



engro corp

enabling growth for Pakistan



third quarter
accounts
2023

company information

Chief Executive Officer
Mr. Ghias Khan

Company Secretary
Mr. Mohammad Yasir Khan*

Chief Financial Officer
Mr. Farooq Barkat Ali*

board of directors

Mr. Hussain Dawood
Chairman

Mr. Abdul Samad Dawood
Non-Executive Director

Ms. Sabrina Dawood
Non-Executive Director

Mr. Mazhar Abbas Hasnani*
Non-Executive Director

Mr. Muhammad Abdul Aleem
Independent Director

Mr. Rizwan Diwan
Independent Director

Ms. Henna Inam
Independent Director

Mr. Shabbir Hussain Hashmi**
Independent Director

Mr. Khawaja Iqbal Hassan
Independent Director

Mr. Ghias Khan
President & CEO

* Appointed on August 18, 2023

** Appointed on August 21, 2023

bankers

Allied Bank Ltd

Askari Bank Ltd

Bank Al-Falah Ltd

Bank Al-Habib Ltd

Citi Bank N.A

Faysal Bank Ltd

Habib Bank Ltd

Habib Metropolitan Bank Ltd

JS Bank Ltd

MCB Bank Ltd

Meezan Bank Ltd

National Bank of Pakistan Ltd

Soneri Bank Ltd

Standard Chartered Bank (Pakistan) Ltd

United Bank Ltd

shares registrar

FAMCO Associates (Private) Limited
8-F, Near Faran Hotel, Nursery, Block-6 PECHS,
Shahrah-e-Faisal, Karachi

registered office

8th 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



engro corp

Engro's investments in food & agri, petrochemicals, telecommunication infrastructure, and energy & related infrastructure are designed to enable nutrition, prosperity, connectivity, and progress for Pakistan.

About Us

Engro Corporation Limited is one of Pakistan's largest conglomerates with a business portfolio spanning across four verticals including food & agriculture, energy & related infrastructure, petrochemicals, and telecommunication infrastructure. At Engro, our ambition is to become the premier Pakistani enterprise with a global reach.

The management team at Engro is responsible for conceptualizing and articulating goals that bring our people together in pursuit of our objectives. It leads the Company with a firm commitment to the values and spirit of Engro. In our journey to become more growth-oriented and sustainable, our management structure has evolved to create a more transparent and accessible organization.

Our growth is driven by our people. Our culture is dynamic and energetic, with emphasis on our core values and loyalty of our employees. Our work environment promotes leadership, integrity, teamwork, diversity, and excellence.

Our History

Today, Engro is one of Pakistan's most progressive, growth-oriented organizations, managed under a holding structure that works towards better management and oversight of subsidiaries and affiliates that are part of Engro's capital investments in Pakistan.

The Company is also defined by its history, which reflects a rich legacy of innovation and growth. The seeds for the Company were sown following the discovery of the Mari gas field by Esso/Mobil in 1957. Esso proposed the establishment of a urea plant, and the Esso Pakistan Fertilizer Company Limited was established in 1965 with production beginning in 1968. At US \$43 million with an annual production capacity of 173,000 tons, this was the single largest foreign investment by a multinational corporation in Pakistan at the time. As the nation's first fertilizer brand, the Company also pioneered the education of farmers in Pakistan, helping to modernize traditional farming practices to boost farm yields, directly impacting the quality of life for farmers and the Nation.

In 1978, Esso was renamed Exxon, globally, and the Company became Exxon Chemical Pakistan Limited. The business continued to prosper as it relentlessly pursued

productivity gains and strived to attain professional excellence. In 1991, following a decision by Exxon to divest its fertilizer business on a global basis, the employees of Exxon Chemical Pakistan Limited decided to buy out Exxon's share. This was, and perhaps still is, the most successful employee buy-out in the corporate history of Pakistan. Renamed Engro Chemical Pakistan Limited, the company continued to go from strength-to-strength, reflected in its consistent financial performance, growth, and diversification.

In 2009, a decision was made to demerge the fertilizer business into an independent operating company to ensure undivided focus on the business's expansion and growth. In the best interests of a multi category business, expansion strategy, and growth vision, the management decided that the various businesses would be better served if the Company was converted to a holding company; Engro Corporation Limited.

From its inception as Esso Pakistan Fertilizer Company Limited in 1965 to Engro Corporation Limited in 2010, Engro has come a long way and will continue working towards its vision of becoming a premier Pakistani company with a global reach.

Engro Corporation Limited

Engro Corporation Limited is a holding company, created following the conversion of Engro Chemical Pakistan Limited on January 1, 2010. Engro Corp is one of Pakistan's largest conglomerates with the Company's business portfolio in four verticals, which include food & agri, petrochemicals, energy & related infrastructure and telecom infrastructure.

Engro Fertilizers Limited

Engro Fertilizers Limited – a 56% owned subsidiary of Engro Corporation – is a premier fertilizer manufacturing and marketing company having a portfolio of fertilizer products with significant focus on balanced crop nutrition and increased yield. As one of the 50 largest fertilizer manufacturers of the world, we have close to 6 decades of operations as a world-class facility with a wide range of fertilizer brands, besides urea, which include some of the most trusted brand names by Pakistani farmers. These include brands like Engro Zarkhez, Zingro, and Engro DAP, amongst others.

Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited – a 56% owned subsidiary of Engro – is the only fully integrated chlor-vinyl chemical complex in Pakistan and produces poly-vinyl chloride (PVC), caustic soda, sodium hypochlorite, hydrochloric acid and other chlorine by-products. The business was set up as a state-of-the-art plant in 1997, as a 50:50 joint venture, with Mitsubishi and Asahi Glass with Asahi subsequently divesting its shareholding in 2006.

Engro Energy Limited

Engro Energy Limited is a wholly-owned subsidiary of Engro Corporation and it owns and operates Engro Powergen Qadirpur Limited, a 224-megawatt power plant and the group's first initiative in the power sector of Pakistan. Engro Powergen Qadirpur Limited was listed on the Karachi Stock Exchange in October 2014 where 25% of the shares were offered to the public. As of now, Engro Powergen Qadirpur Limited is 69% owned by Engro Energy Limited. Engro Energy Limited is also involved in the Thar Coal project. The project operates a coal mine under Sindh Engro Coal Mining Company (SECMC) and operations of two 330MW mine mouth power plants under Engro Powergen Thar Limited in the first phase. SECMC is a joint venture company formed in 2009 between the Government of Sindh (GoS) and Engro Energy Limited & Affiliates. SECMC's shareholders include Government of Sindh, Engro Energy Limited, Thal Limited, Habib Bank Ltd, CMEC Thar Mining Investment Limited, Huolinhe Open Pit Coal Investment Company Limited, and Hub Power Company Limited (HUBCO). The Sindh Coal Authority has awarded a 95.5 square kilometer area of the coalfield, known as Block II, to SECMC for exploration and development of coal deposits. Within this block, there is an estimated amount of exploitable lignite coal reserves of 1.57 billion tons. In 2010, SECMC completed the Bankable Feasibility Study for Thar Block II Coal Mining Project by engaging internationally renowned Consultants such as RWE-Germany, Sinocoal-China, SRK-UK, and HBP Pakistan, meeting all national/international standards. Thar Coal Project achieved its Commercial Operations Date (COD) in July 2019 and has since been providing low cost electricity to the national grid.

Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL) is a 56% owned subsidiary of Engro Corporation. The Company won the contract to handle liquefied natural gas (LNG) and thereafter acquired FSRU vessel on lease from a US-based company - Excelerate Energy. Engro Elengy Terminal Limited, a wholly owned subsidiary of ETPL, set up a state-of-the-art LNG

terminal, at Port Qasim. The terminal – which is also one of the most cost-efficient terminals in the region – has a capacity for regasification of up to 600 mmcf/d.

Engro Vopak Terminal Limited

Engro Vopak is a joint venture with Royal Vopak of the Netherlands – the world's largest bulk liquid chemical handling company. The business is engaged in handling, storage, and regasification of liquid & gaseous chemicals, Liquefied Petroleum Gas (LPG), petrochemicals, and bio-fuels. Engro Vopak's terminal is Pakistan's first cryogenic facility that handles 70% of all liquid chemical imports into Pakistan, including Paraxylene (PX), Acetic Acid (AA), Vinyl Chloride Monomer (VCM), Ethylene Dichloride (EDC), Mono Ethylene Glycol (MEG), Ethylene along with Phosphoric Acid (PA) imports, which are pumped directly to customers' facilities.

FrieslandCampina Engro Pakistan

FrieslandCampina Engro Pakistan Limited is a 40% owned associated company engaged in the manufacturing, processing, and marketing of dairy products and frozen desserts. The business owns two milk processing plants in Sukkur and Sahiwal and operates a dairy farm in Nara, Sindh. In its continued efforts to 'elevate consumer delight worldwide', the business has established several brands that have already become household names in Pakistan, such as Olper's (UHT milk, low-fat milk, and cream), Omoré (frozen desserts), Tarang (tea whitener), and Dairy Omung (UHT dairy liquid and dessert cream).

Engro Enfrashare (Private) Limited

Engro Enfrashare is a wholly-owned subsidiary of Engro Connect, with a purpose to make connectivity more accessible and affordable for everyone. By aiding increased efficiency for network users, and already partnered with all of the Country's major Mobile Network Operators, Engro Enfrashare aims to help facilitate financial and social inclusion. While its expertise and investment in connectivity infrastructure allow mobile operators to reduce cost of access to consumers, Engro Enfrashare aims to engage with all stakeholders in the telecom ecosystem in order to realize a larger goal of digitizing Pakistan.

Engro Eximp Agri Products (Private) Limited

Engro Eximp Agriproducts is a wholly-owned subsidiary of the Engro Corporation and it manages the procurement, processing, and marketing of rice. The Company owns and operates a state-of-the-art paddy processing plant near Muridke and has an installed capacity of 144KT.

directors' report

The Directors of Engro Corporation Limited hereby submit their report, along with the condensed interim financial statements of the Company, for the nine months ended September 30, 2023.

Ongoing global economic uncertainty persists due to the Russia-Ukraine conflict and rising geopolitical tensions, leading to subdued growth. Although some resilience has been demonstrated, with global supply chain disruptions improving since their peak in 2022, the strengthening of the dollar and unprecedented tightening of global monetary conditions somewhat mitigating decades-high inflation, the potential for growing divergences, war escalation, and the emerging Israel-Palestine conflict could potentially lead to disparities in commodity prices across regions.

Pakistan's economy has faced a series of formidable challenges, including surging inflation driven by rising energy prices, a significant depreciation of the Rupee, and a persistent foreign exchange crisis. To stabilize the nation's economic landscape, the Government has diligently worked to reinstate the ongoing IMF program. These efforts have encompassed a range of policy measures, such as increasing fuel and electricity prices, adopting a market-determined exchange rate policy, implementing stringent taxation measures, tightening monetary policy to counter inflationary pressures and strengthening control on smuggling.

Further, the Government has taken a strategic step by establishing the Strategic Investment and Financing Corporation (SIFC) to pave the way for economic revitalization. The SIFC has already approved 28 projects, collectively valued at billions of dollars, which will be offered to Gulf countries for investment. The primary focus areas are agriculture, mining and minerals, information technology, energy, and defence production. This proactive approach demonstrates a commitment to fostering both local and foreign investments for economic resurgence.

However, the applicability of additional taxes in various forms is creating an adverse impact on the corporate sector, as the disparity between the formal and informal sectors continues to grow substantially. In emerging markets, accumulating capital for future growth and industrialization is pivotal. But in Pakistan, this is hindered by high taxation, ultimately impeding productivity, and adversely affecting the Country's investment capacity and economic growth.

In light of the above, Engro had challenged multiple taxation of inter-corporate dividend (ICD) at Sindh High Court (SHC). During the period, the SHC adversely decided the matter, which was subsequently challenged before the Supreme Court

of Pakistan (SCP). A stay order has been granted to the Company against this matter.

Relief from multiple taxation of ICD was introduced in Pakistan as part of a larger reform to promote best global practices in the corporate sector via 'holding company' structures. During this period, Engro – like various other business groups in Pakistan – transformed itself into a holding company structure with separate subsidiaries for each business segment.

Removal of ICD relief has an adverse impact on the Group's cashflows and its enterprise value. Therefore, Engro is actively pursuing a resolution through engagement with various stakeholders directly and through different business forums, highlighting global precedence, significance of the matter and its adverse impact on corporatization and new investments in Pakistan.

Engro's strategic presence in critical sectors of the economy has enabled our portfolio to be resilient in these challenging times, which is partially hedged against volatility in foreign exchange and interest rates. The Company will continue to contribute towards the recovery of our economy at this pivotal juncture.

business review

On a standalone basis, Engro Corporation Limited posted a Profit-After-Tax (PAT) of **PKR 13,144 million** against PKR 15,560 million for the comparative period last year, translating into Earnings Per Share (EPS) of **PKR 24.02**. The **16%** decrease in profitability is attributable to lower dividends from Engro Polymer & Chemicals Limited (EPCL) as a result of a reversal of the commodity cycle and additional Super Tax on businesses, which has been partially offset by lower research and business development expenses in the current year.

On a consolidated basis, the Company's revenue grew by **26%** to **PKR 339,299 million** against PKR 268,740 million for the comparative period. The consolidated PAT for the nine months was **PKR 43,868 million**, while PAT attributable to the Owners of the Holding Company is **PKR 22,747 million** against PKR 15,431 million in the comparative period, resulting in an EPS of **PKR 41.56** compared to PKR 26.78 in the same period last year. Major variance is attributable to higher urea sales, urea price increase, higher earnings from dollar denominated businesses, a one-off tariff true-up adjustment and higher costs incurred on research and business development last year, which has been partially offset by reversal of the commodity cycle.

A brief review of our business segments is as follows:

fertilizers

The Fertilizers business showed strong performance and recorded revenue of **PKR 148,531 million** compared to PKR 110,876 million in the same period last year, primarily driven by higher urea sales and multiple increases in urea prices to counter inflationary pressures. The Company's PAT stood at **PKR 15,045 million** versus PKR 9,595 million in the same period last year.

Urea sales during the period stood at **1,726 KT** vs 1,522 KT in the same period last year, translating to a market share of **35%** vs 32% in the same period last year. Higher urea sales were mainly a result of higher product availability due to efficient plant operations. Phosphates sales stood at **163 KT** vs 173 KT during the same period last year.

International urea prices witnessed volatile movement throughout the period, reaching USD 369/ton (landed equivalent PKR 5,339/bag) by the end of September 2023, as compared to USD 260/T (landed cost equivalent to PKR 3,706/bag) at the end of June 2023. International phosphate prices rebounded during the quarter on the back of limited stocks globally, coupled with rising crop prices, and stood at USD 603/T by the end of the period as compared to USD 480/T at the end of June 2023. Amid the global commodity price volatility, the local fertilizer industry ensured availability of locally-produced urea to farmers at a significant discount of ~54% over international prices at the end of September 2023.

This enabled foreign exchange savings to the tune of USD 1.9 billion in the 9M, wherein Engro Fertilizers' contribution stood at **USD 661 million**.

petrochemicals

The Polymer business recorded a revenue of **PKR 62,038 million** compared to revenue of PKR 62,308 million in the same period last year. The Company's PAT stood at **PKR 5,387 million** against PKR 9,309 million in the same period last year, mainly attributable to a decline in domestic PVC sales due to a slowdown in the construction sector, commodity cycle reversal and higher gas prices.

The business recorded domestic sales of **148 KT** versus 171 KT in the same period last year. As a result, the business has saved foreign exchange of **USD 82 million**. Post serving the local PVC demand, the business's export sales stood at 40 KT, including caustic soda exports of **19 KT**, generating foreign exchange of **USD 23 million** for the period.

telecommunication infrastructure

Engro Enfrashare continued its national expansion efforts and achieved a scale of **3,787** tower sites by the end of September 2023, with a tenancy ratio of

1.20x, as compared to 3,132 sites in September 2022 and a tenancy ratio of 1.14x. These tower sites serve all four Mobile Network Operators (MNOs) in Pakistan. The company successfully secured a 55% market share in the rollout of Built-to-Suit (B2S) towers during this period.

Furthermore, the business demonstrated its growth potential through colocation opportunities observed in the first nine months of the year, boasting a total of 182 colocation tenants by September 2023 and capturing a market share of 68%.

Despite strong operational performance, the bottom line of the business was impacted during the period due to the significant rise in interest rates. The business is evaluating various options to mitigate this risk by reassessing its capital structure and hedging for interest rates.

This short-term challenge, however, has not deterred the company's outlook of this business as we are strategically positioned to capitalize on anticipated sector growth, driven by increased data usage, and the localization of smartphone assembly.

energy

coal mine: Mining operations continued smoothly, supplying coal to Engro Powergen Thar, Thar Energy and ThalNova Power. 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.

thar power plant: Engro Powergen Thar Private Limited achieved 80% availability during the period, compared with 68% availability in same period last year and dispatched **2,617 GWH** to the national grid as compared to 2,657 GWH in the same period last year. Plant availability remained higher compared to last year, primarily due to an incident in the first quarter of 2022.

qadirpur power plant: During the period, Engro Powergen Qadirpur Limited dispatched a Net Electrical Output of 708 GWH to the national grid, compared to 558 GWH in the same period last year. The business posted a PAT of **PKR 2,442 million** for the current period, as compared to PKR 1,377 million in the same period last year, due to higher interest income and efficiencies on higher dispatch.

foods and rice

FrieslandCampina Engro Pakistan demonstrated a topline growth of 40%, reporting a revenue of **PKR 73,819 million** against PKR 52,827 million in the same period last year due to price increases and growth in sales volumes. Olper's, the flagship brand, led the growth by strengthening its leadership position in the market through consistent brand and trade investments.

The company's PAT stood at **PKR 1,575 million** in 9M 2023 vs PKR 1,765 million during the same period last year, on account of higher interest cost and additional Supertax.

Engro Eximp Agriproducts recorded basmati rice exports of **5.9 KT** compared to 33.1 KT in the same period last year due to reduced procurement during the season. Resultantly, the rice business generated revenue of **USD 8.3 million** through exports versus USD 28 million in the same period last year.

During the period, the Company's Board of Directors approved an equity injection of PKR 2,500 million in Engro Eximp Agriproducts. This was primarily to bridge a gap stemming from inventory losses, as explained in detail in our Director's Report for 2022. In light of these challenges and the overall dynamics of the business, the Company is re-evaluating the long-term strategic direction of this Company.

terminal operations

The LNG terminal handled 55 cargoes, the same as last year, during the nine months ended in September 2023. It delivered 164 bcf re-gasified LNG to the SSGC network, accounting for ~15% of the total gas supply of the Country. The chemical terminal handled **757 KT** against 1,082 KT during the same period last year. This reduction is primarily linked to lower chemical volumes, attributed to the economic slowdown experienced in the first half of the year, largely due to LC opening issues.

shares buyback

The Company officially concluded the share buyback program on July 25, 2023, in accordance with the Special Resolution adopted by our esteemed members on January 26, 2023.

During the purchase period from February 03, 2023, to July 25, 2023, the Company purchased an aggregate of 39,536,762 shares representing 6.86% of the issued and paid-up capital for a total value of PKR 11,610 million at an average purchase price of PKR 293.6/- per share (Dividend adjusted price of PKR 253.6/- per share).

proposed evaluation of thermal energy assets

As mentioned in the material information announcement to the Pakistan Stock Exchange made during September 2023, the Company has entered into an in-principle understanding with an external party for the evaluation of select thermal energy assets held by the Company through its wholly owned subsidiary, Engro Energy Limited.

The successful completion of the above process is contingent upon thorough due diligence, final

document execution, and obtaining the necessary regulatory and third-party approvals and consents.

distribution to shareholders

The Board of Directors of Engro Corporation Limited endeavors to maximize total shareholder returns and is pleased to propose an interim cash dividend of PKR 4.00 per share for the third quarter ended on September 30, 2023. This is in addition to the interim cash dividend of PKR 42.00 per share given during the first half of 2023. The dividend for the third quarter of 2023 will take the total interim cash dividend to PKR 46.00 per share for the year ending December 31, 2023.

near-term outlook

Despite the current macroeconomic challenges, the Company remains steadfast in strengthening its presence and exploring new opportunities for growth. Our primary emphasis continues to be on generating sustainable value for our stakeholders, while making meaningful contributions to Pakistan and preserving a business model that is both adaptable and resilient.

fertilizers

Agriculture in Pakistan is facing significant challenges due to a combination of climate change and political and economic uncertainty. As the economy relies on agricultural output heavily, we continue to work closely with the industry and the Government of Pakistan to overcome these challenges and ensure uninterrupted production of urea and long-term food security. Our Company remains committed to playing its part by providing essential fertilizers at affordable rates.

petrochemicals

The Polymer business plays a pivotal role in preserving foreign currency, as well as generating foreign currency through exports. The business remains committed to serving as a key feedstock supplier to major Pakistani industries like construction and textile. Businesses operating in this sector are struggling as the demand has been adversely affected by the slowdown in construction and economic activity, which we anticipate will gradually recover in the coming months.

telecommunication infrastructure

The short-term business outlook for Enfrashare remains challenging due to high interest rates, and the expected consolidation of the MNO market from four to three players. However, business fundamentals are strong, owing to growing demand for mobile data usage and high-quality services, in turn driving MNOs to enhance availability and quality. Engro Enfrashare remains committed to maintaining its position as a leading Independent Tower Company, actively pursuing both internal and external growth opportunities.

energy

Alongside the proposed evaluation of thermal energy assets outlined above, the business is evaluating various greenfield projects and opportunities in the renewable energy space.

terminal operations

The LNG terminal is playing a pivotal role in alleviating energy shortages. As the market 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.

foods

The challenging macroeconomic circumstances may result in moderation in consumer discretionary spending and hamper our growth momentum. However, the Company will prioritize 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.



Hussain Dawood
Chairman

acknowledgement

The Directors would like to express their deep appreciation to our shareholders who have consistently demonstrated their confidence in the Company. We would also like to place on record our 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.

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Ghias Khan
President & Chief Executive



engro corp

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

ENGRO CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

(Amounts in thousand)

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,679,538	983,764
Right-of-use assets		1,009,706	970,153
Intangible assets		119,355	123,807
Long term investments		46,835,094	46,835,094
Long term loans and advances		6,348,834	5,372,573
Deferred taxation		131,552	475,159
		<u>56,124,079</u>	<u>54,760,550</u>
Current assets			
Loans, advances, deposits and prepayments	5	4,622,620	2,817,736
Receivables	6	4,817,469	1,316,708
Short term investments	7	17,080,813	47,604,776
Cash and bank balances		51,180	165,977
		<u>26,572,082</u>	<u>51,905,197</u>
TOTAL ASSETS		<u><u>82,696,161</u></u>	<u><u>106,665,747</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	5,366,265	5,761,633
Reserves		62,852,391	85,503,596
Total equity		<u>68,218,656</u>	<u>91,265,229</u>
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		104,272	43,345
Lease liabilities		968,530	937,359
		<u>1,072,802</u>	<u>980,704</u>
Current liabilities			
Trade and other payables		3,880,672	5,398,425
Current portion of lease liabilities		299,337	214,074
Taxes payable		8,989,912	8,571,977
Unclaimed dividend		234,782	235,338
		<u>13,404,703</u>	<u>14,419,814</u>
Total liabilities		<u>14,477,505</u>	<u>15,400,518</u>
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		<u><u>82,696,161</u></u>	<u><u>106,665,747</u></u>

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Shabbir Hussain Hashmi
Director



Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President and Chief Executive


ENGRO CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

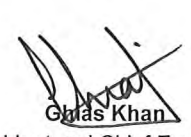
(Amounts in thousand except for earnings per share)

Note	Quarter ended		Nine months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	
-----Rupees-----					
Dividend income	3,598,739	2,097,565	14,881,340	18,011,347	
Royalty income	711,959	307,736	1,614,247	996,716	
	4,310,698	2,405,301	16,495,587	19,008,063	
Administrative expenses	(958,056)	(950,708)	(2,727,915)	(2,295,584)	
	3,352,642	1,454,593	13,767,672	16,712,479	
Other income	10	1,310,309	2,197,698	4,800,488	5,285,735
Other operating expenses		(193,523)	(306,806)	(699,248)	(2,338,785)
Operating profit		4,469,428	3,345,485	17,868,912	19,659,429
Finance cost		(54,742)	(56,913)	(146,783)	(107,784)
Profit before taxation		4,414,686	3,288,572	17,722,129	19,551,645
Taxation	11	(720,910)	(208,950)	(4,577,803)	(3,991,285)
Profit for the period		<u>3,693,776</u>	<u>3,079,622</u>	<u>13,144,326</u>	<u>15,560,360</u>
Earnings per share - basic and diluted	12	<u>6.88</u>	<u>5.35</u>	<u>24.02</u>	<u>27.01</u>

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.


Shabbir Hussain Hashmi
Director


Farooq Barkat Ali
Chief Financial Officer


Ghias Khan
President and Chief Executive

ENGRO CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
Profit for the period	3,693,776	3,079,622	13,144,326	15,560,360
Other comprehensive loss for the period				
Items that will be reclassified to profit or loss				
- Remeasurement of investments	(750,133)	(152,951)	(1,477,041)	(187,581)
Total comprehensive income for the period	<u>2,943,643</u>	<u>2,926,671</u>	<u>11,667,285</u>	<u>15,372,779</u>

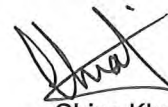
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Shabbir Hussain Hashmi
Director



Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President and Chief Executive

ENGRO CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

	Reserves							Total
	Share capital	Capital Reserve		Revenue Reserves			Unappropriated profit	
		Share premium	Capital re-purchase reserve account	General reserve	Remeasurement of post employment benefits	Remeasurement of investments		
	-----Rupees-----							
Balance as at January 01, 2022 (Audited)	5,761,633	13,068,232	-	4,429,240	(18,484)	-	67,294,008	90,534,629
Profit for the period	-	-	-	-	-	-	15,560,360	15,560,360
Other comprehensive loss	-	-	-	-	-	(187,581)	-	(187,581)
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	(187,581)	15,560,360	15,372,779
Transactions with owners								
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	-	(576,163)	(576,163)
First interim cash dividend for the year ended December 31, 2022 @ Rs. 12.00 per share	-	-	-	-	-	-	(6,913,959)	(6,913,959)
Second interim cash dividend for the year ended December 31, 2022 @ Rs. 11.00 per share	-	-	-	-	-	-	(6,337,796)	(6,337,796)
	-	-	-	-	-	-	(13,827,918)	(13,827,918)
Balance as at September 30, 2022 (Unaudited)	5,761,633	13,068,232	-	4,429,240	(18,484)	(187,581)	69,026,450	92,079,490
Profit for the period	-	-	-	-	-	-	5,636,060	5,636,060
Other comprehensive loss for the quarter ended December 31, 2022	-	-	-	-	(21,289)	(667,400)	-	(688,689)
	-	-	-	-	(21,289)	(667,400)	5,636,060	4,947,371
Transactions with owners								
Interim cash dividends for the year ended December 31, 2022: - 3rd interim @ Rs. 10.00 per share	-	-	-	-	-	-	(5,761,632)	(5,761,632)
	-	-	-	-	-	-	(5,761,632)	(5,761,632)
Balance as at December 31, 2022 (Audited)	5,761,633	13,068,232	-	4,429,240	(39,773)	(854,981)	68,900,878	91,265,229
Profit for the period	-	-	-	-	-	-	13,144,326	13,144,326
Other comprehensive loss	-	-	-	-	-	(1,477,041)	-	(1,477,041)
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	(1,477,041)	13,144,326	11,667,285
Cancellation of own shares purchased (note 8.2)	(395,368)	-	395,368	-	-	-	(11,629,302)	(11,629,302)
Transactions with owners								
Final cash dividend for the year ended December 31, 2022 @ Rs. 1.00 per share	-	-	-	-	-	-	(546,244)	(546,244)
First interim cash dividend for the year ending December 31, 2023 @ Rs. 40 per share	-	-	-	-	-	-	(21,465,059)	(21,465,059)
Second interim cash dividend for the year ending December 31, 2023 @ Rs. 2 per share	-	-	-	-	-	-	(1,073,253)	(1,073,253)
	-	-	-	-	-	-	(23,084,556)	(23,084,556)
Balance as at September 30, 2023 (Unaudited)	5,366,265	13,068,232	395,368	4,429,240	(39,773)	(2,332,022)	47,331,346	68,218,656

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.


Shabbir Hussain Hashmi
Director


Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President and Chief Executive


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


(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2023	September 30, 2022
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	13	(4,326,809)	(6,213,898)
Royalty received		1,573,093	981,246
Taxes paid		(4,189,750)	(456,238)
Retirement and other service benefits paid		(39,349)	(33,569)
Long term loans and advances - net		23,739	(8,515)
Net cash utilized in operating activities		(6,959,076)	(5,730,974)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		11,552,601	18,011,347
Income on deposits and other financial assets including income earned on subordinated loan to subsidiaries		4,830,043	4,615,151
Loan disbursed to subsidiary companies		(5,050,000)	(16,400,000)
Repayment of loan by subsidiary companies		3,050,000	20,637,000
Purchase of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds		(25,691,019)	(645,726,931)
Proceeds from sale of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds		52,620,807	609,796,675
Purchases of property, plant and equipment		(936,771)	(305,907)
Sale proceeds on disposal of property, plant and equipment		66,592	18,092
Purchases of intangibles		(22,637)	(3,504)
Net cash generated from / (utilized in) investing activities		40,419,616	(9,358,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of financial charges		(7,025)	(42,146)
Payments for own shares purchased and cancelled		(11,629,302)	-
Lease rentals paid		(303,269)	(223,926)
Dividends paid		(23,085,112)	(13,833,608)
Net cash utilized in financing activities		(35,024,708)	(14,099,680)
Net decrease in cash and cash equivalents		(1,564,168)	(29,188,731)
Cash and cash equivalents at beginning of the period		2,850,332	41,101,610
Cash and cash equivalents at end of the period	14	1,286,164	11,912,879

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.


Shabbir Hussain Hashmi
 Director


Farooq Barkat Ali
 Chief Financial Officer


Ghias Khan
 President and Chief Executive

ENGRO CORPORATION LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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. The Company's registered office is situated at 8th floor, The Harbour Front Building, Plot Number HC # 3, Marine Drive, Block 4, Clifton, Karachi.

As notified on the Pakistan Stock Exchange on September 28, 2023, the Company has entered into an in-principle understanding to execute a scheme of arrangement for the Company's select thermal energy assets held through its wholly owned subsidiary, Engro Energy Limited, with another undertaking.

The consummation of the proposed transaction is subject to detailed due diligence, execution of definitive documents and receipt of regulatory and third-party approvals and consents.

2. BASIS OF PREPARATION

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

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), 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 the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These unconsolidated condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary companies are presented separately. These unconsolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022.

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

During the preparation of these unconsolidated condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to annual audited financial statements of the Company for the year ended December 31, 2022.

(Amounts in thousand)

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets (note 4.1)	749,160	604,260
Capital work-in-progress (note 4.3)	930,378	379,504
	<u>1,679,538</u>	<u>983,764</u>

- 4.1 Following additions including transfers from CWIP were made to operating assets during the period / year:

Furniture, fixtures and equipment	33,587	62,700
Vehicles	352,310	99,730
	<u>385,897</u>	<u>162,430</u>

- 4.2 Operating assets costing Rs. 115,030 (December 31, 2022: Rs. 94,297) having a net book value of Rs. 62,493 (December 31, 2022: Rs. 50,906), were disposed off during the period / year for Rs. 66,592 (December 31, 2022: Rs. 76,527).

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

4.3 Capital work-in-progress

Balance at beginning of the period / year	379,504	67,053
Additions during the period / year	959,408	449,594
Reclassification	-	28,791
Transferred to:		
- operating assets	(385,897)	(162,430)
- intangible assets	(22,637)	(3,504)
Balance at end of the period / year	<u>930,378</u>	<u>379,504</u>

(Amounts in thousand)

5. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

These primarily include loan to subsidiary companies and accrued interest due there on aggregating to Rs. 2,080,000 (December 31, 2022: Rs. 1,093,000) and Rs. 2,261,778 (December 31, 2022: Rs. 1,242,238) respectively. Significant movement in these loans during the period are as follows:

- outstanding loan amounting to Rs. 1,000,000 from Engro Fertilizers Limited, a subsidiary company, pursuant to agreement entered into on September 02, 2022, which carried mark-up at the rate of 3-month KIBOR plus 0.1%, was repaid during the period.
- loan amounting to Rs. 450,000 was disbursed to Engro Powergen Qadirpur Limited, an indirect subsidiary company, pursuant to agreement entered into on April 01, 2022 further amended on April 01, 2023. The loan carried mark-up at the rate of 1-month KIBOR plus 0.5% and the same was repaid during the period;
- loan to Engro Enfrashare (Private) Limited, an indirect subsidiary company, pursuant to agreement entered into on May 31, 2023, carries mark-up at the rate of 1-month KIBOR plus 0.5%. The balance outstanding as at September 30, 2023 aggregated to Rs. 2,000,000 (December 31, 2022: Nil).
- 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 1-month KIBOR plus 0.5%. Out of the outstanding balance, Rs. 13,000 has been written off during the period against the provision already held. The balance outstanding as at September 30, 2023 aggregated to Rs. 80,000 (December 31, 2022:Rs. 80,000 - net of provision).

6. RECEIVABLES

This includes amount due from subsidiary companies aggregating to Rs. 4,663,734 (December 31, 2022: Rs. 1,059,984), which also includes dividend receivable amounting Rs. 3,328,739 (December 31, 2023).

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	------(Rupees)-----	
7. SHORT TERM INVESTMENTS		
Fair value through other comprehensive income		
- Pakistan Investment Bonds (notes 7.1 and 7.2)	9,749,218	29,380,322
Fair value through profit or loss		
- Mutual Fund Units (note 7.3)	5,515,295	3,078,051
Amortized cost		
- Treasury Bills (note 7.4)	1,816,300	14,799,413
- Fixed Income Placements	-	346,990
	1,816,300	15,146,403
	<u>17,080,813</u>	<u>47,604,776</u>

- 7.1 These Bonds carry yield of 12.75% to 13.40% (December 31, 2022: 12.75% to 17.56%) per annum and have maturity terms ranging between 5 to 10 years.
- 7.2 This amount is net of loss on remeasurement of Pakistan Investment Bonds amounting to Rs. 2,332,022 (December 31, 2022: Rs. 854,981).
- 7.3 This represents investment in Mutual Funds having cost amounting to Rs. 5,490,154 (December 31, 2022: Rs. 3,050,220).
- 7.4 These bills carry yield of 22.30% to 22.86% (December 31, 2022 14.75% to 16.87%) per annum and will mature by March 21, 2024.

(Amounts in thousand)

8. SHARE CAPITAL**8.1 Authorized capital**

(Unaudited) September 30, 2023	(Audited) December 31, 2022		(Unaudited) September 30, 2023	(Audited) December 31, 2022
------(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>

8.2 Issued, subscribed and paid-up capital

(Unaudited) September 30, 2023	(Audited) December 31, 2022		(Unaudited) September 30, 2023	(Audited) December 31, 2022
------(Number of shares)-----			------(Rupees)-----	
197,869,804	197,869,804	Ordinary shares of Rs. 10 each fully paid in cash	1,978,699	1,978,699
378,293,426	378,293,426	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>3,782,934</u>	<u>3,782,934</u>
			5,761,633	5,761,633
(39,536,762)	-	Ordinary shares of Rs. 10 each purchased and cancelled (note 8.2.1)	(395,368)	-
<u>536,626,468</u>	<u>576,163,230</u>		<u>5,366,265</u>	<u>5,761,633</u>

8.2.1 Cancellation of own shares purchased

The Company, with the approval of the Company's shareholders in the extraordinary general meeting held on January 26, 2023, accorded to buy back, for the purpose of cancellation, of upto an aggregate number of 70,000,000 issued and paid-up ordinary shares of the Company at the spot / current price prevailing during the purchase period i.e. February 3, 2023 to July 25, 2023 or till such date that the buy back of shares is completed, whichever is earlier. Accordingly, during the period, the Company has purchased 39,536,762 own shares. Subsequently, these own shares have been cancelled and hence this buy back process stands completed.

9. CONTINGENCIES AND COMMITMENTS**Contingencies**

9.1 As at September 30, 2023, there is no material change in the status of matters reported as contingencies in note 19 of the audited annual financial statements of the Company for the year ended December 31, 2022, except as follows:

9.1.1 Standby Letter of Credit (Put Option SBLC) has been provided by Engro Energy Limited (EEL), a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (December 31, 2022: 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 105,000,000 and 65,000,000 respectively.

(Amounts in thousand)

- 9.1.2 Engro Elengy Terminal Pakistan Limited has issued SBLCs amounting to US Dollars 22,500 (December 31, 2022: US Dollars 22,500). This has been secured by pledging Company's shares of EFERT and Engro Polymer and Chemicals Limited (EPCL) of quantities 66,000,000 and 117,000,000 respectively.
- 9.1.3 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 Engro Powergen Thar (Private) Limited in favour of their project lenders. These SBLCs are partially secured by pledging 66,000,000, 103,500,000, 56,000,000 and 53,000,000 shares of EFERT, EPCL, FCEPL and Engro Powergen Qadirpur Limited (EPQL) respectively.
- 9.1.4 Updates in respect of tax related matters are disclosed in note 11.

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	------(Rupees)-----	
9.2 Commitments		
Commitments in respect of capital expenditure	585,626	251,063

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
10. OTHER INCOME				
Financial assets				
Income on bank deposits and other financial assets (note 10.1)	1,310,629	2,197,450	4,795,332	5,273,052
Non-financial assets				
Gain on disposal of property, plant and equipment	(220)	248	4,099	9,201
Others	(100)	-	1,057	3,482
	(320)	248	5,156	12,683
	<u>1,310,309</u>	<u>2,197,698</u>	<u>4,800,488</u>	<u>5,285,735</u>

- 10.1 Includes Rs. 1,149,558 (September 30, 2022: Rs.931,718) in respect of profit earned on subordinated loans to subsidiary companies.

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
11. TAXATION				
Current				
- for the period (note 11.2)	877,499	724,823	3,821,713	3,657,329
- for prior period (note 11.2)	(105,038)	-	785,972	864,601
	<u>772,461</u>	<u>724,823</u>	<u>4,607,685</u>	<u>4,521,930</u>
Deferred (note 11.3)	(51,551)	(515,873)	(29,882)	(530,645)
	<u>720,910</u>	<u>208,950</u>	<u>4,577,803</u>	<u>3,991,285</u>

- 11.1 As at September 30, 2023, following are the updates to taxation matters from those reported in note 26 to the audited annual financial statements of the Company for the year ended December 31, 2022:

(Amounts in thousand)

- 11.1.1 During the period, in respect of the matter disclosed in note 26.1 of the audited annual financial statements of the Company for the year ended December 31, 2022, the Supreme Court of Pakistan (SCP) issued an interim order dated February 16, 2023 in respect of the petitions filed by the tax department against the High Court of Sindh (HCS) judgement dated December 22, 2022 in which the levy of super tax under section 4C inserted through Finance Act 2022 was decided in favor of the petitioners. The SCP in its interim order, while accepting the tax department's petition, gave directions to the Nazir of the HCS to encash the bank guarantees submitted by all petitioners including the Company to the extent of 4% of super tax liability.
- 11.1.2 During the period, in respect of tax year 2022, the Assistant Commissioner Inland Revenue (ACIR) has issued an amended order under section 4C of the Income Tax Ordinance, 2001 (the Ordinance) and has raised a demand of Rs. 251,746 mainly due to non-consideration of taxable loss while computing the 'income' for the purpose of super tax. The Company had filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who has maintained the said demand. The Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A). The Company, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.
- 11.1.3 During the period, in respect of the matter disclosed in note 26.4 of the audited annual financial statements of the Company for the year ended December 31, 2022, the HCS has dismissed the petitions as well as stay applications filed by the Company challenging the imposition of tax on inter-corporate dividend (ICD) received from subsidiaries designated as Group under section 59B of the Ordinance in the tax years 2017 to 2021. The petitions pertaining to tax year 2022 and partially to tax year 2023 are still pending adjudication and hence stay is available. Consequent to the HCS decision, the Company received show cause notices from the tax department for recovery of tax on ICD pertaining to various tax years (2017 to 2023). Orders for the tax years 2017 to 2023 have been issued for the same raising an aggregate demand of Rs. 5,018,076 in respect of tax on ICD in the tax years 2017 to 2019 and 2023 which has been discharged under protest by the Company through cash payment as well as through adjustment of available prior period tax refunds. Further, the Company has also filed an appeal against the HCS decision before the SCP, which has granted interim stay against recovery.
- 11.1.4 During the period, the Additional Commissioner Inland Revenue (ACIR) initiated proceedings and further amended the order for tax year 2017 to raise demand of Rs. 19,687,430 mainly on account of tax levied on capital gains on disposal of shares of listed subsidiaries of Rs. 14,388,250 (including super tax) and tax on undistributed profits under section 5A of the Ordinance of Rs. 4,727,408.
- Subsequently, following the submission of a rectification application by the Company, the ACIR has rescinded the demand of Rs. 4,727,408. This decision was made in accordance with the judgement of HCS dated April 2, 2021, which declared the imposition of a levy on undistributed profits under section 5A as ultra vires to the Constitution.
- Moreover, as normal recourse, the Company contested this matter in the appeal filed before the CIR(A) which upheld the decision of ACIR. Being aggrieved of the decision of CIR(A) the Company has now filed an appeal before the Appellate Tribunal Inland Revenue. The Company, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.
- 11.2 Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs. 500,000. This is retrospectively applicable from tax year 2023 onwards. In previous year, the Company had already recognized super tax provision at 4% for tax year 2023 based on the rate applicable at December 31, 2022. Accordingly, during the current period, the Company has increased the super tax provision to 10% which has resulted in additional provision of Rs. 1,315,338, for prior tax year 2023. Further, this also includes super tax provision recognized at 10% for tax year 2024, amounting to Rs. 1,323,418.
- 11.3 During the period, the Company filed a petition before Islamabad High Court (IHC) against retrospective increase in rate of Super tax under section 4C of the Ordinance through Finance Act, 2023 as well as application of section 4C of the Ordinance to income that falls under the purview to final tax under other provisions of the Ordinance. The IHC has granted an interim stay against the recovery of super tax in excess of rates prescribed before the amendment through Finance Act, 2023 and on incomes subject to final tax under other provisions of the Ordinance.
- 11.4 Includes impact of higher deferred tax expense at the rate of 39% (including 10% super tax as explained in note 11.2 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled. Liability as at December 31, 2022 was recognized at 33% being the rate then enacted.

(Amounts in thousand)

12. EARNINGS PER SHARE

As at September 30, 2023, there is no dilutive effect on the basic earnings per share of the Company, which is based on the following:

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
Profit for the period	3,693,776	3,079,622	13,144,326	15,560,360
	-----Number of shares (in thousand)-----			
Outstanding number of shares before own shares purchased	536,626	576,163	576,163	576,163
Less: Impact of acquisition of own shares purchased and cancelled (note 8.2.1)	-	-	(28,875)	-
Weighted average number of ordinary shares	536,626	576,163	547,288	576,163

Unaudited	
Nine months ended	
September 30, 2023	September 30, 2022
-----Rupees-----	

13. CASH UTILIZED IN OPERATIONS

Profit before taxation	17,722,129	19,551,645
Adjustment for non-cash charges and other items:		
Depreciation	178,504	117,372
Amortization	27,089	35,650
Depreciation on right-of-use assets	240,393	197,413
Rent concession on lease liability	-	(12,729)
Provision for retirement and other service benefits	53,177	48,449
Dividend income	(14,881,340)	(18,011,347)
Royalty income	(1,614,247)	(996,716)
Income on bank deposits and other financial assets	(4,795,332)	(5,273,052)
Gain on disposal of property, plant and equipment	(4,099)	(9,201)
Financial charges	146,783	107,784
Working capital changes (note 13.1)	(1,399,866)	(1,969,166)
	<u>(4,326,809)</u>	<u>(6,213,898)</u>

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2023	September 30, 2022
-----Rupees-----		
13.1 Working capital changes		
Increase / (Decrease) in current assets		
- Loans, advances, deposits and prepayments	201,656	(838,862)
- Other receivables (net)	(130,868)	(217,729)
	<u>70,788</u>	<u>(1,056,591)</u>
Decrease in current liabilities		
- Trade and other payables including other service benefits (net)	(1,470,654)	(912,575)
	<u>(1,399,866)</u>	<u>(1,969,166)</u>
14. CASH AND CASH EQUIVALENTS		
Short term investments	1,234,984	11,537,813
Cash and bank balances	51,180	375,066
	<u>1,286,164</u>	<u>11,912,879</u>
15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS		
15.1 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.		
There have been no changes in the financial risk management policies of the Company during the period, consequently these unconsolidated condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.		
15.2 Fair value estimation		
The table below analyses financial instruments carried at fair value using the fair value measurement method in accordance with IFRS 13. 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).		

(Amounts in thousand)

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
As at September 30, 2023 (Unaudited)				
Financial assets at fair value through other comprehensive income				
- Pakistan Investment Bonds	-	9,749,218	-	9,749,218
Financial assets at fair value through profit or loss				
- Mutual Funds Units	-	5,515,295	-	5,515,295
As at December 31, 2022 (Audited)				
Financial assets at fair value through other comprehensive income				
- Pakistan Investment Bonds	-	29,380,322	-	29,380,322
Financial assets at fair value through profit or loss				
- Mutual Funds Units	-	3,078,051	-	3,078,051

15.3 Valuation techniques used to determine fair values

Level 2 fair values have been determined using PKRV & PKFRV rates and closing Net Asset Values for government securities and mutual fund units, respectively.

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

15.4 Fair value of financial assets and liabilities

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

(Amounts in thousand)

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company, subsidiaries, joint venture company, associated companies, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

	Unaudited	
	Nine months ended	
	September 30, 2023	September 30, 2022
	------(Rupees)-----	
Parent Company		
Dividend paid	9,222,202	5,147,275
Reimbursement of expenses	7,584	14,660
Reimbursement from	1,154	-
Purchases of Goods and Services	86,100	-
Reimbursement under advisory agreement	-	14,617
Subsidiary companies		
Mark-up from subsidiaries	1,149,558	931,718
Disbursement of loan to subsidiaries	5,050,000	16,400,000
Repayment of loan by subsidiaries	3,050,000	20,637,000
Dividend income	14,003,840	17,308,897
Royalty income	1,614,247	996,716
Reimbursements from	3,470,219	1,777,610
Reimbursements to	990,896	445,562
Tax loss surrendered	373,489	507,604
Associated companies		
Purchases and services	171,765	100,493
Contribution for Corporate Social Responsibility	275,000	-
Dividend paid	662,180	371,709
Reimbursements from	58,435	137,193
Reimbursements to	54,252	5,795
Joint venture		
Dividend income	877,500	702,450
Reimbursements from joint venture	145,014	86,915
Reimbursements to joint venture	4,566	-
Others		
Remuneration of key management personnel	428,808	579,299
Contribution to staff retirement benefit funds	201,582	171,457
Advisory agreement	55,224	79,000
Dividend paid to directors, KMP and others	1,648,335	893,539
Directors' Fee	59,845	96,420

17. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

- 17.1 The Board of Directors of Engro Polymer and Chemicals Limited, a subsidiary company, in its meeting held on October 17, 2023 has proposed an interim cash dividend of Rs. 2.5 per share for the year ending December 31, 2023 amounting to Rs. 2,272,308 of which the proportionate share of the Company amounts to Rs. 1,276,834.

(Amounts in thousand)

17.2 The Board of Directors of Engro Fertilizers Limited, a subsidiary company, in its meeting held on October 12, 2023 has proposed an interim cash dividend of Rs. 6 per share for the year ending December 31, 2023 amounting to Rs. 8,011,796 of which the proportionate share of the Company amounts to Rs. 4,507,872.

These unconsolidated condensed interim financial statements do not include the effects of the aforementioned dividend income.

17.3 The Board of Directors of the Company in its meeting held on October 23, 2023 has proposed a interim cash dividend of Rs. 4 per share for the year ending December 31, 2023 amounting to Rs. 2,146,506. These unconsolidated condensed interim financial statements do not reflect the effect of dividend payable.

18. CORRESPONDING FIGURES

18.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

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

19. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 23, 2023 by the Board of Directors of the Company.



Shabbir Hussain Hashmi
Director



Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President and Chief Executive



engro corp

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

ENGRO CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT
OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

(Amounts in thousand)

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	6	365,540,791	329,877,228
Right-of-use assets		13,146,451	13,328,823
Intangible assets		1,993,855	2,274,561
Long term investments	7	37,447,196	36,081,246
Deferred taxation		981,588	961,894
Financial assets at amortized cost		1,051,611	3,783,265
Derivative financial instruments		1,254,880	737,319
Net investment in leases		54,773,620	52,160,406
Long term loans, advances, deposits and other receivables		4,575,582	3,816,788
		480,765,574	443,021,530
Current assets			
Stores, spares and loose tools		11,889,451	9,834,814
Stock-in-trade	8	23,892,737	30,242,789
Trade debts		73,969,068	71,195,463
Loans, advances, deposits and prepayments		10,830,697	6,849,714
Other receivables		41,670,521	35,962,591
Accrued income		2,341,847	2,269,306
Contract assets		16,167,539	14,124,293
Current portion of net investment in leases		13,311,580	5,683,292
Short term investments		57,128,569	86,105,467
Cash and bank balances		77,881,399	44,986,627
		329,083,408	307,254,356
Assets classified as held for sale	6.4 & 7.2	1,474,401	-
TOTAL ASSETS		811,323,383	750,275,886

(Amounts in thousand)

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
EQUITY AND LIABILITIES			
Equity			
Share capital	9	5,366,264	5,761,632
Reserves		149,305,331	161,059,939
		154,671,595	166,821,571
Non-controlling interest		85,219,132	73,762,386
Total Equity		239,890,727	240,583,957
Liabilities			
Non-current liabilities			
Borrowings	10	170,185,142	156,173,794
Government grant		1,983,098	1,472,279
Deferred taxation		15,630,116	13,395,214
Lease liabilities		69,907,631	62,369,918
Deferred liabilities		4,359,000	3,633,893
Long term provisions		558,142	2,952,970
		262,623,129	239,998,068
Current liabilities			
Trade and other payables		153,642,651	125,775,973
Contract liabilities		14,079,236	12,980,370
Accrued interest / mark-up		7,852,403	2,764,706
Current portion of:			
- borrowings		30,723,628	27,699,919
- government grant		449,495	353,201
- lease liabilities		11,160,479	9,046,896
- deferred liabilities		396,730	577,116
- long term provisions		29,192,475	25,503,815
Taxes payable		20,663,315	19,048,456
Short term borrowings		25,630,467	32,984,960
Dividend payable		15,018,648	12,958,449
		308,809,527	269,693,861
Total Liabilities		571,432,656	509,691,929
Contingencies and commitments	11		
TOTAL EQUITY AND LIABILITIES		811,323,383	750,275,886

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

Shabbir Hussain Hashmi
Director

Farooq Barkat Ali
Chief Financial Officer

Ghias Khan
President & CEO

ENGRO CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT
OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

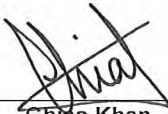
(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		-----Rupees-----		-----Rupees-----	
CONTINUING OPERATIONS					
Revenue	12	136,816,615	91,285,050	339,298,587	268,739,804
Cost of revenue		(92,400,460)	(64,642,118)	(233,665,904)	(187,924,029)
Gross profit		44,416,155	26,642,932	105,632,683	80,815,775
Selling and distribution expenses		(2,786,520)	(2,057,745)	(6,821,711)	(5,483,319)
Administrative expenses		(2,683,499)	(2,652,417)	(8,617,639)	(7,381,700)
Other income		7,055,999	4,129,679	20,807,245	13,753,094
Other operating expenses		(2,456,743)	(1,355,474)	(5,701,645)	(7,786,313)
Other Gains / (Losses):					
- Remeasurement loss on provision for GIDC		(98,416)	(329,526)	(683,814)	(1,331,046)
- (Loss allowance) / Reversal of loss allowance on subsidy receivable from GoP		1,264	(26,808)	(503,081)	(415,981)
Operating profit		43,448,240	24,350,641	104,112,038	72,170,510
Finance cost		(11,918,772)	(7,111,964)	(34,414,857)	(19,113,900)
Share of income from joint venture and associates		1,480,045	818,054	3,085,277	2,090,173
Profit before taxation		33,009,513	18,056,731	72,782,458	55,146,783
Taxation	13	(10,616,326)	(4,159,807)	(28,914,920)	(24,437,356)
Profit from continuing operations		22,393,187	13,896,924	43,867,538	30,709,427
DISCONTINUED OPERATIONS					
Profit from discontinued operations (attributable to Owners of the Holding Company)	14	-	-	-	71
Profit for the period		22,393,187	13,896,924	43,867,538	30,709,498
Profit attributable to:					
- Owners of the Holding Company		12,173,153	8,016,616	22,747,229	15,430,584
- Non-controlling interest		10,220,035	5,880,308	21,120,309	15,278,914
		22,393,188	13,896,924	43,867,538	30,709,498
Earnings per share - basic and diluted					
- continuing operations		22.68	13.91	41.56	26.78
- discontinued operations		-	-	-	-
	15	22.68	13.91	41.56	26.78

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


Shabbir Hussain Hashmi
Director


Farooq Barkat Ali
Chief Financial Officer


Ghias Khan
President & CEO


ENGRO CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----		-----Rupees-----	
Profit for the period	22,393,188	13,896,924	43,867,538	30,709,498
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Hedging reserve - cash flow hedges				
Profit / (loss) arising during the period	188,259	87,343	517,561	376,844
Less: Reclassification adjustment for loss included in the statement of profit or loss	-	(220)	-	(653)
	188,259	87,123	517,561	376,191
Revaluation reserve on business combination	-	-	-	-
Exchange differences on translation of foreign operations	(4,307)	(43,198)	798,132	312,663
Continuing operations' (loss) / gain on remeasurement of long-term investments classified at fair value through other comprehensive income	(757,633)	(151,201)	(1,499,040)	(252,995)
Other comprehensive income for the period, net of tax	(573,681)	(107,276)	(183,347)	435,859
Total comprehensive income for the period	21,819,507	13,789,648	43,684,191	31,145,357
Total comprehensive income attributable to:				
- Owners of the Holding Company	11,599,472	7,909,408	22,563,882	15,866,646
- Non-controlling interest	10,220,035	5,880,240	21,120,309	15,278,711
	21,819,507	13,789,648	43,684,191	31,145,357
Total comprehensive income attributable to:				
- continuing operations	21,819,507	13,789,648	43,684,191	31,145,286
- discontinued operations	-	-	-	71
	21,819,507	13,789,648	43,684,191	31,145,357

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


Shabbir Hussain Hashmi
Director


Farooq Barkat Ali
Chief Financial Officer


Ghias Khan
President & CEO

ENGRO CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

	Attributable to Owners of the Holding Company												Non-controlling interest	Total
	Reserves													
	Capital reserves					Revenue reserves								
	Share capital	Share premium	Capital re-purchase reserve account	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Remeasurement of investments	Unappropriated profit	Remeasurement of post employment benefits	Sub total		
Rupees														
Balance as at January 1, 2022 (Audited)	5,761,632	13,068,232	-	2,678	156,301	937,769	66,031	4,429,240	39,248	137,385,981	(108,064)	155,977,416	81,060,639	242,799,667
Total comprehensive income for the nine months ended September 30, 2022														
Profit for the period	-	-	-	-	-	-	-	-	-	15,430,584	-	15,430,584	15,278,914	30,709,498
Other comprehensive income / (loss)	-	-	-	-	-	312,663	376,394	-	(252,995)	-	-	436,062	(203)	435,859
Transactions with owners														
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(13,490,092)	(13,490,092)
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	-	(576,163)	-	(576,163)	-	(576,163)
First Interim cash dividend for the year ended December 31, 2022 @ Rs. 12.00 per share	-	-	-	-	-	-	-	-	-	(6,913,959)	-	(6,913,959)	-	(6,913,958)
Second interim cash dividend for the year ended December 31, 2022 @ Rs. 11.00 per share	-	-	-	-	-	-	-	-	-	(6,337,796)	-	(6,337,796)	-	(6,337,796)
										(13,827,918)	-	(13,827,918)	(13,490,092)	(27,318,009)
Balance as at September 30, 2022 (Unaudited)	5,761,632	13,068,232	-	2,678	156,301	1,250,432	442,425	4,429,240	(213,747)	138,988,647	(108,064)	158,016,144	82,849,258	246,627,034
Total comprehensive income for the quarter ended December 31, 2022														
Profit for the period	-	-	-	-	-	-	-	-	-	8,901,468	-	8,901,468	6,500,311	15,401,779
Other comprehensive income / (loss)	-	-	-	-	-	365,065	260,145	-	(653,067)	-	(68,184)	(96,041)	(7,928)	(103,869)
Transactions with owners														
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(15,579,355)	(15,579,355)
Third Interim cash dividends for the year ended December 31, 2022 @ Rs. 10.00 per share	-	-	-	-	-	-	-	-	-	(5,761,632)	-	(5,761,632)	-	(5,761,632)
										(5,761,632)	-	(5,761,632)	(15,579,355)	(21,340,987)
Balance as at December 31, 2022 (Audited)	5,761,632	13,068,232	-	2,678	156,301	1,615,497	702,570	4,429,240	(866,814)	142,128,483	(176,248)	161,059,939	73,762,386	240,583,957

ENGRO CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

	Attributable to Owners of the Holding Company											Non-controlling interest	Total	
	Capital reserves						Reserves							
	Share capital	Share premium	Capital re-purchase reserve account	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	General reserve	Remeasurement of investments	Unappropriated profit	Remeasurement of post employment benefits			Sub total
	Rupees													
Balance as at January 1, 2023 (Audited)	5,761,632	13,068,232	-	2,678	156,301	1,615,497	702,570	4,429,240	(666,814)	142,128,483	(176,248)	161,059,939	73,762,386	240,583,957
Total comprehensive income for the nine months ended September 30, 2023														
Profit for the period	-	-	-	-	-	-	-	-	-	22,747,229	-	22,747,229	21,120,309	43,867,538
Other comprehensive income / (loss)	-	-	-	-	-	798,132	517,561	-	(1,499,040)	-	-	(183,347)	-	(183,347)
Cancellation of own shares purchased (note 9.2)	(395,368)	-	395,368	-	-	798,132	517,561	-	(1,499,040)	22,747,229	-	22,563,882	21,120,309	43,684,191
										(11,629,302)	-	(11,233,934)	-	(11,629,302)
Transactions with owners														
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(9,663,563)	(9,663,563)
Final cash dividend for the year ended December 31, 2022 @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	-	(546,244)	-	(546,244)	-	(546,244)
First interim cash dividend for the year ending December 31, 2023 @ Rs. 40.00 per share	-	-	-	-	-	-	-	-	-	(21,465,059)	-	(21,465,059)	-	(21,465,059)
Second interim cash dividend for the year ending December 31, 2023 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	-	(1,073,253)	-	(1,073,253)	-	(1,073,253)
										(23,084,556)	-	(23,084,556)	(9,663,563)	(32,748,119)
Balance as at September 30, 2023 (Unaudited)	5,366,264	13,068,232	395,368	2,678	156,301	2,413,629	1,220,131	4,429,240	(2,365,854)	130,161,854	(176,248)	149,305,331	65,219,132	239,890,727

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



Shabbir Hussain Hashmi
Director



Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President & CEO

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

(Amounts in thousand)

Note	Nine months ended		
	September 30, 2023	September 30, 2022	
-----Rupees-----			
Cash flows from operating activities			
Cash generated from operations	16	119,649,032	72,714,275
Retirement and other service benefits paid - net		(169,135)	(334,477)
Proceeds from net investment in leases		5,238,495	3,416,693
Finance income received on net investment in leases		5,756,625	4,511,212
Deferred incentive		439,058	1,791,085
Financial charges paid		(23,933,902)	(14,252,963)
Taxes paid		(25,084,853)	(9,877,060)
Long term loans and advances - net		90,763	(759,062)
Bank balance held as margin		(1,053,243)	20,432
Net cash generated from operating activities - net		80,932,840	57,230,135
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(25,685,609)	(27,142,424)
Sale proceeds on disposal of property, plant and equipment		293,158	106,256
Investments redeemed / (made) during the period - net		27,198,239	(37,650,924)
Income on deposits / other financial assets		13,155,968	6,781,551
Dividends received		1,554,786	702,450
Net cash generated from / (utilized in) investing activities		16,516,542	(57,203,091)
Cash flows from financing activities			
Repayments of borrowings - net		(12,885,002)	(8,338,956)
Repayment of lease liability		(5,730,205)	(2,344,021)
Finance cost paid on lease liability		(4,189,504)	(1,520,022)
Payments for own shares purchased and cancelled		(11,629,302)	-
Dividends paid		(30,687,920)	(27,424,494)
Net cash utilized in financing activities		(65,121,933)	(39,627,493)
Net increase / (decrease) in cash and cash equivalents		32,327,449	(39,600,449)
Effect of exchange rate changes on cash and cash equivalents		3,074,282	1,243,872
Cash and cash equivalents at beginning of the period		25,366,691	91,141,856
Cash and cash equivalents at end of the period	17	60,768,422	52,785,279

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



Shabbir Hussain Hashmi
Director



Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President & CEO

ENGRO CORPORATION LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro 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 Holding Company's registered office is situated at 8th floor, The Harbour Front Building, Plot Number HC # 3, Marine Drive, Block 4, Clifton, Karachi.

As notified on the Pakistan Stock Exchange on September 28, 2023, the Holding Company has entered into an in-principle understanding to execute a scheme of arrangement for the Holding Company's select thermal energy assets held through its wholly owned subsidiary, Engro Energy Limited, with another undertaking.

The consummation of the Proposed Transaction is subject to detailed due diligence, execution of definitive documents and receipt of regulatory and third-party approvals and consents.

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.

	Percentage of direct shareholding	
	September 30, 2023	December 31, 2022
- Engro Energy Limited	100	100
- Engro Eximp Agriproducts (Private) Limited	100	100
- Engro Connect (Private) Limited	100	100
- Engro Infiniti (Private) Limited	100	100
- Engro Eximp FZE	100	100
- Engro Fertilizers Limited	56.27	56.27
- Engro Polymer and Chemicals Limited	56.19	56.19
- Elengy Terminal Pakistan Limited	56	56
Joint Venture Company:		
- Engro Vopak Terminal Limited	50	50
Associated Company:		
- FrieslandCampina Engro Pakistan Limited	39.9	39.9

(Amounts in thousand)

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), 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 the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2 The cumulative figures for the nine months ended September 31, 2023 presented in these consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022..

3. BASIS OF CONSOLIDATION

- 3.1 The condensed interim financial statements / information of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves.
- 3.2 Non-controlling interest has been presented as a separate line item in these consolidated condensed interim financial statements. All material intercompany balances and transactions have been eliminated.
- 3.3 The Group's interest in joint venture and associated company has been accounted for using the equity method.

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

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

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

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

5. ACCOUNTING ESTIMATES

- 5.1 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting and reporting standards applicable in Pakistan 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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these consolidated condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022.

(Amounts in thousand)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	------(Rupees)-----	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value (notes 6.1 to 6.4)	327,100,594	300,654,940
Capital work in progress (CWIP) - Expansion and other projects (notes 6.5 and 6.6)	34,055,188	24,839,815
Capital spares and standby equipment	4,385,009	4,382,473
	<u>365,540,791</u>	<u>329,877,228</u>

6.1 Following additions, including transfers from CWIP, were made to operating assets during the period / year:

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	------(Rupees)-----	
Building	3,010,880	4,995,781
Pipelines	-	967
Plant and machinery - including capitalization of exchange differences (note 6.3)	32,892,619	37,705,769
Furniture, fixtures and equipment	3,332,294	9,735,236
Vehicles	1,196,557	683,386
Catalyst	729,626	402,520
Aircraft	567,159	2,634,870
Jetty	-	9,724
Dredging	-	369,996
	<u>41,729,135</u>	<u>56,538,249</u>

6.2 During the period, operating assets costing Rs. 520,998 (December 31, 2022: Rs. 2,570,359), having net book value of Rs. 229,357 (December 31, 2022: Rs. 719,577) were disposed / written off for Rs. 293,158 (December 31, 2022: Rs. 614,122).

6.3 This includes Rs. 25,753,994 (December 31, 2022: Rs. 23,282,056) on account of capitalization of exchange differences.

6.4 Certain assets have been classified as Held-for-Sale due to the decision made by the Board of Directors of EFERT to sell its existing logistics business. EFERT has identified a buyer and is in the process of finalizing the sale subject to regulatory approvals and it is expected that the sale would be executed within 12 months from the reporting date. Therefore, these assets have been classified under IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations amounting to Rs.1,474,301 (December 31, 2022: Rs. Nil).

(Amounts in thousand)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	------(Rupees)-----	
6.5	Capital work in progress - Expansion and other projects	
	24,839,815	20,265,122
	Balance at beginning of the period / year	
	24,903,507	37,588,841
	Additions during the period / year	
	179,844	42,669
	Borrowing cost capitalized during the period / year	
	-	28,791
	Reclassification	
	Transferred to:	
	(15,789,782)	(32,813,372)
	(42,863)	(261,360)
	(35,333)	(10,876)
	34,055,188	24,839,815
	Balance at end of the period / year	
6.6	Includes Rs. 1,201,537 (December 31, 2022: Rs. 636,268) paid as advance representing EFERT's share in respect of a joint operation arrangement being undertaken to ensure sustainable gas supplies and enhancement of delivery pressure at one of the gas supply sites.	

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

7. LONG TERM INVESTMENTS

	36,081,246	34,217,070
	Balance at beginning of the period / year	
	Add / (less):	
	3,085,277	3,174,081
	- Share of profit and other comprehensive income for the period / year (note 7.1)	
	(142,442)	(290,269)
	- Provision adjustment against tax contingency	
	(21,999)	(51,924)
	- Revaluation loss on investments and others	
	(1,554,786)	(932,500)
	- Dividend received during the period / year	
	-	(35,212)
	- Reversal of profits	
	(100)	-
	- Investment classified as held for sale (note 7.2)	
	37,447,196	36,081,246
	Balance at end of the period / year	
7.1	Details of share of profit and other comprehensive income for the period / year are as follows:	
	1,436,749	1,008,703
	- Sindh Engro Coal Mining Company Limited (SECMC)	
	628,587	942,609
	- FrieslandCampina Engro Pakistan Limited (FCEPL)	
	1,019,941	1,222,769
	- Engro Vopak Terminal Limited (EVTL)	
	3,085,277	3,174,081
7.2	The Board of Directors of Engro Energy Limited, a wholly owned subsidiary company, in its meeting held on February 10, 2023, has approved the disposal of Pakistan Energy Gateway Limited (PEGL) at a consideration equivalent to its carrying value of Rs. 100. Accordingly, the Group's investment has been classified as "Held for Sale".	

(Amounts in thousand)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	------(Rupees)-----	
8. STOCK-IN-TRADE		
Raw and packaging materials (note 8.1)	8,586,632	9,894,583
Unprocessed rice	-	1,202,364
Fuel stock	852,798	537,232
Work-in-process	209,368	133,161
Finished goods:		
- own manufactured products (note 8.3)	4,987,014	9,469,340
- purchased and packaged products	943,336	9,313,718
	5,930,350	18,783,058
Stock in transit	9,073,754	-
Less: Provision for impairment against stock-in-trade	(760,165)	(307,609)
	<u>23,892,737</u>	<u>30,242,789</u>

8.1 This includes stock held with Engro Vopak Terminal Limited, a joint venture company, amounting to Rs. 2,596,321 (December 31, 2022: Rs. 2,672,597).

8.2 During the period, stock-in-trade amounting to Rs. 208,846 (December 31, 2022: Rs. 18,092) has been written-off against provision.

8.3 Above includes stock-in-trade costing Rs. 295,729 (December 31, 2022: Rs. 4,079,147) carried at net realizable value, amounting to Rs. 288,832 (December 31, 2022: Rs. 3,651,147).

9. SHARE CAPITAL

9.1 Authorized capital

(Unaudited) September 30, 2023	(Audited) December 31, 2022		(Unaudited) September 30, 2023	(Audited) December 31, 2022
------(Number of shares)-----			------(Rupees)-----	
700,000,000	700,000,000	Ordinary shares of Rs. 10 each	7,000,000	7,000,000

9.2 Issued, subscribed and paid-up capital

(Unaudited) September 30, 2023	(Audited) December 31, 2022		(Unaudited) September 30, 2023	(Audited) December 31, 2022
------(Number of shares)-----			------(Rupees)-----	
197,869,804	197,869,804	Ordinary shares of Rs. 10 each fully paid in cash	1,978,699	1,978,699
378,293,426	378,293,426	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	3,782,933	3,782,933
576,163,230	576,163,230		5,761,632	5,761,632
(39,536,762)	-	Ordinary shares of Rs. 10 each purchased and cancelled (note 9.2.1)	(395,368)	-
<u>536,626,468</u>	<u>576,163,230</u>		<u>5,366,264</u>	<u>5,761,632</u>

(Amounts in thousand)

9.2.1 **Cancellation of own shares purchased**

The Holding Company, with the approval of its shareholders in the extraordinary general meeting held on January 26, 2023, accorded to buy back, for the purpose of cancellation, of upto to an aggregate number of 70,000,000 issued and paid-up ordinary shares of the Holding Company at the spot / current price prevailing during the purchase period i.e. February 3, 2023 to July 25, 2023 or till such date that the buy back of shares is completed, whichever is earlier. Accordingly, during the period, the Holding Company has purchased 39,536,762 own shares. Subsequently, these own shares have been cancelled and hence this buy back process stands completed.

10. **BORROWINGS**

As at September 30, 2023, there is no material change in the status of borrowings reported in note 23 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022, except as follows:

- 10.1 During the period, the Group has recorded exchange loss on revaluation of foreign currency borrowings amounting to Rs. 29,416,058 (December 31, 2022: Rs. 27,167,532).

Engro Fertilizers Limited (EFERT)

- 10.2 During the period, 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. 2,385,340, Rs. 1,130,398, Rs. 250,000 and Rs. 480,333, respectively.
- 10.3 During the period, EFERT repaid TERF loan to Habib Bank Limited, Allied Bank Limited and MCB Bank Limited amounting to Rs. 47,740, Rs. 12,365 and Rs. 211,673 respectively. 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 installment starting from January 2023.

Engro Powergen Thar (Private) Limited (EPTL)

- 10.4 During the period, EPTL made principal repayments amounting to Rs. 8,951,296 (December 31, 2022: Rs. 13,127,382).

Engro Polymer and Chemicals Limited (EPCL)

- 10.5 During the period, further drawdown amounting to Rs. 1,760,376 was made against Islamic Temporary Economic Refinance Facility (ITERF). The impact of below market mark-up rate on this additional loan has been accounted for as government grant.

Engro Elengy Terminal Pakistan Limited (ETPL)

- 10.6 During the period, Engro Elengy Terminal (Private) Limited (EETPL) made principle repayment of long term finances to Allied Bank Limited amounting to Rs. 890,284 (December 31, 2022: Rs. 1,451,749).

11. **CONTINGENCIES AND COMMITMENTS**

11.1 **Contingencies**

As at September 30, 2023, there is no material change in the status of matters reported as contingencies in note 33 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022, except as follows:

(Amounts in thousand)**The Holding Company**

- 11.1.1 Standby Letter of Credit (Put Option SBLC) has been provided by Engro Energy Limited (EEL), a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (December 31, 2022: 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 Engro Fertilizer Limited (EFERT) and Friesland Campina Engro Pakistan Limited (FCEPL) of quantities 105,000,000 and 65,000,000 respectively.
- 11.1.2 EETPL has issued SBLCs amounting to USD 22,500 (December 31, 2022: USD 22,500). This has been secured by pledging the Holding Company's shares of EFERT and EPCL of quantities 66,000,000 and 117,000,000, respectively.
- 11.1.3 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 Engro Powergen Thar (Private) Limited in favour of their project lenders. These SBLCs are partially secured by pledging Holding Company's shares of EFERT, EPCL, FCEPL and Engro Powergen Qadirpur Limited (EPQL) of quantities 66,000,000, 103,500,000, 56,000,000 and 53,000,000 respectively.
- 11.2 Commitments**
- 11.2.1 Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs. 50,868,645 (December 31, 2022: Rs. 43,204,163).
- 11.2.2 Engro Eximp Agriproducts (Private) Limited (EEAP) has entered into export selling contracts of 1,000 tons (December 31, 2022: 2,100 tons) of Finished Rice to various parties on agreed terms for delivery on various dates subsequent to the period end. The sales value of these open commitments at period end exchange rate amounts to Rs 335,480 (December 31, 2022: Rs 619,103). This includes 100 tons stock in transit against which Bill of Landing (BoL) was generated subsequent to the period end.
- 11.2.3 The aggregate facilities for issuance of performance guarantees by the banks on behalf of EPCL as at September 30, 2023 amount to Rs. 7,161,030 (December 31, 2022: Rs. 7,048,000). The amount utilized there against as at September 30, 2023 is Rs. 6,267,432 (December 31, 2022: Rs. 6,268,568).
- 11.2.4 The facility for opening letters of credit of EPCL and its subsidiary companies as at September 30, 2023 aggregates to Rs. 30,398,000 (December 31, 2022: Rs. 27,750,000). The amount utilized thereagainst as at September 30, 2023 was Rs. 11,723,978 (December 31, 2022: Rs. 8,631,302).
- 11.2.5 Commitments of EPCL in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregate to USD 24,882 valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregate to USD 11,452 valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 871 valid till December 31, 2023.
- 11.2.6 EFERT has issued bank guarantees of Rs. 8,143,777 (December 31, 2022: Rs. 9,117,070) in favour of third parties.
- 11.2.7 EETPL has provided bank guarantee amounting to Rs. 1,129,224 (December 31, 2022: Rs. 1,952,145) from MCB Bank Limited and Rs.1,536,743 (December 31, 2022: Rs. 1,322,483) from Bank Alfalah Limited, in favor of Nazir of the Court to comply with the interim orders of the Court as explained in note 33.8.16 of the annual audited consolidated financial statements of the Holding Company.

(Amounts in thousand)

- 11.2.8 EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to Rs. 2,843,500 (December 31, 2022: Rs. 1,860,000) and Rs. 1,421,750 (December 31, 2022: Rs. 930,000) in favour of Sui Southern Gas Company Limited (SSGCL) to guarantee performance of its obligations under the LNG Operations and Services Agreement (LSA). The aforementioned guarantee is secured against project assets of EETPL and the Holding Company's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2024 and are renewable annually.
- 11.2.9 Enfrashare has obtained letter of credit facility aggregating Rs. 2,000,000 (December 31, 2022: Nil) from MCB Bank Limited. The amount availed on the facility as at September 30, 2023 is Rs. 1,369,000 (December 31, 2022: Nil).
- 11.2.10 Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amount to Rs. 4,012,615 (December 31, 2022: Rs. 2,418,431).

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	------(Rupees)-----			
12. REVENUE				
Own manufactured products / sale of electricity (note 12.1)	95,218,428	66,347,500	229,320,133	205,909,513
Less:				
- Sales tax	(9,396,725)	(4,689,071)	(20,417,531)	(17,939,409)
- Discounts	(671,238)	(729,943)	(1,489,871)	(1,656,581)
	85,150,465	60,928,486	207,412,731	186,313,523
Purchased and packaged products	44,297,679	22,888,172	106,995,015	63,989,514
Services rendered	10,920,461	9,199,333	31,881,141	23,108,613
	55,218,140	32,087,505	138,876,156	87,098,127
Less: Sales tax	(3,360,629)	(1,644,503)	(6,487,014)	(4,289,368)
Less: Discounts	(191,361)	(86,438)	(503,286)	(382,478)
	(3,551,990)	(1,730,941)	(6,990,300)	(4,671,846)
	136,816,615	91,285,050	339,298,587	268,739,804

- 12.1 During the period, EPTL has reversed additional cost of revenue amounting to Rs. 1,686,767 based on certain clarifications that have been sought by SECMC from the Thar Coal Energy Board (TCEB) with respect to tariff components as approved by TCEB related to its Commercial Operations Date (COD) stage tariff for 3.8 mtpa (Phase I) on December 29, 2022. Resultantly, the Group has also accounted for consequential adjustment in revenue, contract liability and contract asset by the same amount.

(Amounts in thousand)

13. TAXATION

As at September 30, 2023, following are the updates to taxation matters from those reported in note 42 to the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022:

- 13.1 During the period, in respect of the matter disclosed in note 42.1 of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022, the Supreme Court of Pakistan (SCP) issued an interim order dated February 16, 2023 in respect of the petitions filed by the tax department against the High Court of Sindh (HCS) judgement dated December 22, 2022 in which the levy of super tax under section 4C inserted through Finance Act 2022 was decided in favor of the petitioners. The SCP in its interim order, while accepting the tax department's petition, gave directions to the Nazir of the HCS to encash the bank guarantees submitted by all petitioners including the Group to the extent of 4%.
- 13.2 Section 4C 'Super tax on high earning persons' of the Income Tax Ordinance, 2001 (the Ordinance) introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs. 500,000. This is retrospectively applicable from tax year 2023 onwards. In previous year, the Group had already recognized super tax provision at 4% for tax year 2023 based on the rate applicable at December 31, 2022. Accordingly, during the current period, the Group has increased the super tax provision to 10% which has resulted in additional provision of Rs. 4,158,626, for prior tax year 2023. Further, tax charge for the period includes super tax provision recognised at 10% for tax year 2024, amounting to Rs. 5,907,139.
- 13.3 Tax charge for the period includes impact of higher deferred tax expense at the rate of 39% (including 10% super tax as explained in note 13.2 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled. Liability as at December 31, 2022 was recognised at 33% being the rate then enacted.
- 13.4 **The Holding Company**
- 13.4.1 During the period, in respect of tax year 2022, the Assistant Commissioner Inland Revenue (ACIR) has issued an amended order under section 4C of the Income Tax Ordinance, 2001 (the Ordinance) and has raised a demand of Rs. 251,746 mainly due to non-consideration of taxable loss while computing the 'income' for the purpose of super tax. The Holding Company had filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who has maintained the said demand. The Holding Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A). The Holding Company, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.
- 13.4.2 During the period, in respect of the matter disclosed in note 42.4.1 of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022, the HCS has dismissed the petitions as well as stay applications filed by the Holding Company challenging the imposition of tax on inter-corporate dividend (ICD) received from subsidiaries designated as Group under section 59B of the Ordinance in the tax years 2017 to 2021. The petitions pertaining to tax year 2022 and partially to tax year 2023 are still pending adjudication and hence stay is available. Consequent to the HCS decision, the Holding Company received show cause notices from the tax department for recovery of tax on ICD pertaining to various tax years (2017 to 2023). Orders for the tax years 2017 to 2023 have been issued for the same raising an aggregate demand of Rs. 5,018,076 in respect of tax on ICD in the tax years 2017 to 2019 and 2023 which has been discharged under protest by the Holding Company through cash payment as well as through adjustment of available prior period tax refunds. Further, the Holding Company has also filed an appeal against the HCS decision before the SCP, which has granted interim stay against recovery.
- 13.4.3 During the period, the Additional Commissioner Inland Revenue (ACIR) initiated proceedings and further amended the order for tax year 2017 to raise demand of Rs. 19,687,430 mainly on account of tax levied on capital gains on disposal of shares of listed subsidiaries of Rs. 14,388,250 (including super tax) and tax on undistributed profits under section 5A of the Ordinance of Rs. 4,727,408.

(Amounts in thousand)

Subsequently, following the submission of a rectification application by the Holding Company, the ACIR has rescinded the demand of Rs. 4,727,408. This decision was made in accordance with the judgement of HCS dated April 2, 2021, which declared the imposition of a levy on undistributed profits under section 5A as ultra vires to the Constitution.

Moreover, as normal recourse, the Holding Company contested this matter in the appeal filed before the CIR(A) which upheld the decision of ACIR. Being aggrieved of the decision of CIR(A) the Holding Company has now filed an appeal before the Appellate Tribunal Inland Revenue. The Holding Company, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.

13.5 Engro Fertilizers Limited (EFERT)

- 13.5.1 During the period, EFERT received an order from the ACIR disallowing amortization on intangibles amounting to Rs. 293,480 for tax year 2017, having a tax impact of Rs. 90,978. Further, the order incorporated other amended assessments, thereby creating a demand of Rs. 494,108. EFERT has filed an appeal before the CIR(A) and hearing is yet to be held.

The Group maintains adequate provision in these consolidated condensed interim financial statements and is confident of an ultimate favorable outcome on this amendment.

- 13.5.2 During the period, EFERT received an order from the Deputy Commissioner Inland Revenue (DCIR), in respect of tax year 2022, amending the Group return filed by EFERT along with its subsidiary company, EFERT Agritrade (Private) Limited (EFAT) to make disallowances having a tax impact of Rs. 1,383,076. These mainly pertain to disallowance of provisions made for Sindh Infrastructure Cess accruals and trade debts invoking the provisions of Section 34(3) of Income Tax Ordinance, 2001 (the Ordinance), amortization on right to use brand and loss allowance on subsidy under Section 20 of the Ordinance and Workers' Profits Participation Fund (WPPF). The DCIR has also concluded that the provision for Gas Infrastructure Development Cess (GIDC) is considered as taxable income for the purposes of determination of Super Tax under Section 4C of the Ordinance. The DCIR has also disallowed refund adjustment amounting to Rs. 1,859,844. Further, the order also incorporates the enhanced amount of levy of Super Tax under Section 4C of the Ordinance, thereby creating a total demand of Rs. 3,718,104. EFERT is in the process of filing an appeal before the CIR(A) against this order.

EFERT's management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore no provision has been recognized in these consolidated condensed interim financial statements in respect of the aforementioned order.

Associated Company and Joint Venture

13.6 FrieslandCampina Engro Pakistan Limited (FCEPL)

- 13.6.1 Following the directions of Lahore High Court (LHC), on April 04, 2023, the Customs department confirmed the earlier ruling of the Classification Committee pertaining to Tea Whiteners dated March 15, 2022 against the taxpayers. Being aggrieved, the ruling dated April 04, 2023 was again challenged in LHC on the grounds that proper opportunity of being heard was not provided to petitioners.

Subsequently, LHC converted these appeals into representations before the FBR and directed the FBR to decide the same within 15 days. FBR vide order dated September 20, 2023 has upheld the Classification Committee ruling. However, various companies have challenged the FBR order in LHC which has suspended FBR's order and directed that previous ruling shall continue to apply in meantime.

(Amounts in thousand)

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	------(Rupees)-----			
14. PROFIT FROM DISCONTINUED OPERATIONS				
Other operating expenses	-	-	-	(197)
Other income	-	-	-	268
Profit before taxation	-	-	-	71
Taxation	-	-	-	-
Profit for the period	-	-	-	71
Net cash inflow from operating activities	-	-	-	204
Net increase in cash generated by the subsidiary	-	-	-	204

15. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Group, which is based on the following:

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	------(Rupees)-----			
Profit for the period, attributable to Owners of the Holding Company from:				
- continuing operations	12,173,153	8,016,616	22,747,229	15,430,513
- discontinued operations	-	-	-	71
	12,173,153	8,016,616	22,747,229	15,430,584

	Number of shares (in thousand) -----			
Outstanding number of shares before own shares purchased	536,626	576,163	576,163	576,163
Less: Impact of acquisition of own shares purchased and cancelled (note 9.2.1)	-	-	(28,875)	-
Weighted average number of ordinary shares	536,626	576,163	547,288	576,163

Earnings per share (in rupees) - basic and diluted				
- continuing operations	22.68	13.91	41.56	26.78
- discontinued operations	-	-	-	-
	22.68	13.91	41.56	26.78

(Amounts in thousand)

	(Unaudited)	
	Nine months ended	
	September 30, 2023	September 30, 2022
	-----Rupees-----	
16. CASH GENERATED FROM OPERATIONS		
Profit before taxation from:		
- continuing operations	72,782,458	55,146,783
- discontinued operations	-	71
	<u>72,782,458</u>	<u>55,146,854</u>
Adjustment for non-cash charges and other items:		
Depreciation and amortization	15,101,780	11,984,307
(Gain) / loss on disposal / write-off of property, plant and equipment	(63,801)	389,723
Rent concession on lease liability	-	(12,729)
Provisions - net	726,553	433,792
Impairment of long term investment	-	36,115
Provision for retirement and other service benefits	122,467	242,467
Financial charges	29,021,599	15,744,857
Stock-in-trade / stores and spares written-off	208,846	109,878
Finance income on net investment in leases	(5,756,625)	(4,511,212)
Finance cost on lease liability	4,189,504	3,369,044
Income on deposits / other financial assets	(13,228,509)	(7,222,539)
Share of income from joint venture and associate	(3,085,277)	(2,090,173)
Exchange loss on lease liability	14,815,181	13,310,981
Exchange gain on net investment in lease	(15,479,997)	(13,808,854)
Other exchange loss - net	2,109,143	3,598,251
Working capital changes (note 16.1)	18,185,710	(4,006,487)
	<u>119,649,032</u>	<u>72,714,275</u>
16.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(2,263,483)	(1,158,222)
- Stock-in-trade	6,350,052	(10,861,737)
- Trade debts and contract assets	(4,816,851)	(2,790,754)
- Loans, advances, deposits and prepayments	(3,980,983)	(5,074,684)
- Other receivables - net	(6,211,011)	(8,782,856)
	<u>(10,922,276)</u>	<u>(28,668,253)</u>
Increase in current liabilities		
- Trade and other payables and provisions	29,107,986	24,661,766
	<u>18,185,710</u>	<u>(4,006,487)</u>
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	77,881,399	54,645,093
Short term investments - with original maturity less than 3 months	8,928,987	24,378,079
Bank balances under lien	(2,282,601)	(518,083)
Short term borrowings	(23,759,363)	(25,719,810)
	<u>60,768,422</u>	<u>52,785,279</u>

(Amounts in thousand)

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**18.1 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.

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

18.2 Fair value estimation

The table below analyses financial instruments carried at fair value using the fair value measurement method in accordance with IFRS 13. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within 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 September 30, 2023 (Unaudited)				
Financial assets at fair value through profit or loss				
- Mutual fund units	-	32,246,405	-	32,246,405
Financial assets at fair value through other comprehensive income				
- Derivative financial instruments	-	1,254,880	-	1,254,880
- Pakistan Investment Bonds	-	9,749,218	-	9,749,218
- Other investments	66,164	-	-	66,164
	<u>66,164</u>	<u>11,004,098</u>	<u>-</u>	<u>11,070,262</u>
As at December 31, 2022 (Audited)				
Financial assets at 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>
Financial assets at fair value through other comprehensive income				
- Derivative financial instruments	-	737,319	-	737,319
- Pakistan Investment Bonds	-	29,380,322	-	29,380,322
- Other investments	88,163	4,157	-	92,320
	<u>88,163</u>	<u>30,121,798</u>	<u>-</u>	<u>30,209,961</u>

(Amounts in thousand)

18.3 Valuation techniques used to determine fair values

Level 1 fair values have been determined on the basis of PSX share price rates for investment in share.

Level 2 fair values have been determined using PKRV and PKFRV rates and closing net asset values for government securities and mutual funds units, respectively.

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

18.4 Fair value of financial assets and liabilities

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

19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the parent company, joint venture company, associated companies, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

	(Unaudited)	
	Nine months ended	
	September 30, 2023	September 30, 2022
	------(Rupees)-----	
Parent Company		
Dividend paid	9,222,202	5,147,275
Reimbursements to the Parent	7,584	14,660
Reimbursements made by the Parent	1,154	-
Purchases and services	86,100	-
Reimbursement under advisory agreement	-	14,617
Associated companies and joint venture		
Purchases and services	46,665,395	38,641,723
Dividend received	1,554,786	702,450
Dividend paid / payable	3,355,718	1,039,373
Donations	511,838	128,742
Reimbursements from	504,552	369,428
Reimbursements to	263,270	214,887
Loan disbursed	-	2,740,000
Loans repaid	62,840	3,554,520
Finance costs	4,215,692	2,740,073
Directors		
Dividend paid	1,616,310	885,289
Directors' fees	59,845	96,420
Advisory agreement	55,224	79,000
Others		
Remuneration paid to key management personnel	1,778,857	1,288,974
Dividend paid to key management personnel	32,025	8,250
Reimbursement of expenses	243	52,492
Contribution to retirement benefit funds	933,287	623,491

(Amounts in thousand)

20. SEGMENT REPORTING

20.1 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 Holding Company 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 include a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro, 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.
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals in Pakistan and internationally. 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. This also includes investments made in coal mining business.
Connectivity and telecom	This part of the business includes buying, building, maintaining and operating telecommunications infrastructure and ancillary products and services.
Other operations	It includes investments made in foods, dairy and commodities trading businesses.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from profit or loss in the consolidated condensed interim financial statements. Segment results and assets include items directly attributable to a segment.

20.2 Information regarding the Group's operating segments is as follows:

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- (Rupees) -----			
Revenue				
- At a point in time	93,604,252	54,642,380	223,292,147	179,710,389
- Over time	43,212,363	36,642,670	116,006,440	89,029,415
	<u>136,816,615</u>	<u>91,285,050</u>	<u>339,298,587</u>	<u>268,739,804</u>

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	------(Rupees)-----			
Segment wise break-up is as follows:				
Fertilizer	66,164,543	35,739,302	148,530,719	110,875,573
Polymer	25,015,742	16,904,431	62,038,106	62,308,363
Terminal	5,422,403	4,597,809	16,292,632	12,244,952
Power and mining	34,332,473	29,365,958	90,051,054	70,395,195
Connectivity and telecom	3,418,078	2,647,734	9,558,308	6,288,516
Other operations	30,367,953	13,094,982	88,834,628	48,834,721
Elimination - net	<u>(27,904,577)</u>	<u>(11,065,166)</u>	<u>(76,006,860)</u>	<u>(42,207,516)</u>
Consolidated	<u>136,816,615</u>	<u>91,285,050</u>	<u>339,298,587</u>	<u>268,739,804</u>

Profit / (loss) before tax for the period

Fertilizer	15,785,188	6,218,404	29,703,784	21,040,125
Polymer	4,410,510	3,112,387	9,494,432	14,889,185
Terminal	2,433,338	1,224,572	6,324,034	3,508,956
Power and mining	10,350,653	5,672,709	24,752,388	12,447,082
Connectivity and telecom	(787,810)	46,341	(1,372,738)	95,818
Other operations	4,856,775	3,173,285	18,146,466	19,630,145
Elimination - net	<u>(4,039,141)</u>	<u>(1,390,967)</u>	<u>(14,265,908)</u>	<u>(16,464,528)</u>
Consolidated	<u>33,009,513</u>	<u>18,056,731</u>	<u>72,782,458</u>	<u>55,146,783</u>

	(Unaudited)	(Audited)
	September 30, 2023	December 31, 2022
	------(Rupees)-----	
Assets		
Fertilizer	155,818,211	145,413,332
Polymer	86,639,491	85,400,579
Terminal	87,400,905	74,971,634
Power and mining	363,915,452	300,492,673
Connectivity and telecom	67,765,205	61,834,821
Other operations	113,736,405	120,862,566
Elimination - net	<u>(63,952,286)</u>	<u>(38,699,719)</u>
Consolidated	<u>811,323,383</u>	<u>750,275,886</u>
Liabilities		
Fertilizer	111,076,199	100,359,904
Polymer	59,125,557	58,278,863
Terminal	78,243,930	67,330,086
Power and mining	271,072,233	228,595,228
Connectivity and telecom	51,036,065	43,620,496
Other operations	41,123,049	26,155,440
Elimination - net	<u>(40,244,377)</u>	<u>(14,648,088)</u>
Consolidated	<u>571,432,656</u>	<u>509,691,929</u>

(Amounts in thousand)

21. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

- 21.1 The Board of Directors of the Holding Company in its meeting held on October 23, 2023 has approved an interim cash dividend of Rs.4 per share for the year ending December 31, 2023 amounting to Rs.2,146,506 . These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

22. SEASONALITY

- 22.1 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 business through appropriate inventory management.
- 22.2 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 business through appropriate inventory management.

23. CORRESPONDING FIGURES

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

24. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 23, 2023 by the Board of Directors of the Holding Company.



Shabbir Hussain Hashmi
Director



Farooq Barkat Ali
Chief Financial Officer



Ghias Khan
President & CEO

ٹیلی کمیونیکیشن انفراسٹرکچر

انفراسٹرکچر کے لیے قلیل مدتی کاروباری جائزہ کچھ مشکل دکھائی دیتا ہے کیونکہ شرح سود میں اضافہ ہونے کے ساتھ MNO مارکیٹ کے چار میں سے دو ارکان کے اشتراک کی توقع کی جا رہی ہے، تاہم موبائل ڈیٹا کے استعمال اور معیاری سروسز کی بڑھتی ہوئی مانگ کے نتیجے میں اینگرو انفراسٹرکچر کا بزنس بہتر مستقبل رکھتا ہے، نتیجتاً MNOs کی دستیابی اور معیار کو بہتر بنایا جا رہا ہے۔ یہ ایک بڑی آزادتا اور کمپنی کے طور پر اپنی پوزیشن کو برقرار رکھنے کے ساتھ اندرونی اور بیرونی ترقی کے مواقع کو موثر انداز میں استعمال کرنے کے لیے پر عزم ہے۔

توانائی

تھرمل انرجی کے اثاثوں کے مجوزہ تخمینے کی کارروائی کے علاوہ بزنس گرین فیلڈ کے مختلف منصوبوں اور متبادل توانائی کے مواقع کا بھی جائزہ لے رہا ہے۔

ٹریٹمنٹ آپریشنز

ایل این جی ٹریٹمنٹ توانائی کی قلت کو پورا کرنے میں کلیدی کردار ادا کر رہا ہے۔ توانائی کی مارکیٹ کی طلب بڑھنے پر، ہم شیئر ہولڈرز کی قدر بڑھانے کے لیے نئے مواقع تلاش کرنا جاری رکھیں گے۔

اینگرو و وپاک لیکوئڈ کیمیکل پیٹرننگ انڈسٹری میں منفرد مقام رکھتا ہے، بہتر کارکردگی اسے کیمیکل پیٹرننگ اور اسٹوریج کے کاروبار میں مارکیٹ لیڈر کی حیثیت دیتی ہے۔ تاہم، تقنان بارڈر کے ذریعے ہونے والی درآمدات کی وجہ سے سمندری ایل پی جی کی درآمدات پر دباؤ رہنے کی توقع ہے۔

فوڈز

مشکل میکرو اکنامک حالات کے نتیجے میں صارفین کے اختیاری اخراجات میں کمی اور ہماری ترقی کی رفتار پر منفی اثرات پڑ سکتے ہیں۔ تاہم، کمپنی غذاہیت سے بھرپور اور محفوظ پروڈکٹس کی مسلسل فراہمی کو ترجیح دے گی۔ بزنس موثر سپلائی چین کو یقینی بنانے اور منافع کو بہتر بنانے پر توجہ مرکوز رکھتے ہوئے سپلائرز اور ڈسٹری بیوٹرز کے ساتھ بھرپور تعلق کے ذریعے ترقی کو جاری رکھے گا۔

اعتراف

ڈائریکٹرز ہمارے شیئر ہولڈرز کے لیے اپنی بھرپور ستائش کا اظہار کرنا چاہیں گے جنہوں نے کمپنی پر اپنے اعتماد کا اظہار جاری رکھا۔ ہم اینگرو فیملی کے ہر فرد کے عزم، لگن اور جدید سوچ کے لئے بھی شکر گزار ہیں اور یقین رکھتے ہیں کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔



غیاث خان

صدر اور چیف ایگزیکٹو



حسین داؤد

چیئر مین

شیرز کا بائے بیک

کمپنی نے باضابطہ طور پر 25 جولائی 2023 کو اپنے معزز ممبران کی طرف سے 26 جنوری 2023 کو منظور کی گئی خصوصی قرارداد کی تعمیل میں شیرز بائی بیک پروگرام کی تکمیل کی۔

03 فروری 2023 سے 25 جولائی 2023 تک خریداری کی مدت کے دوران، کمپنی نے مجموعی طور پر 39,536,762 شیرز کی خریداری کی جو 293.6 روپے فی شیرز کی اوسط قیمت خرید (253.6 روپے فی شیرز کی ڈیویڈنڈ ایڈجسٹ شدہ قیمت) پر 11,610 ملین روپے کی کل مالیت کے جاری کردہ اور ادا شدہ سرمائے کا 6.86 فیصد بنتا ہے۔

تھرمل انرجی کے اثاثوں کا تخمینہ

جیسا ستمبر 2023 میں پاکستان اسٹاک ایکسچینج کو فراہم کردہ حقائق پر مبنی معلومات میں بیان کیا گیا ہے کہ کمپنی نے، اینگرو انرجی لمیٹڈ (EEL) کے ذریعے تھرمل انرجی کے منتخب اثاثوں کا تخمینہ لگانے کے لیے ایک بیرونی فریق کے ساتھ اصولی سمجھوتہ کیا ہے۔

اس کارروائی کی کامیاب تکمیل باضابطہ، حتمی دستاویز پر عمل درآمد اور ضروری ریگولیشنری اور تیسرے فریق کی منظوری اور رضامندی حاصل کرنے سے مشروط ہے۔

شیرز ہولڈرز میں تقسیم

اینگرو کارپوریشن لمیٹڈ کا بورڈ شیرز ہولڈرز کے منافع میں اضافے کے لیے سرگرم عمل رہتا ہے اور 30 ستمبر 2023 کو ختم ہونے والی تیسری سہ ماہی کے لیے 4.00 روپے فی شیرز کا عبوری کیش ڈیویڈنڈ تجویز کرتے ہوئے خوش ہے۔ یہ 2023 کی پہلی ششماہی کے دوران 42.00 فی شیرز کے عبوری نقد منافع کے علاوہ ہے۔ 2023 کی تیسری سہ ماہی کے لیے ڈیویڈنڈ کے ساتھ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کل عبوری نقد منافع 46.00 روپے ہو جائے گا۔

مستقبل پر نظر

موجودہ میکرو اکنامک مسائل کے باوجود، کمپنی اپنی موجودگی اور نئے مواقع کی تلاش کو بڑھانے کے لیے پرعزم ہے۔ اپنے اسٹیک ہولڈرز کے لیے مستحکم منافع کا حصول یقینی بنانا، پاکستان کے لیے مفید رہنے کے ساتھ مستحکم و موافق کاروباری ماڈل کی پائیداری ہماری ترجیح ہے۔

فرٹیلائزرز

پاکستان میں زراعت کو موسمیاتی تبدیلیوں اور سیاسی اور معاشی غیر یقینی صورتحال کے سبب اہم چیلنجز کا سامنا ہے۔ چونکہ معیشت زری پیداوار پر بہت زیادہ انحصار کرتی ہے اس لئے ہم ان چیلنجز پر قابو پانے اور یوریا کی بلا تعلق پروڈکشن اور طویل مدتی غذائی تحفظ کو یقینی بنانے کے لیے انڈسٹری اور حکومت پاکستان کے ساتھ مل کر کام کرتے رہتے ہیں۔ ہماری کمپنی سستی قیمتوں پر ضروری فرٹیلائزرز فراہم کر کے اپنا کردار ادا کرنے کے لیے پرعزم ہے۔

پیٹر و کیمیکل

پولیمیر بزنس غیر ملکی کرنسی کے تحفظ کے ساتھ ایکسپورٹ کے ذریعے غیر ملکی کرنسی پیدا کرنے میں اہم کردار ادا کرتا ہے۔ یہ بزنس پاکستان کی بڑی صنعتوں جیسے تعمیرات اور ٹیکسٹائل کو ایک اہم فیڈ اسٹاک سپلائی کرنے کے لیے پرعزم ہے۔ ان شعبوں میں کام کرنے والے بزنس مشکلات کا شکار ہیں کیونکہ تعمیراتی اور معاشی سرگرمیوں میں سست روی سے طلب بری طرح متاثر ہوئی ہے جس میں آنے والے مہینوں میں بتدریج بحالی کی توقع کی جاتی ہے۔

توانائی

کوئلے کی کان: اینگرو پاور جن تھر، تھرانجی اور تھل نووا پاور کوئلے کی سپلائی کرتے ہوئے کان کنی کا کام آسانی سے جاری رہا۔ توانائی کی طلب میں ممکنہ اضافے کو پورا کرنے کے لیے، انتظامیہ نے 11.4 ملین ٹن سالانہ صلاحیت بڑھانے کے لیے توسیع کے فیئر III کو شروع کرنے کا عزم کیا ہے، جس کے لیے حکومت سندھ سے منظوری طلب کی گئی ہے۔

تھر پاور پلانٹ: اینگرو پاور جن تھر پرائیویٹ لمیٹڈ نے زیر جائزہ مدت کے دوران 80 فیصد دستیابی حاصل کی، گزشتہ سال کی اسی مدت میں 68 فیصد دستیابی تھی اور گزشتہ سال کی اسی مدت میں 2,657 GWH کے مقابلے میں 2,617 GWH نیشنل گرڈ کو بھیج دیا ہے۔ 2022 کی پہلی سہ ماہی میں ایک واقعہ کی وجہ سے پلانٹ کی دستیابی گزشتہ سال کے مقابلے میں زیادہ رہی۔

قادر پور پاور پلانٹ: اس مدت کے دوران، اینگرو پاور جن قادر پور لمیٹڈ کے پلانٹ نے نیشنل گرڈ کو 708 GWH کا نیٹ الیکٹریکل آؤٹ پٹ فراہم کیا، جو پچھلے سال کی اسی مدت میں 558 GWH تھا۔ بزنس نے شرح سود کی آمدنی اور ترسیل بڑھنے سے موجودہ مدت میں 2,442 ملین روپے کا بعد از ٹیکس منافع دیا جو کہ پچھلے سال کی اسی مدت میں 1,377 ملین روپے تھا۔

فوڈ اور چاول

فریز لینڈ کیمپینا اینگرو پاکستان نے قیمتوں میں اضافے اور سیلز میں اضافے کی بدولت پچھلے سال اسی مدت کے 52,827 ملین روپے کے مقابلے میں 73,819 ملین روپے کے ریونیو کے ساتھ 40 فیصد کی زبردست ترقی کا مظاہرہ کیا۔ ہمارے اہم برانڈ اور پلر نے برانڈ اور تجارتی سرمایہ کاری کے ذریعے مارکیٹ میں اپنی قیادت کی پوزیشن کو مستحکم بناتے ہوئے ترقی کا سفر جاری رکھا۔ کمپنی کا 2023 کے 9 ماہ میں بعد از ٹیکس منافع 1,575 ملین روپے رہا جو گزشتہ سال اسی مدت کے دوران 1,765 ملین روپے تھا کیونکہ اس سال سود کی شرح اور اضافی سپر ٹیکس کا بوجھ پڑا۔

اینگرو ایگزامپ ایگری پروڈکٹس نے سیزن کے دوران کم خریداری کی وجہ سے گزشتہ سال کی اسی مدت میں 33.1KT کے مقابلے میں 5.9 KT باسستی چاول کی ایکسپورٹس حاصل کیں۔ نتیجتاً، چاول کے بزنس نے ایکسپورٹ کے ذریعے 8.3 ملین ڈالر کی آمدنی حاصل کی جو گزشتہ سال کی اسی مدت میں 28 ملین ڈالر تھی۔

زیر جائزہ مدت کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے اینگرو ایگزامپ ایگری پروڈکٹس میں 2,500 ملین روپے کی ایکویٹی شامل کرنے کی منظوری دی تاکہ انویسٹری کے نقصانات سے پیدا ہونے والے خلاء کو پر کیا جائے جس کی تفصیلات 2022 کی ڈائریکٹرز رپورٹ میں بیان کی جا چکی ہے۔ مذکورہ مسائل اور بزنس کی مجموعی صورتحال کے پیش نظر، کمپنی اس انٹرنیشنل کی طویل مدتی کاروباری سمت پر ایک بار پھر غور کر رہی ہے۔

ٹرمینل آپریشنز

ایل این جی ٹرمینل نے ستمبر 2023 میں ختم ہونے والے 9 مہینوں کے دوران گزشتہ سال کی طرح 55 کارگو ہینڈل کیے۔ اس نے SSGC نیٹ ورک میں 164 bcf ری گیسیفائیڈ ایل این جی کی فراہمی کو یقینی بنایا جو ملک کی کل گیس سپلائی کا 15 فیصد بنتا ہے۔ کیمیکل ٹرمینل نے 760 KT ہینڈل کیے جو گزشتہ سال کے دوران 1,082 KT تھے۔ کمی کی بنیادی وجہ کیمیائی حجم کی مقدار میں کمی ہے کیونکہ سال کی پہلی ششماہی میں معاشی سست روی کے سبب LC کھولنے کے مسائل کا سامنا رہا۔

یوریا کی بین الاقوامی قیمتوں نے اس مدت کے دوران اتار چڑھاؤ دیکھا، ستمبر 2023 کے آخر تک قیمت 369 ڈالر فی ٹن (5,339 روپے فی بیگ کے مساوی پہنچ) تک پہنچ گئی، جب کہ جون 2023 کے آخر میں قیمت 260 ڈالر فی ٹن (3,706 روپے فی بیگ کے مساوی پہنچ) تھی۔ عالمی سطح پر محدود اسٹاک اور فصلوں کی بڑھتی ہوئی قیمتوں کی وجہ سے سہ ماہی کے دوران بین الاقوامی فاسفیٹ کی قیمتوں میں تیزی آئی اور جون کے آخر میں 480 ڈالر فی ٹن کے مقابلے میں اس مدت کے اختتام تک 603 ڈالر فی ٹن پر پہنچ گئیں۔ عالمی اجناس کی قیمتوں میں اتار چڑھاؤ کے دوران، مقامی فریٹلائزر انڈسٹری نے ستمبر 2023 کے آخر تک کاشتکاروں کو بین الاقوامی قیمتوں کے مقابلے میں 54 فیصد کی قابل ذکر رعایت پر مقامی طور پر تیار کردہ یوریا کی دستیابی کو یقینی بنایا۔

اس زبردست رعایت سے 9 ماہ میں 1.9 بلین ڈالر کے زرمبادلہ کی بچت ہوئی، جس میں اینگرو فریٹلائزرز کا حصہ 661 ملین ڈالر بنتا ہے۔

پیٹر و کیمیکل

پولیمر کے کاروبار نے گزشتہ سال کی 62,308 ملین روپے ریونیو کے مقابلے میں 62,038 ملین روپے ریونیو حاصل کیا ہے۔ کمپنی کا بعد از ٹیکس منافع گزشتہ سال کے 9,309 ملین روپے کے مقابلے میں 5,387 ملین روپے رہا، جس کی بنیادی وجہ تعمیراتی شعبے میں سست روی، کموڈٹی سائیکل کے پیچھے جانے اور گیس کی زائد قیمتوں کی وجہ سے ڈومیسٹک PVC کی فروخت میں کمی ہے۔

کاروبار نے 148 KT کی ڈومیسٹک فروخت حاصل کی جبکہ پچھلے سال کی اسی مدت میں فروخت 171 KT تھی۔ نتیجے میں بزنس نے 82 ملین ڈالر کے زرمبادلہ کی بچت کی۔ مقامی PVC کی طلب کو پورا کرنے کے بعد، کاروبار کی ایکسپورٹ سیلز 40 KT رہی، جس میں 19 KT کی کاسٹک سوڈا کی برآمدات بھی شامل ہیں، جس سے اس مدت کے دوران 23 ملین ڈالر کا زرمبادلہ پیدا ہوا۔

ٹیلی کمیونیکیشن انفراسٹرکچر

اینگرو انفراسٹرکچر نے قومی سطح پر اپنی توسیع کی کوششوں کو جاری رکھا اور ستمبر 2023 کے آخر تک 1.20x کی کرایہ داری شرح کے ساتھ 3,787 ٹاور سائٹس کا اسکیل حاصل کرنے میں کامیاب رہا، ستمبر 2022 میں 3,132 سائٹس اور کرایہ داری کی شرح 1.14x تھی۔ یہ ٹاور سائٹس پاکستان میں چاروں موبائل نیٹ ورک آپریٹرز (MNOs) کو سروس فراہم کرتے ہیں۔ کمپنی نے اس مدت کے دوران بلٹ ٹوسٹ (B2S) ٹاورز کے رول آؤٹ میں کامیابی کے ساتھ 55 فیصد مارکیٹ شیئر حاصل کیا۔

مزید برآں، بزنس نے سال کے پہلے 9 مہینوں میں حاصل ہونے والے کولوکیشن کے ذریعے اپنی آگے بڑھنے کی صلاحیت کا مظاہرہ کیا، ستمبر 2023 تک کل 182 کولوکیشن کرایہ داروں کے ساتھ 68 فیصد مارکیٹ شیئر حاصل کرنے میں کامیابی حاصل کی۔

شاندار کاروباری کارکردگی کے باوجود، زیر جائزہ مدت کے دوران بزنس کی باٹم لائن متاثر رہی کیونکہ اس دوران شرح سود میں قابل ذکر اضافہ ہوا۔ تاہم بزنس اپنے سرمایہ کو لاحق خطرات اور شرح سود کے اضافہ سے نبرد آزما ہونے کے لیے مختلف آپشنز پر غور کر رہا ہے۔

اس قلیل مدتی چیلنج سے بزنس کے جائزے پر کوئی خاص اثر نہیں پڑا کیونکہ بزنس حکمت عملی کے لحاظ سے شعبے کی متوقع ترقی سے فائدہ اٹھانے کی پوزیشن میں ہے، جو ڈیٹا کے بڑھتے ہوئے استعمال اور اسمارٹ فون اسمبلی کی لوکلائزیشن کے ذریعے حاصل ہونے کی توقع ہے۔

ICD ریلیف نہ ملنے سے گروپ کے کیش فلو اور اس کی انٹر پرائز ویلیو پر منفی اثر پڑتا ہے۔ لہذا، اینگرو مختلف اسٹیک ہولڈرز کے ساتھ براہ راست اور مختلف کاروباری فورمز کے ذریعے حل کے لیے سرگرم عمل ہے، جس میں عالمی سبقت، معاملے کی اہمیت اور پاکستان میں کارپوریٹائزیشن اور نئی سرمایہ کاری پر اس کے منفی اثرات کو اجاگر کیا جا رہا ہے۔

معیشت کے اہم شعبوں میں اینگرو کی سٹرٹیجک موجودگی نے ہمارے پورٹ فولیو کو ان مشکل معاشی حالات میں مستحکم رہنے کے قابل بنایا ہے اسی وجہ سے ہم زرمبادلہ اور شرح سود میں اتار چڑھاؤ سے جزوی طور پر محفوظ رہے۔ کمپنی اس اہم موڑ پر ملکی معیشت کی بحالی میں اپنا تعاون جاری رکھے گی۔

کاروباری جائزہ

انفرادی بنیادوں پر، اینگرو کارپوریشن لمیٹڈ نے گزشتہ سال کی مدت کے 15,560 ملین روپے کے مقابلے میں 13,144 ملین کا بعد از ٹیکس منافع (PAT) کمایا، نتیجے میں 24.02 روپے کی فی شیئر آمدنی (EPS) بنتی ہے۔ منافع میں 16 فیصد کمی اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ کی جانب سے کموڈٹی سائیکل کے پیچھے جانے اور بزنس پر اضافی سپر ٹیکس کے نتیجے میں کم ڈیویڈنڈز کی وجہ سے ہے، جس کو موجودہ سال تحقیق اور کاروباری ترقی کے اخراجات کو کم کرتے ہوئے جزوی طور پر سیٹ آف کیا گیا۔

مشترکہ بنیادوں پر، کمپنی کی ٹاپ لائن گزشتہ سال کی اسی مدت کے 268,740 ملین روپے کے مقابلے میں 26 فیصد اضافے کے ساتھ 339,299 ملین روپے ہوگی۔ 9 مہینوں کے لیے مشترکہ بعد از ٹیکس منافع 43,868 ملین روپے تھا، جبکہ ہولڈنگ کمپنی کے مالکان کے لیے بعد از ٹیکس منافع 22,747 ملین روپے بنتا ہے جوہ گزشتہ سال کی اسی مدت میں 15,431 ملین روپے تھا، نتیجے میں ہر شیئر پر منافع 41.56 روپے ہے جو گزشتہ سال کی اسی مدت میں 26.78 روپے تھا۔ اس میں بڑے فرق کی وجہ یوریا کی زیادہ فروخت، یوریا کی قیمت میں اضافہ، ڈالر میں ہونے والے بزنس سے زیادہ آمدنی، ون آف ٹیرف ایڈجسٹمنٹ اور پچھلے سال تحقیق اور کاروباری ترقی پر اٹھنے والے زیادہ اخراجات ہیں۔

ہمارے کاروباری شعبہ جات کا ایک مختصر جائزہ حسب ذیل ہے:

فرٹیلائزرز

فرٹیلائزرز کے کاروبار نے زبردست کارکردگی دکھائی اور گزشتہ سال کی اسی مدت میں 110,876 ملین روپے کے مقابلے میں 148,531 ملین روپے کا ریونیو حاصل کیا، جس کی بنیادی وجہ یوریا کی زیادہ فروخت اور مہنگائی کے دباؤ کو کم کرنے کے لیے یوریا کی قیمتوں میں متعدد اضافے کرنا ہے۔ کمپنی کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت میں 9,595 ملین روپے کے مقابلے میں 15,045 ملین روپے رہا۔

زیر جائزہ مدت کے دوران یوریا کی فروخت 1,726 KT رہی جو پچھلے سال 1,522 KT تھی، اسی طرح مارکیٹ شیئر 32 فیصد کے مقابلے میں 35 فیصد بنتا ہے جو کہ بہتر کارکردگی کی نشاندہی ہے۔ یوریا کی زیادہ فروخت بنیادی طور پر پلانٹ کے موثر آپریشنز کی وجہ سے پروڈکٹس کی زیادہ دستیابی کا نتیجہ تھی۔ فاسفیٹس کی فروخت 163 KT رہی جو گزشتہ سال کی اسی مدت میں 173 KT تھی۔

ڈائریکٹرز کی رپورٹ

اینگرو کارپوریشن لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والے 9 ماہ کے لیے کمپنی کے منجملہ عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہیں۔

روس - یوکرین تنازعہ اور بڑھتی ہوئی علاقائی سیاسی کشیدگی کے سبب عالمی اقتصادی صورتحال میں غیر یقینی برقرار ہے، نتیجے میں ترقی کی رفتار کم ہو رہی ہے۔ اگرچہ کچھ چمک کا مظاہرہ کیا گیا ہے، عالمی سپلائی چین میں خلل کی صورتحال 2022 میں اپنے عروج کے بعد سے بہتر ہو رہی ہے۔ ڈالر کی مضبوطی اور عالمی مالیاتی صورتحال میں غیر معمولی سختی کے نتیجے میں دہائیوں کی بلند ترین مہنگائی میں کسی حد تک کمی آئی ہے، بڑھتے ہوئے اختلافات، جنگ میں اضافے اور اسرائیل - فلسطین تنازعہ سے بگڑتی ہوئی صورتحال ممکنہ طور پر تمام خطوں میں اشیاء کی قیمتوں میں بگاڑ کا باعث بن سکتی ہے۔

پاکستان کی معیشت کو کئی سنگین چیلنجز کا سامنا ہے، جن میں توانائی کی بڑھتی ہوئی قیمتوں کے نتیجے میں ہوشربا مہنگائی، روپے کی قدر میں کمی اور غیر ملکی کرنسی کا مسلسل بحران شامل ہیں۔ ملک کی معاشی صورتحال کو مستحکم کرنے کے لیے، حکومت نے آئی ایم ایف پروگرام کو بحال رکھنے کے لیے بھرپور کوششیں کی ہیں۔ ان کوششوں میں متعدد پالیسی اقدامات مثلاً فیول اور بجلی کی قیمتوں میں اضافہ، مارکیٹ کے مطابق شرح مبادلہ کی پالیسی کو اپنانا، ٹیکس اصلاحات، مہنگائی کے دباؤ کا مقابلہ کرنے کے لیے مانیٹری پالیسی کو سخت کرنا اور اسمگلنگ پر کنٹرول کو مضبوط بنانا شامل ہیں۔

مزید برآں، حکومت نے اقتصادی بحالی کے لیے اسٹریٹجک انویسٹمنٹ اینڈ فنانشنگ کارپوریشن (SIFC) قائم کر کے ایک زبردست قدم اٹھایا ہے۔ SIFC پہلے ہی 28 منصوبوں کی منظوری دے چکا ہے، جن کی مجموعی مالیت اربوں ڈالر ہے، جو خلیجی ممالک کو سرمایہ کاری کے لیے پیش کیے جائیں گے۔ اس ضمن میں بنیادی توجہ زراعت، کان کنی اور معدنیات، انفارمیشن ٹیکنالوجی، توانائی اور دفاعی پیداوار جیسے شعبہ جات پر دی جائے گی۔

اس فعال نقطہ نظر سے ملکی اقتصادی بحالی کے لیے مقامی اور غیر ملکی سرمایہ کاری کو فروغ دینے کے عزم کا اظہار ہوتا ہے۔

تاہم، مختلف شکلوں میں اضافی ٹیکسوں کا اطلاق کارپوریٹ سیکٹر پر منفی اثر ڈال رہا ہے، کیونکہ رسمی اور غیر رسمی شعبوں کے درمیان تفاوت کافی حد تک بڑھ رہا ہے۔ ابھرتی ہوئی منڈیوں میں، مستقبل کی ترقی اور صنعت کاری کے لیے سرمایے کا آنا بہت اہم ہے لیکن پاکستان میں زیادہ ٹیکسز اس میں رکاوٹ ہیں نتیجتاً پیداواری صلاحیت پر منفی اثرات اور ملکی سرمایہ کاری کی صلاحیت اور اقتصادی ترقی بری طرح متاثر ہوتے ہیں۔


مذکورہ لاکھ روٹوں میں، اینگرو نے انفر کارپوریٹ ڈیویڈنڈ (ICD) پر متعدد ٹیکس لگانے کو سندھ ہائی کورٹ (SHC) میں چیلنج کیا تھا۔ زیر جائزہ مدت کے دوران، SHC نے اس معاملے کے خلاف فیصلہ دیا، جسے بعد ازاں سپریم کورٹ آف پاکستان میں چیلنج کیا گیا۔ اس معاملے میں کمپنی کو اسٹے آرڈر جاری کیا گیا ہے۔


ICD کے متعدد ٹیکسوں سے ریلیف کو پاکستان میں ایک وسیع تر اصلاحات کے ایک حصے کے طور پر متعارف کرایا گیا تھا تاکہ ”ہولڈنگ کمپنی“ کے ڈھانچے کے ذریعے کارپوریٹ سیکٹر میں بہترین عالمی طریقوں کو فروغ دیا جاسکے۔ اس عرصے کے دوران، اینگرو نے پاکستان کے دیگر کاروباری گروپوں کی طرح خود کو ایک ہولڈنگ کمپنی کے ڈھانچے میں تبدیل کر دیا جس میں ہر کاروباری شعبے کے لیے الگ ذیلی کمپنیاں تھیں۔

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