبوت ہے۔ اس مستحکم پروجیکٹ کے مکمل ہونے کے بعد پلانٹ کی کارکردگی میں اضافہ ہونے کی وجہ سے آنے والے سالوں میں آپریشنل فیسیٹی کی کارکردگی میں بھی بہتری کی توقع ہے۔

دنیا بھر میں capacity expansion کی وجہ سے یوریا کی بین الاقوامی قیمتیں سال 2022 کے آخر تک 52 فیصد کی نرمی کے ساتھ امریکی ڈالر 456/T (6,705 روپے فی بوری کے برابر) پہنچ گئیں۔ بین الاقوامی فاسفیٹ کی قیمتیں امریکی ڈالر 730/T تک کم ہوئیں جس کی وجہ عالمی طلب میں کمی اور اجناس کی فصل میں تبدیلی پیدا ہونا ہے۔ عالمی اجناس کی قیمتوں میں اتار چڑھاؤ کے درمیان، مقامی کھاد کی صنعت نے بین الاقوامی قیمتوں کے مقابلے میں 66 فیصد کی رعایت پر کسانوں تک مقامی طور پر تیار کردہ یوریا کی دستیابی کو یقینی بنایا۔ سال 2022 میں مقامی یوریا کی صنعت نے متبادل درآمدات کو 4.5 بلین امریکی ڈالر تک پہنچایا جس میں اینگرو فرٹیلائزرز کا حصہ 29 فیصد کے برابر 1.3 بلین امریکی ڈالر رہا۔

سال 2021 میں بنیادی طور پر مقامی یوریا اور عالمی اجناس کی قیمتوں میں اضافے کی وجہ سے فرٹیلائزرز کے کاروبار میں 132 بلین کے مقابلے میں 157 بلین آمدنی ریکارڈ کی گئی ہے۔ گزشتہ سال منافع بعد از ٹیکس (PAT) 21 بلین کے مقابلے میں 16 بلین رہا جس میں بنیادی طور پر 3.8 بلین کی رقم کے سپر ٹیکس کی وجہ سے کمی دیکھنے میں آئی۔ فاسفیٹ کی بڑھتی قیمتوں اور سیلاب کے اثرات نے سال 2021 میں فاسفیٹس کی فروخت میں 366 KT سے 333 KT تک کمی پیدا کی۔





## کاروباری کارکردگی کا جائزہ

انفرادی طور پر کمپنی نے مساوی سال کے لیے 18,516 ملین روپے کے مقابلے میں اس سال بعد از ٹیکس منافع 21,196 ملین روپے کا بعد از ٹیکس منافع (PAT) حاصل کیا، جس کے نتیجے میں فی حصص منافع (EPS) 36.79 روپے بنتا ہے۔ منافع میں 14 فیصد اضافہ بنیادی طور پر زیادہ منافع آمدنی کے ساتھ ساتھ پولیمر، فرٹیلائزر اور توانائی کے کاروبار سے زیادہ ڈیویڈنڈ کی وجہ سے ہے، جسے جزوی طور پر سپر ٹیکس کے ذریعہ پورا کیا گیا ہے۔

کمپنی کی مجموعی آمدنی میں 14 فیصد اضافے سے 356,428 ملین روپے تک پہنچ گئی جبکہ تقابلی سال میں یہ 311,587 ملین روپے تھی۔ 2022 کو ختم ہونے والے سال کے لیے مجموعی منافع بعد از ٹیکس (PAT) 46,111 ملین روپے تھی جو 7,151 ملین روپے کا سپر ٹیکس لگنے اور 2,911 ملین روپے کی EPTL ٹیرف کی یکطرفہ ایڈجسٹمنٹ کی وجہ سے کم ہو کر 12 فیصد کم ہو گئی۔ شیئر ہولڈرز سے منسوب PAT سال 2021 میں 27,942 ملین روپے سے کم ہو کر 24,332 رہ گئی، جس کے نتیجے میں سال 2021 کے لیے فی حصص منافع (EPS) 48.50 ملین روپے کے مقابلے میں 42.23 روپے کم ہو گیا۔

کاروباری جائزہ		آمدنی (روپے میں)		بعد از ٹیکس منافع (روپے ملین میں)	
		2021	2022	2021	2022
فرٹیلائزر اور فوڈ 1		188,766	237,576	22,903	17,788
پولیمر اور کیمیکلز		70,022	82,060	15,061	11,689
ٹیلی کام انفراسٹرکچر		4,489	9,095	(669)	(253)
انرجی		87,525	83,070	14,649	15,351
ٹریڈنگ		17,390	21,912	3,913	4,874

بشمول 1 EFERT، FCEPL اور EEAP۔

بچھلی سال کی آمدنی پر 4 فیصد سپر ٹیکس کے نفاذ اور منتخب شعبوں پر 6 فیصد کے اضافی سپر ٹیکس کے بارے میں گروپ نے ہائی کورٹ میں اپیل کی جس میں فیصلہ ان کے حق میں سنایا گیا ہے۔ اپنے قانونی اور ٹیکس مشیروں کی حمایت حاصل کرتے ہوئے احتیاطاً گروپ نے 4 فیصد سپر ٹیکس کی provision کو برقرار رکھنے کا فیصلہ کیا گیا۔

دوران سال کمپنی اور اس کے ذیلی اداروں نے مختلف ترقی اور عملی سنگ میل عبور کیے ہیں:

I- 300 KTPVC کی توسیع اور 50 KT VCM کی debottlenecking کی مدد سے اینگریڈ پولیمر اینڈ کیمیکلز نے اپنی اب تک سب سے زیادہ 242 KT PVC فروخت حاصل کی۔

II- ایس ای سی ایم سی (SECMC) کان کے فیئر II کی توسیع کامیابی کے ساتھ مکمل کی جا چکی ہے، جس سے اس کی موجودہ کان کنی کی صلاحیت دوگنی ہو کر 7.6 ایم ٹی پی اے (MTPA) ہو گئی ہے۔ جس نے منصوبے کے مطابق یکم اکتوبر 2022 کو دوران سال بھاری بارشوں کے باوجود 100 فیصد کی آپریشنل دستیابی کے ساتھ سی او ڈی (COD) حاصل کیا۔ مزید برآں، حکومت سندھ نے توسیع کے تیسرے فیئر کی منظوری دے دی ہے، جس کی تکمیل سال 2024 کے اوائل تک ہونے کی توقع ہے۔ توسیع کے بعد تھر کونڈیٹس لوڈ انرجی کا سستا ترین ذریعہ بن جائے گا۔

III- پاکستان میں عالمی معیار کے ڈیجیٹل انفراسٹرکچر کو فعال بنانے کے مقصد کے ساتھ ہم نے اپنے اینگریڈیشنرز کے connectivity vertical کے لیے 21.5 ارب روپے کا equity معاہدہ کیا ہے۔ یہ build-to-suit towers کی بڑھتی ہوئی طلب کو پورا کرے گا۔ سال کے دوران کاروبار نے اپنے پورٹ فولیو میں کل 3,328 آپریشنل سائٹس میں 1.17x کے tenancy ratio کے ساتھ 1,083 نئے ٹاورز کا اضافہ کیا۔ 50 فیصد کاروباری سائٹس سولار ڈیزل ہیں جو مستحکم انرجی اور انرجی مارجنز کو بہتر بنانے کے عمل پر فوکس رکھتی ہیں۔ اس رفتار کے ساتھ آگے بڑھتے ہوئے ہمارا مقصد 2024 کے آخر تک 5,000 + ٹاورز کے ہدف کو حاصل کرنا ہے۔

IV- دوران سال اینگریڈ کے عالمی تجارتی ادارے FZE نے UAE میں تجارتی سرگرمیوں کا آغاز کیا جس کا مقصد گروپ کی تجارتی سرگرمیوں کو ایک چھت تیلے مستحکم کرنا ہے۔ اس کے علاوہ FZE اینگریڈ دنیا بھر میں تھر ڈپارٹی کنٹریکٹ کے ذریعے پاکستانی مصنوعات کی رسائی کو بڑھانے اور مقامی مارکیٹ میں اشیاء کی آمد کو آسان بنانے کے لیے اپنی بہتر پوزیشن سے فائدہ اٹھانے کا ارادہ رکھتا ہے۔

V- ہم نے ایک پائیدار درآمدی متبادل ماڈل اور برآمدات پر مبنی اسٹریٹجی کی تعمیر پر توجہ مرکوز رکھی ہے۔ ہمارے بزنسز نے فرٹیلائزر، کونڈیٹس اور PVC کی مقامی پیداوار کے ذریعے 1.7 بلین امریکی ڈالر کی درآمد کے متبادل کو ممکن بنایا۔ ہم نے کامیابی کے ساتھ چاول، کاسٹک اور PVC کو 52 بلین امریکی ڈالر کی مالیت کے برآمد کیا۔

# ڈائریکٹرز رپورٹ

اینگرو کارپوریشن لمیٹڈ (کمپنی) کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

## بنیادی سرگرمیاں:

کمپنی کی بنیادی سرگرمی ذیلی کمپنیوں، اداروں اور جوائنٹ وینچرز میں اپنی سرمایہ کاری کا انتظام کرنا ہے جس میں کھاد کی تیاری اور تجارت، chlor-vinyl مصنوعات کی تیاری اور مارکیٹنگ، اہم ٹیلی کمیونیکیشن انفراسٹرکچر کی فراہمی، ڈیٹا مینجمنٹ اور اینیجمنٹ، بجلی کی پیداوار، کونسلے کی کان کنی، خوراک، ایل این جی اور بلک کیمیکل پینڈنگ ٹریننگ اور اسٹوریج کے کاروبار شامل ہیں۔

## میکرو اکنامک ماحول

### عالمی معیشت

عالمی اقتصادی ترقی سہ ماہی CY2021 میں 6 فیصد سے کم ہو کر CY2022 میں 3.2 فیصد ہو گئی، جس کی بنیادی وجہ روس-یوکرین بحران کے اثرات اور چین میں کوویڈ-19 لاک ڈاؤن کے دوبارہ ابھرنے سے ہے۔ یوکرین پر روس کے حملے نے عالمی معیشت کو غیر مستحکم کر دیا ہے۔ اس جنگ نے جغرافیائی سیاسی تقسیم کو بڑھا دیا ہے اور انرجی کے سنگین عالمی بحران کے پیدا ہونے میں مدد کی ہے۔ ان کرائسز کے ساتھ سپلائی سائٹڈ افراط زر کے دباؤ کے نتیجے میں انرجی مارکیٹس نے سال بھر اُتار چڑھاؤ کا مظاہرہ کیا۔ رسد کی کمی کی وجہ سے خام تیل کی زیادہ قیمتوں نے تیل پر انحصار کرنے والی معیشتوں کی ترقی کی رفتار کم کر دی۔ چین میں زیرو کوویڈ-19 پالیسی کے تحت مسلسل لاک ڈاؤن کے نتیجے میں تجارتی بہاؤ میں خلل پڑا ہے جس نے غیر یقینی میکرو اکنامک صورتحال کو مزید متاثر کیا ہے۔

نتیجے کے طور پر، عالمی مرکزی بینکوں نے افراط زر کی بلند شرح کو سنبھالنے کے لیے شرح سود میں اضافے کے ساتھ مالیاتی سختی کا سہارا لیا۔ اس عالمی مالیاتی سختی اور ڈالر کی مضبوطی نے بہت سی ابھرتی ہوئی انرجی مارکیٹس کو بری طرح متاثر کیا ہے، جس کی وجہ سے مالی حالات سخت ہو گئے ہیں اور درآمدی اشیاء کی قیمتیں بلند ہو رہی ہیں۔

## پاکستان کی معیشت

مالی سال 2022 میں پاکستانی معیشت نے 6 فیصد گروتھ کا مظاہرہ کیا اور کوویڈ کی بحالی کے بعد اس میں تیزی آئی۔ تاہم میکرو اکنامک مشکلات کی وجہ سے مالی سال 2023 میں گروتھ کم ہو کر 2 سے 3 فیصد رہنے کا امکان ہے۔ تباہ کن سیلاب کے نتیجے میں مکہ طور پر 30 بلین امریکی ڈالر کا نقصان ہوا، ایندھن اور بجلی کی سبسڈی کے خاتمے، روپے کی قدر میں بڑے پیمانے پر کمی اور عالمی اجناس کی قیمتوں میں اضافے کی وجہ سے توانائی کی قیمتوں میں اضافہ ہوا۔ اس نے اوسط ہیڈ لائن افراط زر کو 20%~ فیصد تک پہنچا دیا۔

نا کافی برآمدات اور درآمدات پر زیادہ انحصار کی وجہ سے کرنٹ اکاؤنٹ خسارہ گزشتہ سال کے 0.8 فیصد کے مقابلے میں بڑھ کر جی ڈی پی کا 4.6 فیصد ہو گیا۔ مزید برآں، ملک میں سیاسی عدم استحکام کی وجہ سے مجموعی طور پر معیشت کو مزید چیلنجز کا سامنا کرنا پڑا۔ ان تمام چیلنجوں کے درمیان غیر ملکی کرنسی کے ذخائر کے کم ہونے کی وجہ سے sovereign default کا خطرہ ہے۔ غیر ملکی زرمبادلہ کے ذخائر کی غیر یقینی صورتحال کے پیش نظر ملک بھر کے کاروباری اداروں کو LC کھولنے اور غیر ملکی خدمات کی خریداری سمیت مختلف خدشات کی وجہ سے کاروبار کرنے میں مشکلات کا سامنا ہے۔

بیرونی شعبے اور مالیاتی مارکیٹوں میں ابھرنے والے نمایاں افراط زر کے دباؤ اور عدم توازن کے جواب میں اسٹیٹ بینک آف پاکستان (SBP) نے دوران سال 625 بیس پوائنٹس (9.75 فیصد سے 16 فیصد) کی مانیٹری پالیسی سخت کی۔ اس کے علاوہ حکومت نے گزشتہ سال کی آمدنی کے ساتھ ساتھ اس سال کی آمدنی پر بھی 4 فیصد کا سپر ٹیکس اور 2021 کی آمدنی پر منتخب شعبوں پر 6 فیصد کا اضافی ون ٹائم ٹیکس عائد کیا ہے۔ یہ اقدامات آئی ایم ایف کے ٹیل آؤٹ پلان کو حاصل کرنے کی کوشش میں کیے گئے تھے۔

دوسری جانب حکومت نے سعودی عرب، عالمی بینک، یورپی یونین (EU) وغیرہ جیسے بین الاقوامی عطیہ دہندگان سے سیلاب کے بعد بحالی کے لئے 9 ارب ڈالر سے زیادہ کی مالی امداد کے کامیاب حصول کے لیے اُمید ظاہر کی ہے۔ اس سے پاکستان پر دباؤ کم ہوگا اور معاشی بحالی کی راہ ہموار ہوگی۔

موجودہ صورتحال کے پیش نظر حکومت کو معیشت کی بحالی اور مستحکم میکرو اکنامک ماحول پیدا کر کے کاروباری اعتماد کو فروغ دینے کے لیے مالیاتی اور مانیٹری پالیسیوں کو درست انداز میں اپنانے کی ضرورت ہے جس سے کمپنیوں کو وقت کے ساتھ ساتھ معاشی ترقی میں اضافہ کرنے میں مدد ملے گی۔

## سال ایک نظر میں

اینگرو کے لیے سال 2022 معاشی سطح پر دوبارہ مستحکم ہونے کا سال تھا۔ معاشی مسائل کے باوجود سپر ٹیکس کے اثرات برداشت کرنے اور اس کے متنوع پورٹ فولیو کی وجہ سے اینگرو کارپوریشن کی کارکردگی بڑی حد تک مثبت رہی۔ گروپ نے تیزی سے مارکیٹ کے حالات میں ہونے والی تبدیلیوں کو اپنایا، ترقی پر سمجھوتہ نہیں کیا اور تمام کاروبار کی کارکردگی کے معیار کو برقرار رکھا۔

پورے گروپ میں افراط زر کا دباؤ واضح تھا، جس سے مارجن متاثر ہوا۔ جس کے رد عمل میں، گروپ نے اپنے آپریشنز کی طویل مدتی پائیداری کو یقینی بنانے کے لیے لاگت کو بہتر بنانے کے اقدامات کو تعینات کیا اور کامیابی کے ساتھ اپنی لاگت کو 20 فیصد کی اوسط افراط زر سے نیچے محدود کر دیا۔ مزید برآں، موثر سرمائے کی تقسیم اور معیشت کے اہم شعبوں میں اینگرو کی موجودگی نے ہمارے پورٹ فولیو کو اس مشکل وقت میں دوبارہ مستحکم ہونے کے قابل بنایا ہے، جو غیر ملکی زرمبادلہ اور شرح سود میں اُتار چڑھاؤ کے خلاف رکاوٹ ہے۔



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