enriching Pakistan

engro fertilizers

annual report 2023

نیا زمانہ
نئے صبح
و شام
پیدا کر!

about the theme

The intrinsic richness of our lands, and the boundless opportunities for revival and prosperity therein, are common metaphors in Allama Muhammad Iqbal's poetic symphony. Amongst the most revered of Iqbal's works, the phrase 'Naya zamana, naye subh-o-shaam paida kar' builds upon this notion. Through it, Iqbal emphasized the importance of embracing one's individuality, heritage, and creativity to forge a lasting impact in the face of evolving times.

For over five decades, Engro Fertilizers Limited has empowered farmers across Pakistan with its world-class products and services, influencing 40% of the Country's agri-productivity and aiming to ensure food security for all. With a focus on innovation and digital transformation, we are striving to build on our rich legacy for a better tomorrow. From pioneering the launch of a next generation fertilizer brand, Engro Zabardast Urea, to the award-winning fintech innovation Engro Humsafar mobile application - the Company continues to make progress in its digital journey.

With a vision to transform the agricultural landscape of Pakistan, Engro Fertilizers Limited remains steadfast in its pursuit of excellence and in upholding the trust of farmers, communities and shareholders, thereby enabling growth for productivity.

external assurance / reviews

Assurance	External firm
Review report on Compliance with Code of Corporate Governance	A.F.Ferguson & Co. Chartered Accountants
Independent Auditor's report on the audit of Consolidated Financial Statement	A.F.Ferguson & Co. Chartered Accountants
Independent Auditor's report on the audit of Financial Statement	A.F.Ferguson & Co. Chartered Accountants
Entity's Credit Rating	Pakistan Credit Rating Agency

reporting framework

This report has been prepared in compliance with the following frameworks:

The accounting and reporting standards as applicable in Pakistan comprising of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and

- Reporting requirements of Companies Act, 2017, Listed Companies Code of Corporate Governance Regulation, 2019 and Listing Regulations of the Pakistan Stock Exchange Limited (PSX)

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS standards, the provision and directives issued under the Companies Act, 2017 have been followed.

table of contents

company overview

vision 03
company profile 05
company information 07
group structure 09
board of directors 11
management committee 20
geographical presence 21
organogram & employee profile 23
product portfolio & services 25
our history 35
2023 at a glance 37
code of conduct 41
our core values 43
code of ethics 45
key performance highlights 47
awards & recognitions 48
corporate affilations & memberships 51
our business model 52
significant factors affecting the external environment (pestel) 57
swot 59
how we create value 61

corporate governance

our governance framework 67
internal control framework 80
internal audit, ethics & compliance 86

performance review

chairman's review 91
ceo's statement 95
directors' report 99
corporate strategy & resource allocation 139
adoption of united nations sustainable development goals (unsdgs) 145
investor relations 155
financial performance review 156
social and relationship capital 189
manufactured and intellectual capital 196
engro leadership competency model 203
human capital 205
forward looking statement 222

financial statements

report of the board audit committee 227
statement of compliance with listed companies (code of corporate governance) regulations, 2019 232
independent auditor's review report on the statement of compliance with listed companies (code of corporate governance) regulations, 2019 235
independent auditor's report on the consolidated financial statements 237
consolidated financial statements 241
independent auditor's report on the standalone financial statements 323
standalone financial statements 327

shareholder information

notice of annual general meeting 409
notice of annual general meeting (urdu) 422
shareholders' information including financial calendar 423
pattern of shareholding 425
categories of shareholding 432
key shareholding & shares traded 433
standard request form 439
proxy form 440
proxy form (urdu) 441

performance with purpose

company overview

vision

we are passionate about transforming the agricultural landscape, bringing change and helping the farmer grow.

company profile

The Company was incorporated in June 2009, post demerger from parent company Engro Corporation Limited (formerly Engro Chemicals Pakistan Limited) effective from January 1, 2010. Today Engro Corporation holds 56.27% of shares of the Company.

EFERT is a renowned name in the Pakistani fertilizer industry, trading on the Pakistan Stock Exchange (PSX) under the symbol “EFERT”. The Company holds a nationwide production and marketing infrastructure, producing leading fertilizer brands optimized for local cultivation needs and demand.

EFERT has earned itself a distinguished name by continually striving to uphold its tradition and the trust of its customers.

company information

board of directors

Mr. Ghias Khan
Chairman

Mr. Javed Akbar | Mr. Farooq Barkat Ali* | Mr. Asad Said Jafar
Mr. Asim Murtaza Khan | Ms. Danish Zuberi

Chief Executive Officer
Mr. Ahsan Zafar Syed

Chief Financial Officer
Mr. Ali Rathore

Company Secretary
Mr. Sunaib Barkat

banking partners
conventional banks
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Citi Bank N.A
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

shariah compliant banks
Al Baraka Islamic Bank (Pakistan) Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Meezan Bank Limited

microfinance banks
Mobilink Microfinance Bank
Telenor Microfinance Bank

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

registered office
6th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92 (21) 35297501-10, PABX: +92 (21) 111 211 211
Fax: +92 (21) 35810669
Website: www.engrofertilizers.com
www.engro.com

plant sites
Daharki
Daharki, District Ghotki
Sindh
PABX: +92723 641001 – 10
Fax: +92723 641028 – 9

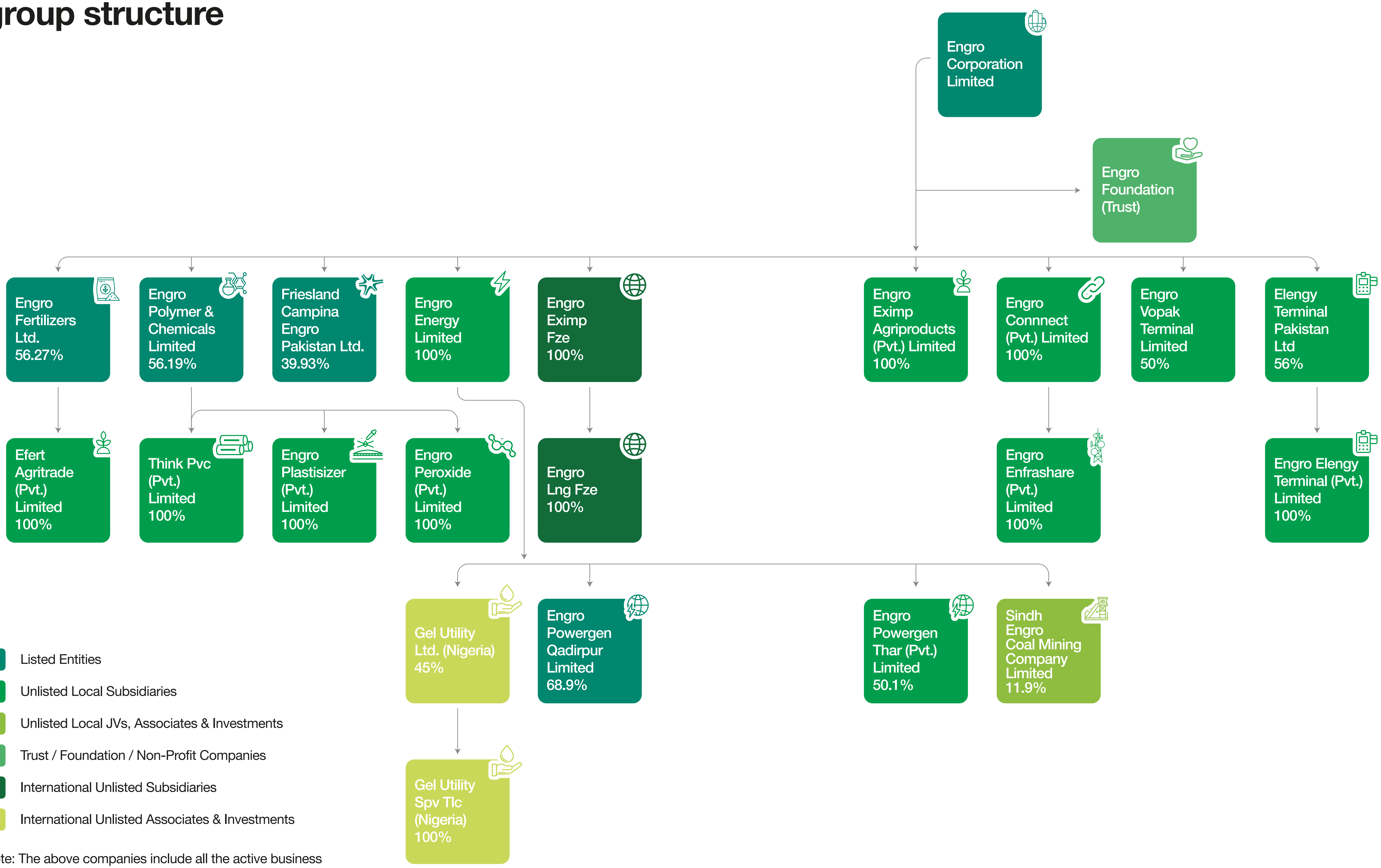
Zarkhez
EZ-1 P-I-II Eastern Industrial Zone Port Qasim, Karachi
PABX: 021-34740044-49
Fax: +9221 3474 0051

share registrar
M/s. FAMCO Share Registration Services (Pvt) Limited
8-F, Near Hotel Faran, Block-6, PECHS,
Shahrah-e-Faisal, Karachi, Pakistan
Tel: +92 (21) 34380104-5, 34384621-3
Fax: +92 (21) 34380106

speak-out
Whistleblower Hotline for complaints or concerns in relation to business ethics and compliance
Engro Fertilizers Limited
Ph: +92 (21) 35296012
Email: speakout.fertilizers@engro.com
P.O.Box: 3851, Clifton, Karachi

* Mr. Farooq Barkat Ali was appointed on the board on January 26, 2024

group structure



- Listed Entities
- Unlisted Local Subsidiaries
- Unlisted Local JVs, Associates & Investments
- Trust / Foundation / Non-Profit Companies
- International Unlisted Subsidiaries
- International Unlisted Associates & Investments

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

board of directors

Mr. Ghias Khan

Chairman & Non-Executive Director

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

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

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

During his Presidency, in line with the Company's efforts to improve energy efficiency and ecosystem in the country, Engro established 2×330 MW mine-mouth power plants in Tharparkar. Engro was the first company to have demonstrated proof of concept and successfully produce up to 660MW of consistent power to the national grid, benefitting 7 million Pakistanis.

His leadership has helped position Engro Fertilizers as an efficient player in the market that contributes to food security, while enabling sustainable agricultural practices. Through innovative digitalization efforts such as the Humsafar app, Ghias has helped the company empower its customers and enabled Pakistani farmers to grow. The app has established Engro Fertilizer as one of the largest e-sales companies in the country.

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

Ghias has led the people transformation journey at Engro, revamping its culture and narrative, focused on talent development, work culture and increasing diversity across the Group.
He is also leading the transition to sustainability at Engro. The Company has committed to adopt and implement stakeholder capitalism metrics, sponsored by the World Economic Forum's International Business Council, becoming the first organization from Pakistan to sign this commitment.

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

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

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

board of directors

Mr. Javed Akbar

Non-Executive Director

Javed Akbar is a Chemical Engineer and has over 40 years of experience in the fertilizer and chemical business with Exxon, (Engro and Vopak in Pakistan) and overseas. He was part of the buyout team in 1991 when Exxon divested its stake in Engro. Prior to his retirement in 2006, he was Chief Executive Officer of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland. After retirement, he established a consulting company that analyzes and forecasts petroleum, petrochemical and energy industry trends while providing strategic insights. He currently serves on the Boards of:

1. Engro Fertilizers Limited
2. Efert Agritrade (Private) Limited
3. Engro Vopak Terminal Limited
4. Engro Powergen Thar (Private) Limited
5. Javed Akbar Associates (Private) Limited
6. Reon Energy Limited

Mr. Farooq Barkat Ali

Non-Executive Director

Farooq Barkat Ali is the Chief Financial Officer at Engro Corporation Limited. Previously, he has served as the Chief Financial Officer at Engro Fertilizers, and Engro Energy Limited (EEL). Farooq has also served as Vice President - Finance at Engro Corporation and Chief Financial Officer at Engro Powergen Qadirpur and Engro Eximp (Pvt) Limited.

As CFO at Engro Energy, Farooq looked after various aspects of the business including Performance Management of EEL subsidiaries, Treasury & Investor Relations, and financial oversight of all entities under the Energy vertical.

He serves on the Board of Engro Enfrashare, Elengy Terminal Pakistan Limited, Engro Connect (Pvt.) Limited, Engro Energy Services Limited, Engro Power International Holding BV, Engro Power Investments International BV, and Engro Power Services Holding BV.

Farooq carries around two decades of experience in various Finance and Commercial roles. He started his career with Reckitt Benckiser in 2002 and then moved to Shell Pakistan in 2007, before joining the Engro Group in 2013. During his career, Farooq has managed multiple projects including the financing of mega projects, ERP implementations, and mergers & acquisitions.

Farooq is a Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP) and has also been previously associated with Pricewaterhouse Coopers (PwC) in Karachi.

board of directors

Mr. Asad Said Jafar

Independent Director

Asad Said Jafar, has held the position of Chief Executive Officer and Chairman of the Board of Directors at Signify Pakistan Limited (formerly Philips Pakistan Limited) since 2009. Prior to this, he was Director Supply Chain, for Philips Lighting ASEAN from 2006 to 2008. Asad has extensive manufacturing, supply chain, business excellence and general management experience and has held various leadership roles at Philips including overseas expatriate postings to Indonesia, Thailand and Singapore from 2001 to 2008. Asad joined Philips in 1998 as Supply Chain Manager at Philips Pakistan Limited. He has driven the transformation and revitalization of the Philips business in Pakistan to become a focused lighting technology company offering a complete range of conventional and LED lighting solutions including its connected lighting systems and data-enabled services, design services and turnkey solutions. He has also steered the transition of the company from Philips to Signify in Pakistan. Before Philips, Asad worked at ICI Pakistan Limited from 1988 to 1996, joining them as a Management Trainee and then moving in to various roles in projects, plant maintenance, design and engineering planning before leaving the company to pursue an MBA degree.

Asad served as the President of Overseas Investors Chamber of Commerce and Industry (OICCI) in 2014 and as its Vice President in 2013. He is currently serving on the Board of Directors of Engro Fertilizers Limited and Unilever Pakistan Foods Limited. Previously he has served on the Board of Directors of Pakistan Institute of Corporate Governance (PICG) and Engro Polymer & Chemicals Limited and has been a member of the Institute of Business Administration (IBA) Corporate Leaders Advisory Board (ICLAB). He has also served as a member of International Advisory Board at NED University of Engineering and Technology. He has participated regularly in Karachi School of Business & Leadership's CEO mentorship program. Asad holds an Electrical Engineering (BE) degree from the NED University of Engineering & Technology and a master's degree in business administration (MBA) from the Imperial College Business School, London, UK where he studied as a Chevening scholar.

Asad has completed several management development programs including the 'Leading a Business' program at Ashridge Business School, UK. He attended the 'Philips Simplicity Brand 1000'programme at the Chicago Graduate School of Business (London campus) as well as the 'Business Marketing Strategy' program at Kellogg School of Management, Northwestern University, USA. He is often invited to address business professionals and student audiences at corporate and academic events. He is a member of PICG's faculty for the flagship Director Training Program.

board of directors

Mr. Asim Murtaza Khan

Independent Director

Asim Murtaza Khan is a veteran of the petroleum industry. He was recently appointed as the CEO of Sindh Petroleum Limited by the Sindh Government. Prior to that he has worked as pro bono CEO of the Petroleum Institute of Pakistan for nearly seven years. Earlier, he has worked for Pakistan Petroleum Limited for nearly 33 years and superannuated as the MD/CEO. He was amongst the founder Directors of PPL's overseas subsidiary companies, PPL Europe E&P Ltd. and PPL Asia E&P B.V. for venturing international E&P. At PPL, he also led the mining joint venture with the Government of Balochistan. He holds a Bachelor's in Mechanical Engineering from NED University of Engineering and Technology, Karachi and a Masters in Mechanical Engineering from the University of Manchester Institute of Science and Technology, UK. He is an alumnus of the Kellogg School of Management, Northwestern University, USA. Asim is a Fellow and Member Central Council of the Institution of Engineers Pakistan, Chair of the Petroleum Engineering Advisory Board, Joint Chair of the ORIC and the Business Incubation Centre, Member Academic Council and Member of the Senate of NED University. He has served as the Chair on the Boards of Pakistan LNG Terminals Limited, Petroleum Institute of Pakistan (PIP), and amongst other entities, on the Boards of Pakistan Institute of Corporate Governance (PICG) and the Community Development Board of the Government of Sindh.

Ms. Danish Zuberi

Independent Director

Danish Zuberi is an Advocate of the High Courts of Pakistan and has over 25 years of experience in corporate, commercial and dispute resolution matters. Danish commenced her career in 1995 at the premier litigation chamber, Fazle Ghani Advocates, in commercial and constitutional litigation. Thereafter, she continued her practice at Vellani & Vellani. She then established her independent practice, following which she accepted the position of General Counsel at Pakistan Petroleum. She left Pakistan Petroleum Limited in 2015 as General Counsel & Company Secretary and since 2016 she is a Partner at Vellani & Vellani.

board of directors

Mr. Ahsan Zafar Syed

Chief Executive Officer

Ahsan Zafar Syed is the Chief Executive Officer of Engro Fertilizers Limited – one of the leading fertilizer companies in Pakistan and a subsidiary of Engro Corporation.

Ahsan is a Director on the Boards of Engro Fertilizers Limited, EFERT Agritrade Private Limited, Engro Elengy Terminal Pakistan Limited, Engro Vopak Terminal Limited, Engro Foundation, Engro Elengy Terminal (Pvt.) Limited, Engro Power Services Limited (NIGERIA) and Tenaga Generasi Limited.

Ahsan holds a BE and MS in Mechanical Engineering. He has close to three decades of experience in managing and leading multi-billion dollar, mega-scale projects such as the fertilizer expansion project of Engro Fertilizers, managing Pakistan's largest rice processing facility in Muridke and establishing the CPEC-endorsed Thar power and mining projects – which have successfully unearthed Pakistan's largest coal reserves in Thar and produced electricity through Pakistan's own fuel source.

Widely respected within the corporate sector as a project guru, Ahsan is a forward-thinker who believes that the corporate sector must prioritize deploying inclusive businesses that focus on human and environmental well-being. At various forums and in his organization, he continues to champion diversity, equity & inclusion; he has headed several diversity initiatives and believes that everyone has to play a part in the team for diversity and inclusion to truly take hold at any organization.

management committee

Ahsan Zafar Syed
Chief Executive Officer

Syed Shahzad Nabi
SVP Manufacturing

Ali Rathore
Chief Financial Officer

Atif Mohammad Ali
VP Marketing

Syed Ammar Shah
VP Business Development

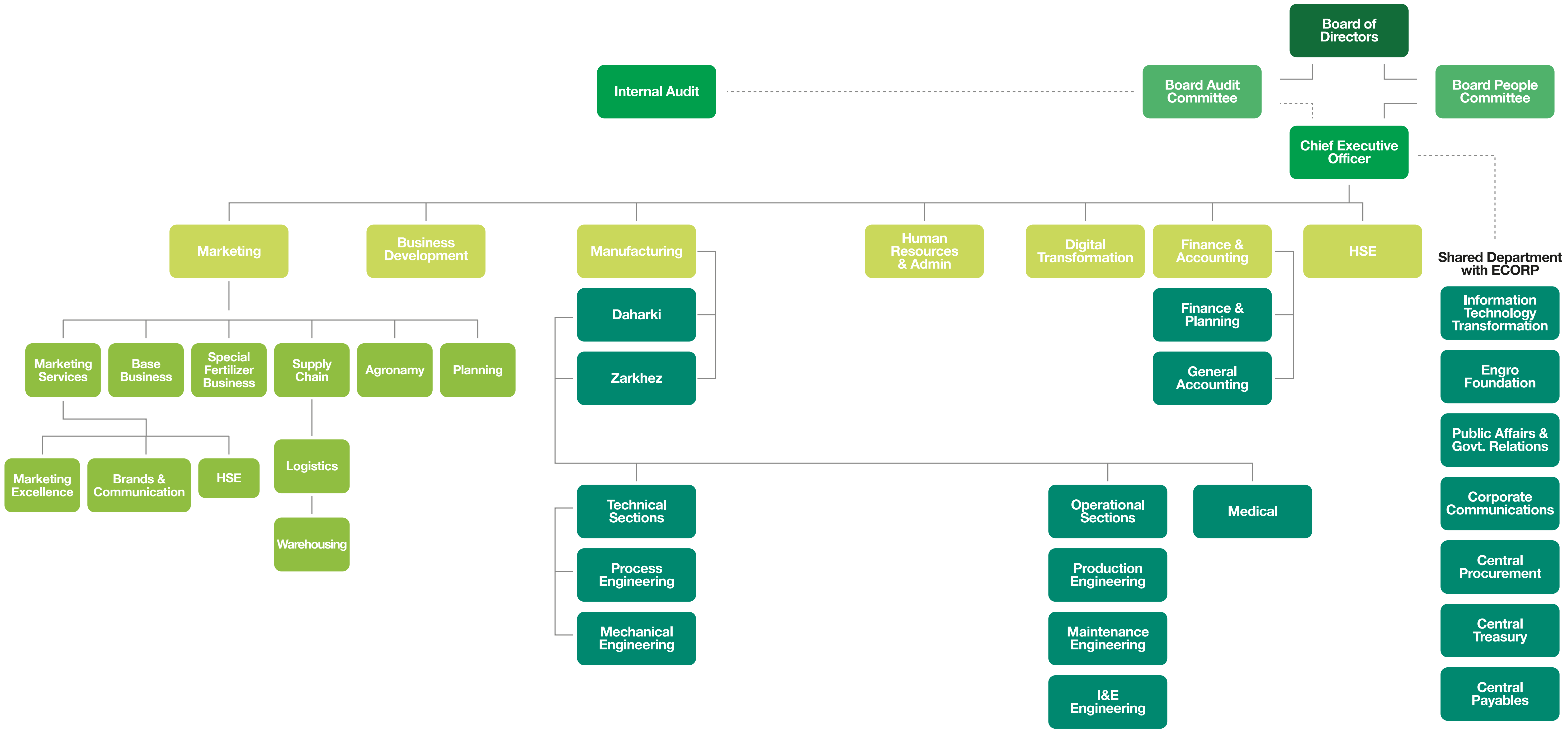
Muhammad Saad khan
VP People & Facilities

Nazia Ali
Head of digital transformation

geographical presence

S.no.	Description	Address
1	Head Office	6th Floor, Harbor Front Building, Marine Drive, Block 4, Clifton, Karachi
2	Daharki Plant	Daharki, District Ghotki, Sindh
3	Zarkhez Plant	EZ/ 1 / P – 1 – II Eastern Zone, Port Qasim, Karachi
4	Zonal Office - North	4th Floor, 19-A, Ali Block, New Garden Town, Lahore
5	Regional Office - Faisalabad	4th Floor, Meezan Executive Tower, Liaquat Road, Faisalabad.
6	Regional Office - Sahiwal	Alayan Centre ,Police Line Road, Sahiwal
7	Zonal Office - Central	3rd Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan
8	Zonal Office - Central	Marketing Office Daharki Plant, District Ghotki
9	Regional Office - DG Khan	Engro Warehouse, Opp. B.I.S.E. Multan Road, D. G. Khan
10	Zonal Office - South	6th Floor, State Life Building, Thandi Sadak, Hyderabad
11	Regional Office - Nawabshah	Near Bilawal Stadium, Main Kazi Ahmed Road, Nawabshah
12	Regional Office – Sukkur	Plot # E 37, Pak Memon Cooperative Housing Society, Old Arain Road

organogram & employee profile



product portfolio & services

product portfolio & services

We grow brands

At EFERT, we believe in delivering the highest standards of quality hence our focus goes beyond the performance of brands to how our brands are impacting the lives of our consumers and enriching nutrient deficient lands. Our efforts are directed at increasing crop yields, addressing malnutrition and driving The Nation's Food Security Agenda to meet Sustainable Development Goal (Zero Hunger). Therefore, at EFERT we strive to combine innovation and quality with customer needs and expectations.

The primary business segments of the company are:

Straight Fertilizers (urea, phosphatic fertilizers).

Specialty Fertilizers (Zabardast Urea, Zarkhez Grades).

Agri services including site specific fertilizer recommendations based on 4Rs principles (Right source, Right dose, Right time and Right method of application)

Fertilizers

EFERT has a portfolio of premium fertilizers that focuses on balanced crop nutrition and improved crop yields, including Engro Urea and DAP (Di-Ammonium Phoasphate) which comprise of some of the most trusted brands among Pakistani farmers.

Engro Urea

EFERT set up the first urea production facility in Pakistan, a landmark event in agricultural sector of the country, with a production capacity of 173,000 tons per year in 1968. With various debottlenecking and expansion steps, production capacity increased to 975,000 tons per year. In 2011, the Company set up the world's largest (at that time) single train urea plant of 1.3 Mn tons capacity. Currently, EFERT is producing 2.2 Mn tons per year.

Nitrogen is the most important nutrient required by plants, in large quantities. Engro Urea contains 46% Nitrogen. It is the most concentrated solid Nitrogen fertilizer which is produced in prilled form. It is white in color and is used for soil and foliar applications in all field crops, orchards and turfs for healthy plant growth and improving crop yields. It is marketed in a 50 kg bag.

Phosphatic Fertilizers

Engro NP plus

Engro NP Plus is an innovative formulation that contains Nitrogen and Phosphorus in equal proportions (18:18) providing balanced growth in terms of crop health and productivity.

Additionally, it has Boron and organic fillers. It helps in grain filling and improves grain weight while controlling flower shedding. It is ideally suited for soil application and broadcasting at the time of seed sowing as well as, during early crop growth stage. It is marketed in a 50 kg bag.

Engro DAP

Till 1994, Di-Ammonium Phosphate (DAP) was imported in Pakistan by the fertilizer import department (FID) however, due to deregulation of imports the private sector took over and EFERT became one of the largest importers in the country.

Engro DAP is a compound fertilizer that has a Nitrogen to Phosphorus ratio of 18:46. It is amongst the most widely used sources of Phosphorus in Pakistan. It strengthens the roots of plants as well as, contributes to flowering and fruit formation and enhances grain size and weight. EFERT has been importing and marketing Engro DAP in the country since 1996. Engro DAP complies with Pakistan Standards (PS) and only the best quality is imported from renowned sources from around the world. This is the reason it is a popular and trusted brand among farmers. It is marketed in a 50 kg bag.

Engro Zorawar

Engro Zorawar or Mono-Ammonium Phosphate (MAP) is a compound fertilizer with high content of Phosphate (50%) and Nitrogen (10%).

It is in granular form and acidic in nature, having high solubility and efficiency compared to other Phosphatic Fertilizers. Engro Zorawar supports seed germination, strengthens root development and improves tillering in Wheat, Rice and Sugarcane. In addition, it also helps in improving grain health in cereals, gives more flowers and better fruiting in cotton, vegetables and fruit trees. EFERT is the only company which imports MAP in the country. Due to white color, it has less chances of adulteration. It is marketed in a 50 kg bag.

Specialty fertilizers are an extension of fertilizer's business with unique products targeting higher crop productivity and fertilizer use efficiency. Moreover, these fertilizers address malnutrition and contribute to Sustainable Development Goal of Zero Hunger. They are new and innovative products developed after research and development using state of the art technology.

Engro Zarkhez

Majority of the soils in Pakistan are deficient in major nutrients especially in Nitrogen, Phosphorous and Potassium.

As a result, yields and quality of fruits are low. EFERT has introduced Engro Zarkhez which has all the three major nutrients in a balanced proportion. The presence of all macro nutrients in one granule results in efficient nutrient uptake. The application is convenient with a granular nature for the farmers whether it is applied through manual application, automatic or a planter. Engro Zarkhez is currently available in two different variants which are Engro Zarkhez Plus and Engro Zarkhez Khaas. It is marketed in a 50 kg bag.

Engro Zarkhez Plus

Has added organic fillers and bio stimulants which ensure prolonged availability of nutrients resulting in higher yield and good quality of produce.

It has NPK in 8:23:18 ratio and it is used for all major crops. It is marketed in a 50 kg bag

Engro Zarkhez Khaas

Engro Zarkhez Khaas is a unique recipe with Boron and Sulphur, enriched with organic fillers and bio stimulants.

It has NPK in the ratio of 15:15:15 and it is used in fruit plants and orchards. Engro Zarkhez Khaas improves fruit yield and quality, reduces flower and fruit shedding. It is marketed in a 50 kg bag.

Engro Zingro

Zinc is a micronutrient which the crop requires in small dosages and it complements the functions of major nutrients.

Over the years, Zinc deficiency has been well established on a variety of crops especially, in rice. Use of Engro Zingro which, is a premium product, results in quick response and improved crop yields due to improved Zinc efficiency. It contains Zinc 33% and is a high purity fertilizer which, means it is free from heavy metals. It is marketed in a 3 kg bag.

Engro Zabardast Urea

Engro Zabardast Urea launched in 2017, is yet another leap forward by EFERT in pioneering next generation fertilizers in Pakistan.

This product is developed in collaboration with Niha Corp USA. It has a unique combination of Nitrogen (42%), Bioactive Zinc (1%) and a consortium of beneficial microbes that mobilize nutrients in soil and enhance crop resistance. Engro Zabardast Urea is beneficial for all the crops as it increases crop yields, improves quality and enriches zinc contents in produce. It is marketed in a 50 kg bag.

Engro MOP

In addition to potash based blended fertilizer, Potassium can also be applied in the form of straight fertilizer out of which, one widely used potassium fertilizer is Engro Muriate of Potash (MOP).

Engro MOP contains Potassium (60%) nutrient and is the most concentrated form of granular potassium. It can be used in every type of soil except, saline soils (which have high contents of chloride) and chloride sensitive crops like Tobacco. It improves crop yields and develops resistance to diseases. It also improves color, flavor and shelf-life of fruits and vegetables. It is marketed in a 50 kg bag.

Engro SOP

Engro SOP is a premium, chloride-free form of Potassium that can be applied as a straight fertilizer.

Engro SOP is available in both Granular and Powder forms, targeting all potash loving crops such as potato, maize, sugarcane, wheat, rice, cotton, vegetables, fruits, orchards and tobacco. Engro SOP contains Potassium (50%) nutrient and Sulphur (17.5%). Engro SOP not only improves quality and crop yields, but also makes plants resilient to drought, frost, insects and diseases. It is marketed in a 50 kg bag.

Engro Ammonium Sulphate

Engro Ammonium Sulphate with Ammoniacal Nitrogen (20.6%) 21% and Sulphur 24% is used primarily to fulfill the supplemental need of Nitrogen and Sulphur in growing plants.

It is an acidic fertilizer which is highly soluble in water and contains plant-preferred Sulphate form. Farmers are becoming increasingly aware of the importance of Sulphur as a secondary nutrient as it helps in nutrient uptake and increases resistance against diseases like fungal attacks. It is marketed in a 50 kg bag.

Engro Zoron

Engro Zoron is a 100% water soluble fertilizer which contains 20% Boron as an essential micronutrient.

It increases efficacy of other fertilizers, nourishes the plants, increases crop yields, retains the shape of the produce, reduces flower and fruit shedding as well as, improves overall quality. It can be used for soil or foliar application. Engro Zoron is recommended for cotton, cereals (rice, maize, oat), vegetables (onion, potato, tomato, cauliflower), fruits (apple, banana, grapes, guava, apricot, pear, peach, plum), roses and other ornamental plants. It is marketed in a 500-gm pack.

Engro Potash Power

Engro Potash Power has a high composition of Potassium (44%) in addition to Nitrogen (13%).

It is 100% water soluble and acidic in nature especially, designed for high-efficiency drip irrigation system. It enables availability of other nutrients to the soil and is suitable for both soil and foliar applications with high efficiency irrigation system (Drip / Sprinkler / Pivot). Engro Potash Power provides greater resistance against frost. It increases fruit size, fruit appearance, organoleptic features and shelf life. Engro Potash Power is for all crops including cotton, wheat, rice, sugarcane, sunflower, maize, flowers and fruits at mid to late-stage application for improving health, yield, optimal plant nutrition and overall quality. It is marketed in a 25 kg bag.

Engro Phos Power

Engro Phos Power, imported from Europe, is acidic in nature and 100% water soluble which is specially designed for high-efficiency irrigation system. It contains Phosphorous (44%) and Nitrogen (17%).

It is a premium product, free from impurities which improves the availability of calcium, magnesium and other trace elements to the plant. It can be used for soil or foliar applications, and applied to all types of crops, orchards and vegetables for improving health, vigor, yield and overall quality of produce. It is marketed in a 25 kg bag.

Engro SOP Power

SOP Power is imported, packaged, and sold directly by Engro Fertilizers Ltd.

The product contains 50% Potash and is 100% water soluble ensuring maximum absorption of vital nutrients for Potash in all crops such as Vegetables, Maize, Potato and Orchards.

SOP Power seamlessly integrates with drip irrigations systems, strengthens roots, improves crop quality and reduces soil alkalinity instilling confidence in farmers for optimal results. It is marketed in 25 kg bags.

our history

Our story began in 1957 when Pak Stanvac – an Esso/Mobil joint venture – stumbled upon vast deposits of natural gas in Mari while pursuing viable oil exploration in Sindh. Pak Stanvac's focus was exclusively on oil exploration, however, the discovery shifted the impetus to Esso, which decided to invest in the massive industrial potential of Mari gas field. Esso proposed the establishment of a giant urea plant in Daharki, about ten miles from the Mari gas fields, which would use natural gas produced as its primary raw material to churn out urea fertilizer.

Talks with the Government of Pakistan bore fruit in 1964 and an agreement was signed allowing Esso to set up a urea plant with an annual capacity of 173,000 tons. Esso brought in state-of-the-art design, commercially tried facilities, and a highly distinguished pool of technical expertise to ensure a smooth start-up. The total investment made was US $46M – it was the single largest foreign investment made in Pakistan to date then. The plant started production on December 4, 1968.

To boost sales, a full-fledged marketing organization was established which undertook agronomic programs to educate farmers of Pakistan. As the nation's first branded fertilizer manufacturer, the Company helped modernize traditional farming practices and boost farm yields, directly impacting the quality of life of the farmers, their families, and the nation at large. Farmer educational programs increased the consumption of fertilizers in Pakistan, paving way for the Company's branded urea called "Engro" – an acronym for "Energy for Growth".

In 1978, Esso became Exxon as part of an international name change. The Company was, therefore, renamed Exxon Chemical Pakistan Limited. In 1991, Exxon decided to divest its fertilizer business on a global basis. The employees of Exxon Chemical Pakistan Limited – in partnership with leading international and local financial institutions – bought out Exxon's 75% equity. This was, and perhaps the most successful employee buy-out in Pakistan's corporate history to date. The company was renamed Engro Chemicals Pakistan Limited. The company thrived with its consistent financial performance, growth of its core fertilizer business, and diversification into other enterprises. A major plant capacity upgrade at Daharki coincided with the employee-led buyout in 1991. Engro also relocated fertilizer manufacturing plants from the UK and US to its Daharki plant site, done for the first time internationally. Over the years that followed, Engro Chemicals Pakistan Limited started venturing into other sectors namely: foods, energy, chemical storage, handling, trading, industrial automation, and petrochemicals.

Our Zarkhez Plant, situated at the Port Qasim Industrial Zone Karachi, was commissioned in the year 2001 to produce Specialty Fertilizers for Pakistani Progressive farmers. It is not only Pakistan's largest producer of blended NPK fertilizers but also a one of a kind plant, employing steam granulation technology to produce specialty fertilizers. The Plant's basic engineering design was done by IFDC (International Fertilizer Development Center) USA, with installation executed by CNCEC China. Its first on-spec production was achieved in June 2001. To help cater to the overwhelming demand from the farmers for specialty fertilizers, the plant was debottlenecked, increasing its nameplate capacity from 100KT to 145KT.

By 2009, Engro was fast-growing and had already diversified its business portfolio in as many as seven different industries. These continuous expansions necessitated a broad restructuring in Engro Chemicals Pakistan Limited, which subsequently demerged to form a new Engro subsidiary – Engro Fertilizers Limited.

After the necessary legal procedures and approvals, the Sindh High Court sanctioned the demerger on December 9, 2009, which became effective from January 1, 2010. Subsequently, all fertilizer business assets and liabilities have been transferred to Engro Fertilizers Limited against the issue of shares to the parent company Engro Corporation Limited. The Company undertook its largest urea expansion project in 2007.

The state-of-the-art plant EnVen 3.0, stands tall at 125 meters – dubbed as the tallest structure in Pakistan. The total cost of this expansion was approximately US $1.1 billion, making Engro one of the largest urea manufacturers in Pakistan. This has substantially reduced the cost of urea imports to the national exchequer.

In 2013, the Company forayed into the capital markets to fund development capex on securing additional gas supplies along with restructuring the balance sheet to optimize the capital structure of the company. The IPO was a roaring success, oversubscribed four times in the book-building process and three times during public issues.

2023 at a glance

- Highest ever annual urea production of 2.3 million metric tons
- 0.06 TRIR vs. a target of 0.09 at EFERT Daharki
- Zero TRIR at Zarkhez Manufacturing Division for 4th consecutive year
- 22.8 million safe manhours in the Marketing Division
- 5x increase in women in senior leadership roles across the organization
- 3x increase in diversity ratio in 3 years
- EFERT's learning hours for the year reach a stellar total of 22,758 for the year 2023
- The Engro Humsafar app crossed the milestone of PKR 500 billion in orders and PKR 300 billion Payments through internet banking
- Despite pricing challenges, we achieved the highest ever sales volumes with Zabardast Urea reaching 400 KT urea sales and NP Plus sales soaring by 38%
- Successfully moved over 3 million tons of product across the country
- Shandaar Kissaan successfully engaged 4,722 farmers with soil testing and nutrient advisory services for the betterment of their crop yield

2023 at a glance

- Achieved Highest ever PAT of Rs. 26 billion vs previous best of Rs 21 billion
- Secured 3rd position at the Employer of Choice – Gender Diversity Awards held by PBC and IFC
- Awarded prestigious RoSPA Gold Award for the third consecutive year
- Awarded the RoSPA Fleet Safety ‘Gold’ Award for 2023, marking its third consecutive win
- Soared to the 4th position on the PSX’s list of top 25 Companies, marking our highest rank to date
- Awarded runner-up position for the Best Overall Safety Program and Culture Award at the EHS Daily Advisor-US Safety Standout Awards 2023
- Spearheaded more than 300 trials for new product development
- Achieved highest ever revenue of Rs. 224 billion vs previous best of Rs.157 billion
- Earned highest ever profitability of Specialty Fertilizers Business of Rs. 3.7 billion
- Devoted Rs 578 million to corporate social responsibility
- Executed highest ever 24-hr fertilizer discharge from a vessel and shipment (14.04 Kt) within the fertilizer industry of Pakistan

code of conduct

ethics & integrity

are one of the cardinal values of all Engro companies. Our history includes a long-standing commitment to comply with all laws and to conduct our business activities with the highest standards of ethics and integrity. It is not only about complying with all laws but also describing the moral choices that must be made in areas where the law is not clear. A host of policies have been adopted by the Board of Directors of the company in this regard.

empowerment with accountability

Each Engro employee is responsible for his/ her behavior and will be held accountable for it. All employees are bound to submit an ethics compliance certificate. We are responsible for complying with all applicable laws and company policies & procedures.

our commitment to engro's stakeholders

We adhere to the highest ethical standards, foster trust, and always act in the best interest of our shareholders, our customers, our families, our vendors/ suppliers, the communities where we operate, and each other. We want our stakeholders to know they can depend on us.

promoting a positive work environment

To ensure a workplace where employees feel safe, respected, and appreciated. We aim to attract, induct, develop, retain, and motivate high caliber talent who is qualified, capable, and willing to contribute towards the achievement of company objectives. Engro is committed to being a harassment-free workplace and has strict laws against any form of inappropriate conduct in order to ensure a safe workplace and the protection of the environment.

soliciting customers, suppliers, vendors, and contractors

Employees will not solicit vendors and suppliers, or avail offers for anything of value that could be perceived to create obligations in order to keep, increase, or obtain Engro business. Actions that might involve a conflict of interest, or the appearance of one, will be disclosed to senior management.

legal compliance

When making decisions to conduct business, employees must ensure they are aware of their actions and choose not to violate the law. All Engro companies hold information and training sessions to promote legal compliance and have systems in place to monitor and report violations.

protecting the company's assets

We must use the Company's physical assets/ equipment carefully and diligently and take steps to protect our Company's proprietary and confidential information.

managing business relationships

Employees' dealings with customers, suppliers, contractors, competitors, or any person or organization doing or seeking to do business with the Company (our business interfaces) must be in the best interest of the Company, must exclude any consideration of personal preference or advantage, and must avoid conflicts of interest, apparent or otherwise.

our core values

At Engro, we support our leadership culture through unique systems and policies which ensure open communication, foster an environment of employee and partner privacy, and guarantee the well-being and safety of our employees. Our core values form the basis of everything we do at Engro, from formal decision making to how we conduct our business to spot awards and recognition.

At engro we never forget what we stand for. Our core values are:

health, safety & environment

Cares deeply about environmental impact and safety of people

ethics & integrity

Has impeccable character and lives by highest standards of integrity and accountability

community & society

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

code of ethics

The policy of Engro, as stated by the Board of Directors, is one of the strict observance of all laws applicable to its business. Strong ethical practices have been fundamental to Engro's philosophy and operations. Engro embodies corporate integrity; all its employees are expected to abide by our ethical principles embedded in the 'Statement of Ethics and Responsible Business Conduct'.

For these purposes, EFERT has an exclusive department of "Ethics & Compliance" to make sure all dealings and day to day activities are done most ethically. Additionally, the department has launched "The Ethics & Compliance" newsletter to keep the employees abreast of the latest developments at the Compliance front. The company has a robust whistleblower system in place where employees are encouraged to report any violations of the code of conduct or misconduct. The platform is also available externally. All violations reported are independently handled and investigated by thr Ethics & Compliance department.

Our Code of Conduct lists Ethics as one of our core values, therefore Engro has a zero-tolerance policy towards any form of discrimination and harassment. Similarly, honesty and open communication is also expected on the reporting front.
We believe it is essential for everyone associated with Engro to embrace this culture and live by the highest standards of integrity and accountability.

key performance highlights 2023

	2023	2022
Total Wealth Generated	77,514 mn	43,312 mn
Net Profit After Tax	26,191 mn	16,003 mn
Economic Value Added	16,746 mn	9,237 mn
Dividend Distributed Per Share	17.5	13.50
EBITDA	55,691 mn	32,622 mn
Return on Assets	17.1 %	11.5 %
Urea Sales	2,327 KT	1935 KT
Revenue	223,704 mn	157,017 mn
Cash generated from operations	60,555 mn	31,634 mn
ROE	56.35 %	34.74 %
Earning per Share	19.61	11.98
Market Share - UREA	35 %	29 %
Urea Production	2,313	1,954 KT
Phosphates Sales	365 KT	333 KT

awards & recognitions

Secured Finalist position Best ESG Campaign for the ESG Awards 2023 held by UNICEPTA.

Won Environment Health & Safety Award and secured the Finalist position for the Safety Culture Award at the Business Awards UK.

Soared to the 4th position on the PSX's list of top 25 Companies, marking our highest rank to date.

Awarded runner-up position for the Best Overall Safety Program and Culture Award at the EHS Daily Advisor-US Safety Standout Awards 2023.

Won Most Preferred Employer in the Manufacturing Sector at the Best Place to Work Pakistan Awards 2023.

Awarded 1st place for Best Practices in Occupational Safety, Health, and Environment in the Chemical, Petrochemical, Processing & Allied Sector at the OSHE Awards by the Employers Federation Pakistan.

Won prestigious Amir S. Chinoy award at the 38th MAP Corporate Excellence Awards.

Secured 3rd position at the Employer of Choice – Gender Diversity Awards held by PBC and IFC.

Awarded prestigious RoSPA Gold Award for the third consecutive year.

Awarded the RoSPA Fleet Safety 'Gold' Award for 2023, marking its third consecutive win.

14 Wins at the Global Diversity Equity Inclusion Benchmark (GDEIB) Awards by HR Metrics

Ranked amongst the top 5 Most Inclusive Companies for 2023 at the Global Diversity Equity Inclusion Benchmark Awards for the 7th consecutive year.

corporate affiliations and memberships

our business model

Through consistent efforts of the management and support from our shareholders, EFERT continues to deliver sustainable growth by focusing on improving operational excellence, delivering product innovation, generating strong market research, and fostering relationships with the communities it operates in.

Our key stakeholders include suppliers of our primary raw materials, natural gas suppliers, banking partners, shareholders, our workforce, customers, logistic partners and the communities surrounding our operational locations.

EFERT takes pride in the sizeable investments we have made in our manufacturing facilities over the past few years, which have allowed us to improve our operational efficiency, thereby, increasing the value we derive from our inputs. This has also helped the Company play an important role in improving food security of Pakistan.

The company views product innovation as a key enabler for sustainable growth and has hence continued to focus on creating a diverse range of fertilizer solutions for the farmers of Pakistan. Our Zabardast Urea portfolio has also continued to exhibit strong growth and is playing a critical role in increasing farmer yields.

Over the years, we have also developed an extensive dealer and warehousing network. This network plays a very important role in ensuring that our products is available all over Pakistan and act as key partners in ensuring that we achieve our sales targets and sustainable operations.

EFERT strongly believes in “doing well, while doing good” and as a result continues to invest heavily in the development of the communities we operate in. During the year, EFERT delivered several CSR initiatives that have been described in detail in the “Directors’ Report”.

EFERT is committed to making meaningful contributions to the country's agricultural landscape. Simultaneously, we aim to deliver sustainable returns for our stakeholders, reflecting a core element of our business model.

Capitals & Key inputs

financial

- Equity: PKR 48 Billion
- Long-term debt: PKR 6 Billion

manufactured/ infrastructural capital

- Manufacturing facilities: 2
- Production Capacity: 2,275,000 MT Urea; 100,000 MT NPK
- No of selling locations: 80+
- Fleet of 190+ trucks in our Elogistics business
- Market Channels: Primary and Secondary via dealers/ distributors

human resource

- No. of employees: 1,214
- Hiring the top resources to generate maximum value
- Positive culture to keep employees motivated
- Extensive training to ensure employee growth and optimize their performance
- Strong HSE practices to ensure employee safety

natural

Availability of required materials for the business operations
- Natural Gas
- Minerals for Catalyst and Chemicals
- Water
- Materials

intellectual

- Strong brand and corporate image
- Investment in intangibles & externally purchased proprietary rights - PKR 5,184 Million
- Investment in ERP and data analysis systems
- Investment in Humsafar (Sales), field force management, fleet management and Velocity (HSE) softwares
- Talented leadership
- Highly capable workforce
- Agronomy department for market research and industry intelligence
- R&D department for new product development

Capitals & Key inputs

social and relationship

Relations with our stakeholders (customers, suppliers, investors etc) and local community:

- Representations and associations with external bodies
- Dealers / Distributors: 3,000+
- Dealer shops branding to increase engagement
- No. of Shareholders: 31,820
- Constant efforts to improve the socio-economic status of the communities we operate in
- Various local and international R&D partners

Refer to subsection corporate memberships and affiliations section of this report for list of memberships

Outcomes

financial:

Wealth generation and economic growth

- Total revenue: PKR 224 Billion
- Operating cashflows: PKR 61 Billion
- Salaries: PKR 7 Billion
- Dividends: PKR 23 Billion
- Economic value added: PKR 17 Billion
- Wealth generated: PKR 78 Billion
- Contribution to National Exchequer: PKR 35 Billion
- Strong focus on cost optimization helping deliver sustainable returns

customers

- Trust based relationships with all stakeholders
- High level of customer satisfaction
- Smallholder farmer development through our Shandaar Kissan program and other engagement

events

- Refer social performance section detailing efforts for our farmers'
- Innovative product lines heloping farmers achieve higher yields

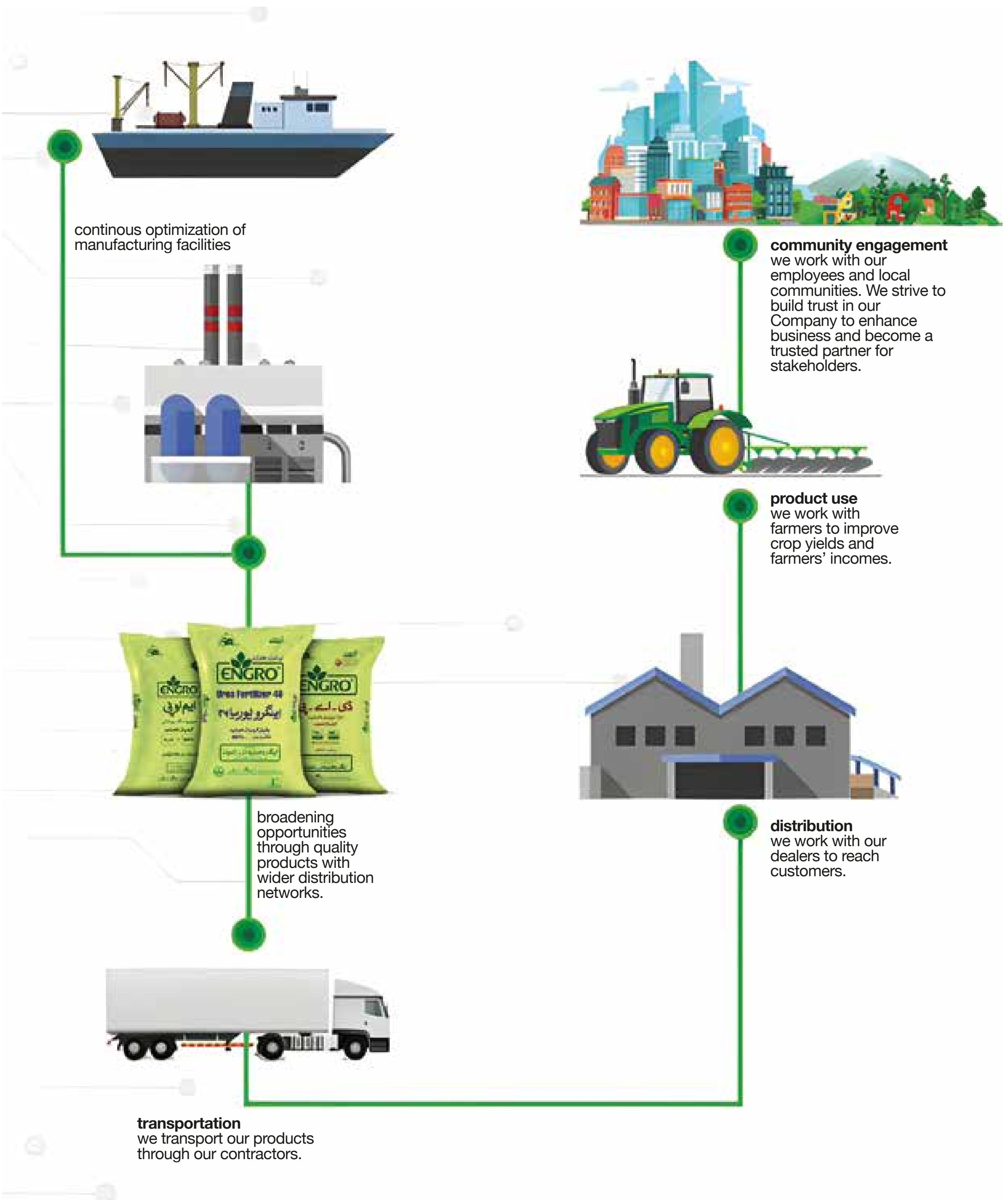
environment

- Continuous investment in manufacturing facilities to improve operational efficiency, leading to sustainable usage of scarce raw materials
- Implementing environmentally friendly practices.
- Responsible energy consumption with increased focus on renewable energy
- Innovative cooling water system enabling reusability 615 million tons per annum

Outcomes

community

- CSR contribution: PKR 578 Million
- Contribution to national food security through supply of fertilizers: 35%
- Operational excellence with highest safety standards leading to low injury/fatality rates
- Trust based relationships with all stakeholders
- Employee engagement: 86%



Our value chain delivers its promise for sustainable development on all fronts including social, economic, and environmental.

economic:

- Total revenue: PKR 224 Billion
- Operating cashflows: PKR 61 Billion
- Salaries: PKR 7 Billion
- Dividends: PKR 23 Billion
- Economic value added: PKR 17 Billion
- Wealth generated: PKR 77 Billion
- Contribution to National Exchequer: PKR 35 Billion
- Strong focus on cost optimization helping deliver sustainable returns

environmental:

- Continuous investment in manufacturing facilities to improve operational efficiency, leading to sustainable usage of scarce raw materials
- Implementing environmentally friendly practices.
- Responsible energy consumption with increased focus on renewable energy
- Innovative cooling water system enabling reusability 615 million tons per annum

social:

- CSR contribution: PKR 578 Million
- Contribution to national food security through supply of fertilizers: 35%
- Operational excellence with highest safety standards leading to low injury/fatality rates
- Trust based relationships with all stakeholders
- Employee engagement: 86%

significant factors affecting the external environment (PESTEL)

political

- Geo-political tensions between other countries, as also witnessed through the year, may result in supply disruptions leading to price volatility with a negative pass-through effect on EFERT's customers
  Discourse/Impact: Strategic and timely procurement of imported fertilizer keeping in mind the geo-political situation in order to maintain price stability.
- Enhancements / Initiation of any major gas projects will positively influence the availability of EFERT's primary raw material.
  Discourse/Impact: Continued Engagement with the government to pursue sustainable gas availability.
- Change of Government introduces economic changes, which can impact the farmers at large.
  Discourse/Impact: Engage with the government to enhance farmer economics and sustainable agriculture
- Policy makeovers and regulatory changes with respect to agriculture policies and tax laws, consequently impacting business economics.
  Discourse/Impact: Work closely with the government and the farmers to provide necessary inputs into the policy-making process.

economic

- FX changes adversely impact the dollar-linked prices of primary raw materials and imports.
  Discourse/Impact: Strategic procurement and considerate pricing decisions could lead to avoidance of the full impact of these fluctuations.
- Rising interest rates inflate cost of borrowing for the Company, also aggravating costs for farmers operating on credit.
  Discourse/Impact: Timely and strategic drawdowns and repayment, resulting in effective management of finance costs. Low-cost agri financing for small farmers.
- Dwindling Foreign Reserves create challenges in paying suppliers for the import of Raw Materials.
  Discourse/ Impact: Work closely with the government and State Bank to ensure essential supplies are green-flagged to avoid the impact of these shortages.
- Evolving tax policies may impact the company's cost structure.
  Discourse: Examine the implications of recent tax changes, assess the effectiveness of government incentives, and evaluate how tax dynamics influence the fertilizer industry's competitiveness
- Major economic fluctuations can affect fertilizer demand.
  Discourse/ Impact: Explore the correlation between GDP growth and fertilizer demand, analysing government initiatives and assessing the company's alignment with economic development goals.

social

- An imbalance in the political or social environment can lead to social unrest in the neighbouring areas of the operational facility.
  Discourse/Impact: Efforts to contribute to sustainable development and upliftment of the target communities, to ensure mitigation of any flashpoints which may adversely impact our assets
- Increased reliance of farmers on Urea, resulting in an unbalanced consumption of nutrients, affecting the 'P' and 'K' markets.
  Discourse/Impact: Enhanced focus on increasing awareness through effective dissemination of information. The Company has initiated various learning programs including the Shandaar Kisaan Program selecting the top 100-200 farmers for trainings (number TBC)
- An very high policy rate further aggravated by a depreciated rupee leads to an increasingly inflationary economy, keeping buying power depressed.
  Discourse/ Impact: Strategic and cost-effective procurement and production will minimize the costs of production, reducing the price burden for Farmers
- Pakistan has low farm yields which can be explored with structured locally based agri-value chains, expanding operational capacity and output productivity.
  Discourse/Impact: Assess hindrances and collaborate with farmers for holistic solutions.

technological

- Not coping with technological advancements, may create operational inefficiencies and competitive disadvantages.
  Discourse/Impact: continues to establish technological benchmarks investing in the latest advancements and developing its infrastructure capabilities. Improved plant efficiencies towards output generation front.
- The farming industry of Pakistan is behind latest practices / advancements due to a lack of awareness and conservative practices.
  Discourse/Impact: Continue to educate farmers on the latest Agri technology, balanced nutrients, and modern farm practices to support improved yields. Awareness among farmers has positive sustainable consequences.
- Early adoption of smart apps in the Fertilizer ecosystem has digitized the way of doing business.
  Discourse / Impact: Operations are now remote work friendly, creating ease of doing business and efficient data tools available for dealers to better deliver value to farmers
- Nitrogen and Phosphorous deficient soil in Pakistan results in increased demand for fertilizers.
  Discourse/Impact: Increased reliance on Urea and DAP fertilizers provides an opportunity to continue addressing enhanced and consistent demand. Continue to provide a diversified portfolio of specialty fertilizers that can address special soil/crop needs.
- Water supply is attributed as a scarce resource in Pakistan, leading to a hindrance in the farming process, adversely affecting fertilizer consumers.
  Discourse/Impact: Continually educating the farmers regarding efficient water use as well as increased use of water efficient crops. EFERT provides Agri solutions to farmers through trained operational staff and technologically advanced machineries ensuring more efficient sowing to harvesting operations.

environmental

- Nitrogen and Phosphorous deficient soil in Pakistan results in increased demand for fertilizers.
  Discourse/Impact: Increased reliance on Urea and DAP fertilizers provides an opportunity to continue addressing enhanced and consistent demand. Continue to provide a diversified portfolio of specialty fertilizers that can address special soil/crop needs.
- Water supply is attributed as a scarce resource in Pakistan, leading to a hindrance in the farming process, adversely affecting fertilizer consumers.
  Discourse/Impact: Continually educating the farmers regarding efficient water use as well as increased use of water efficient crops. EFERT provides Agri solutions to farmers through trained operational staff and technologically advanced machineries ensuring more efficient sowing to harvesting operations.
- Climate change may create further adverse weather conditions during wet seasons.
  Discourse / Impact: Raise awareness at the government level for the need for early warning systems and improvement of irrigation channels/ systems to reduce overflow into fertile land

legal

- Laws, Legislative amendments, and rulings relating to crucial cost components such as GIDC/gas prices, freight regimes and revisions in sales, income tax regulations pertaining to unregistered dealers and other legal regulatory frameworks, significantly impact the costs of fertilizer manufacturers.
  Discourse/Impact: Continued engagement with the Government for sustainable solutions that benefit all related stakeholders. The Company has always supported the Government in its drive to widen the tax net, therefore, the company has conducted various engagement sessions with dealers across Pakistan to encourage them to register for income and sales tax to mitigate the impact of these amendments

SWOT analysis

strengths

- Strong Brand Recognition and Farmer Ecosystem penetration.
- Only fertilizer company to have all macro
- (NPK) and Micro (Zinc, Boron, Sulphur) nutrients in their product portfolio.
- Being a forward-looking fertilizer company, we have a separate Speciality (Innovative) Fertilizers unit with the largest speciality fertilizers volume (~500KT).
- Wide product and services portfolio, offering farmers complete range of seed to harvest solutions.
- A dedicated Fertilizer R&D unit that at any time is evaluating/conducting trials of at least 10 innovative products.
- Financial sustainability and strong balance sheet position.
- Diverse, well-equipped functions for data gathering and accurate decision making. State of the art ERP system providing pertinent information for timely decision making.
- Access to subject matter experts and a talent pool from different backgrounds based on gender, diversity, and inclusion. Quality and efficiency of Human Resource.
- Renowned engineering excellence.
- Competitive advantage by virtue of being one of few Pakistan suppliers of logistics service.

weaknesses

- Stable Urea industry limits upside potential due to swing factors.
- Reliance on depleting and inconsistent supply of natural resource.
- Non-Urea verticals are heavily price elastic with limited market awareness and demand size.
- Farmer connect only limited to soil sampling and nutrient-based farm advisory, while several other agri-based startups are offering technologically advanced services.
- Dealer network remains the only major source of fertilizer distribution.

opportunities

- Access to foreign markets allowing higher market share and contribution to the Country's foreign exchange reserves.
- Improved capacity utilization through enhancement of manufacturing and production range.
- Capacity to build horizontal and vertical integrations, improving on the Company's supply chain.
- Providing access to the international market for high value crops (fruits and vegetables), by leveraging the current farmer base.
- Leverage existing networks to facilitate new products.
- Establish JVs & partnerships to create synergies.
- Potential to minimize energy bills by investing in renewable and efficient energy.
- Identify alternate sources of raw materials. Upside in non-Urea verticals as Farmer awareness and best practices evolve and improve.
- Develop and offer end-to-end value chain solutions to farmers on a large scale.

threats

- Challenges in implementation of phosphatic subsidy impacting demand.
- Inconsistent gas supply and elevating costs of production.
- Devaluation resulting in increased cost of doing business.
- Urea pilferages creating supply shortages for the farmer.
- Tightening regulations on fertilizer industry in terms of pricing, quality, and distribution.
- Axle-Load implementation has influenced Trucking availability (Demand vs Supply) in 2023 along with higher Freight rates.
- Inconsistent Government policies and pressures on fertilizer pricing.

how we create value

EFERT takes pride in leveraging natural resources to craft value-added products and foster community well-being. At Engro Fertilizers, our commitment to ensure seamless collaboration between our resources and valued customers forms the foundation of a robust and sustainable value chain. This collaboration ensures functional efficiency and facilitates continuous improvement at every stage.

Our engagement with stakeholders is pivotal, with their feedback playing a crucial role in refining our value chain. This iterative process not only aligns with our commitment to delivering sustainable returns for our shareholders but also propels us toward a goal of holistic value creation. The Value Chain at Engro Fertilizers serves as a dynamic framework, guiding our business actions and illustrating the intricate process of value creation at each organizational level.

In our unwavering pursuit of continuous and sustainable development, we actively involve stakeholders, recognizing the invaluable role they play. Simultaneously, our consistent collaboration with business partners strengthens our relationships, creating a harmonious ecosystem that benefits all parties involved. Our vision extends beyond environmental sustainability to encompass delivering tangible value to our customers.

Through strategic positioning and optimization within the value chain, we ensure that our products not only meet the highest standards of quality but also directly address the needs and preferences of our customers. From innovative product development to efficient distribution channels, our value chain is tailored to enhance the overall customer experience. We are dedicated to evolving our value chain continually, adapting to market dynamics and emerging trends, to remain at the forefront of delivering unparalleled value to our customers.

Outcomes	
UPSTREAM VALUE CHAIN	Suppliers of natural gas and packaging material • We engage with our supplies and collaborate for creating value added. products for our value chain
	Research and development partner • We collaborate with National and International R&D partner to develop quality products and to serve the agri-value chain.
ENGRO FERTILIZERS LIMITED	**Manufacturing** Capital Inputs undergo processing to produce fertilizers • EFERT has a designed annual capacity of **2.275 million MT**. • Achieved the highest ever production this year of **2.313 million MT**.

Outcomes	
	Transportation Robust transportation network, both in-house and outsourced delivers efficiently • Robust setup of transportation channels over the country for timely distribution. • EFERT has also ventured into the Logistics paradigm, with 190+ trucks, aiming to provide “Movement with Precision” and already has one of the leading long haul fleets in the country.
	Warehousing • 80+ selling locations to better serve our customers
DOWNSTREAM VALUE CHAIN	**Distribution** An articulate network of dealers for EFERT’s product range • Wide distribution network throughout the country to improve the availability of our brand at all purchase points. • With over 3300+ locations, EFERT closely collaborates with dealers in providing value to our consumers.
	Consumers Farmers benefit from the availability of fertilizer and high yields. • EFERT captured a market share of 35% for Urea and 18% for Phosphates during the year. • Farmer advisory services and development of smallholder farmers • Consumer analytics serve as a crucial insight hence EFERT conducts consumer satisfaction every year.

Effects of our Value Generating Activities	
STAKEHOLDERS Value is created for our stakeholders through profits, growth and sustainability	• EFERT earned a profit after tax of Rs. 26 Billion. • EFERT declared a dividend per share of Rs. 20.5/share (final dividend pending members approval in AGM) • ROE: 56.3% • ROCE: 46.9% • Earnings per share: Rs. 19.61 • Dividend distributed: Rs. 17.5 per share • Wealth generated Rs. 77.5 Billion • On group engagements with our stakeholder

COMMUNITY
Uplifting lives and contributing to the community's well-being is at the heart of EFERT's operations
	• EFERT has always been a purpose driven organization, striving to improve the lives of people living in low-income communities with impact investments.
	• EFERT undertakes community engagement to deliver a positive impact in Pakistan with a focus on, but not limited to, the following:
	  • Community investment and infrastructure development
	  • Education & Environment
	  • General & Healthcare

anchored to greatness

corporate governance

our governance framework

We are committed to implementing sound corporate governance practices that enhance the effectiveness of our board and management while engaging with our board and management while engaging with our shareholders on matters of corporate governance.

board structure & governance

director elections

director participation

key stakeholders engagement

corporate social responsibility

ethical compliance & whistle blowing system

board composition

board composition

The composition of Board of Directors is as follows:

Mr. Ghias Khan	Non-Executive Director-Chairman
Mr. Ahsan Zafar Syed	Chief Executive Officer
Mr. Javed Akbar	Non-Executive Director
Mr. Farooq Barkat Ali*	Non-Executive Director
Mr. Asad Said Jafar	Independent Director
Mr. Asim Murtaza Khan	Independent Director
Ms. Danish Zuberi**	Independent Director

* Mr. Farooq Barkat Ali was appointed as Non-Executive Director in place of Mr. Khawaja Bilal Hussain who resigned on September 24, 2023.
** Ms. Danish Zuberi was appointed Independent Director on November 1, 2023 in place of Dr. Shamshad Akhtar who resigned on August 23, 2023.
There is one casual vacancy on the board as of December 31, 2023

board committees

Our governance framework is designed to ensure that the company lives up to its core values and principles, institutionalizing EFERT's commitment to enabling excellence in everything we do.
The Board has established the following two committees:

board people committee (BPC)

The Committee met during the year to approve, review and recommend all elements of the Compensation, Organization and Employee Development policies relating to the senior executive's remuneration and to approve all matters related to the remuneration of the executives of the company and members of the management committee.

The Chief Executive Officer attends Board People Committee meetings by invitation. The committee met four times during the financial year 2023.

Current members:
- Mr. Asim Murtaza Khan – Chairman
- Mr. Javed Akbar
- Mr. Ghias Khan

Salient features of terms of reference
- To ensure corporate standards / human resource policies and fundamental beliefs are aligned with the corporate guidelines.
- To recommend the selection, performance evaluation, compensation,

- Recommend the salary and bonus programme to the Board.
- Review engagement survey results

board audit committee (BAC)

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the financial statements. After each meeting, the Chairman of the Committee reports to the Board. The Committee met five times during the financial year 2023.

Current members

- Mr. Asad Said Jafar – Chairman
- Mr. Javed Akbar
- Mr. Asim Murtaza Khan

salient features of terms of reference

- To recommend to the Board the appointment and removal of external auditors
- To review quarterly, half-yearly and annual financial statements
- To review the internal control systems and internal audit function
- To review the enterprise risk management system and assess the adequacy and monitoring of
- the same by the management.
- To monitor management's compliance with all Company policies including complaints received through the Speak Out – Whistle Blower policy
- To monitor compliance with statutory requirements

board of directors

The Board of Directors carries out its duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders. There are eight (8) numbers of Directors on the Board, comprising three (3) Independent Directors, four (4) Non-Executive Directors and one (1) Chief Executive Officer. There is one casual vacancy on the board as of December 31, 2023

chief executive officer

The Board collectively has the responsibility for ensuring that the affairs of the Company are governed competently and with integrity. Biographical details of all the Directors are given in the previous section.

In compliance with best practices of corporate governance, the positions of the Chairman of the Board of Directors and the office of the Chief Executive are held by a separate person. Mr. Ghias Khan, Non-Executive Director, is the Chairman of the Board and Mr. Ahsan Zafar Syed is the Chief Executive Officer (CEO) of the Company. In addition to being the CEO of the Company, Mr. Ahsan Zafar Syed serves as a Director on the Boards of:

- Efert Agritrade Private Limited (CEO)
- Elengy Terminal Pakistan Limited
- Engro Vopak Terminal Limited
- Tenaga Generasi Limited
- Engro Elengy Terminal (Pvt.) Limited
- Engro Foundation
- Engro Power Services Limited (NIGERIA)

role of the highest governance body in overseeing the management of impacts

The Board meets at least quarterly to assess the performance of the Company, roles and responsibilities of the Board can be referred from the Chairman's letter to directors, shared in the Annual Report 2023.

The role of the highest governance body in reviewing the effectiveness of the organization's processes and reporting the frequency of this review.

This task is performed by Board Audit Committee which meets at least once during each quarter, please refer to BAC TORs for details.

board nomination and selection

selection of independent directors

The selection of independent directors is carried out from a list maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018. PICG has no other connections with the Company, except for providing access to the database on independent directors besides Directors' training and evaluation of Board and/or individual Directors' performance.

external consultancy for appointment of the Chairman

No external search consultancy has been used in the appointment of the Chairman or Non-Executive Directors.

directors' orientation program

The Chairman had communicated in detail the duties, roles and responsibilities, powers, term of office and remuneration of Directors required under the Companies Act, 2017, the Articles of the Company and the Code of Corporate Governance Regulation, 2019.

The human resource department outlines a formal orientation plan, which is followed at the time of induction of a new Board member. The orientation is presented to bring the new Board member up to speed with the company and its activities. Divisional heads take them through a presentation about macro-level policies related to their respective divisions. During the year, the orientation of Ms. Danish Zuberi was conducted by the management.

directors' training
The Board ensures that all its Directors have duly completed the Directors' Training program from SECP approved institutions. The Director's Training Program has been completed by all Directors, Mr. Ahsan Zafar Syed attended the director's training during the year 2023, from SECP approved institution.

board meetings held outside of pakistan.
No meetings were held outside Pakistan during the year.

chair of the board
Mr. Ghias Khan is the Chairman of the Board. In compliance with best practices of corporate governance, the positions of the Chairman of the Board of Directors and the office of the Chief Executive are held by separate people.

leading from the front: role of the chairman of the board
Every meeting of the Board is presided over by a Chairman. The chairman of a Board meeting by virtue of his position and nature of his duties is responsible for the leadership of the board and to ensure that the board plays an effective role in fulfilling its responsibilities and amongst other things, he is empowered to:

- issue a letter to Directors setting out their roles, obligations, powers and responsibilities at the beginning of the term of each Director
- set the agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same
- ensure that the minutes of meetings of the Board of Directors are kept in accordance with the requirements of Sections 178 and 179 of the Companies Act, 2017

chairman's significant commitments
Mr. Ghias Khan is the CEO of Engro Corporation Limited and serves on the boards of several other companies. The details of his other engagements as Director and Trustee are given in his profile. He does not have any significant commitment other than the one mentioned in his profile.

role of board in sustainability reporting delegation of responsibilities

matters decided and delegated by the board of directors.
The Board is committed to ensuring the effective delegation of financial powers as is permissible according to the legal framework and has approved formal policy on the delegation of financial powers.

This policy establishes:
- Matters specifically reserved for determination by the Board of Directors; and
- Matters delegated to the management to empower it to act effectively and make key decisions

The powers of the Board of Directors and the management of the Company have been defined in the said policy with special reference to and in compliance with, the Companies Act, 2017, the Code of Corporate Governance Regulations, 2019 and the Articles of Association of the Company.

In addition to approving the vision, core values, corporate strategy and the policies for conduct of business of the Company, matters specifically reserved for the Board in relation to delegation of financial powers are listed below:

- Investment and disinvestment of funds where the maturity period of such investments is six months or more.
- Determination of the nature of loans and advances made by the company and fixing a monetary limit thereof.
- Defining the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive sub-committee of the Board that may be set up for the purpose.
- Review and approval of related party transactions.
- Appointment, removal, remuneration, terms and conditions of employment of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- Constitution of committees and appointment of Committee Chairs and approving their terms of reference.
- Governance of risk and determining Company's level of risk tolerance including annual review.
- Powers vested with the Board as per Section 183 of the Companies Act, 2017 and
- Significant issues to be placed for decision of the Board of Directors as per Clause 14 of the Code of Code of Corporate Governance Regulations, 2019, as and when applicable.

matters delegated to the management
All matters not specifically reserved for the Board and have been entrusted to the CEO of the Company who has the primary responsibility for routine business operations of the Company. The authorities necessary for the day-to-day management of the organization and the implementation of corporate objectives have been delegated to management of the Company and is documented in form of a Limits of Authority Manual (LOAM).

collective knowledge of the highest governance body
The Board is routinely informed and upskilled on relevant and pressing matters to the company, including those related to sustainability. During 2023, the Board has briefed external consultants on sustainability-related matters.

conflict of interest among board members
A formal code of conduct is in place that promotes an ethical culture in the company and prevents conflict of interest in the capacity as a member of the board. Further, the Board of Directors has duly complied with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the 'Corporate and Financial Reporting Framework' of the Securities and Exchange Commission of Pakistan. Each member of the Board accordingly understands its fiduciary responsibilities including the following:

- Duty not to place themselves in a position of conflict between their personal interests and those of the company – this includes the duty to disclose any such personal interests to the Company and the duty not to make secret and/or incidental profits at the expense of the company.
- Duty not to act on behalf of the Company in any matter in which they have an interest that conflicts, or may conflict, with their duties.
- The Directors of the Company excuse themselves from the meetings when the matters under discussion involve a conflict or potential conflict of interest with the activities of any undertaking in which they may hold a real or beneficial interest.

communication of critical concern

Critical concerns are reported to the Board primarily through board meetings.

board evaluation

performance evaluation of directors

The Board has developed a formal mechanism for evaluation of the board's own performance, members of the board and of its committees. The assessment was carried out five times in the current year and the results/feedback were evaluated to bring improvement in the evaluation process. The performance evaluation focuses on:

- Clarity of agenda and objectives.
- Preparation for the meetings.
- Quality and diversity of discussions:
- Clarity of decisions and outcomes.
- Quality of discussion topics; and
- Overall satisfaction

performance evaluation of CEO

Performance of the CEO is evaluated through a comprehensive inhouse evaluation structure, which measures performance based on specific, measurable, achievable, realistic and time bound objectives. Furthermore, the performance of the CEO is also gauged by analyzing core competencies exhibited in achieving the objectives.

retention of board fee

CEO is a deemed director on EFERT's Board and holds the position as non–executive director on the Boards of various other companies. Fees paid by these companies are in line with their respective policies as approved by their Boards of Directors. EFERT does not have any policy that restricts an executive director from retaining the meeting fee earned by them against services as a non-executive director in other companies.

evaluation of the performance of the highest governance body

The feedback provided by the Board is intended for internal management use and primarily pertains to the conduct of the meeting and the quality of information presented to assist the Board in making crucial decisions.

director's remuneration

The Board of Directors have approved a formal policy which set out the requirements and methodology for determining the remuneration for Non-Executive Directors including Independent Directors of the Company.

The policy entails:

- The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the Directors.
- It shall be aimed at attracting and retaining the Directors needed to govern the Company successfully and to encourage value addition.
- It shall not be at a level that could be perceived to compromise or influence in any way the independence of the Director.
- No Director shall determine his/her own remuneration nor of a Director who may be a related party.
- No remuneration shall be paid to Executive Directors, Chief Executive Officer and Non-Executive Directors who are employees in other Engro entities, for attending meetings of the Board and its committees; and
- The Board, if deems appropriate, may engage an independent consultant to determine the appropriate level of remuneration of its Directors and recommend it to the Board for consideration and approval.

The Company has a documented policy that generally restricts employees from holding directorships in companies that are not subsidiaries or joint ventures of Engro Corporation Limited ("ECL"). However, the President of Engro Corporation Limited or the Chairman of the Company may make exceptions to this general rule in special circumstances. All expenses incurred by an employee serving as a director of a company that is not a subsidiary or joint venture of ECL in accordance with this policy will be for that employee's own account. The employee may accept and retain annual fees, meeting fees, other remuneration or reimbursed expenses specifically related to service as a director.

For information on the remuneration of the Directors and CEO in 2023, please refer to the consolidated financial statements.

remuneration policy – senior management

The BPC and Board approves EFERT's Chief Executive's salary.
For information on remuneration of Directors and CEO in 2023, please refer to the consolidated financial statements.

annual total compensation ratio

In the interest of confidentiality and competitiveness, EFERT does not report these ratios.

governance in relation to sustainable value creation

corporate governance

EFERT continues to improve its governance structure by institutionalizing its core ideals, standards, and values, which has a strong legacy system spanning more than five decades. The guiding pillars of our corporate governance are the internally developed code of conduct, policy statements of ethics and business statement, code of corporate governance and best available practices. Extensive information regarding the code of conduct and related matters can be found in the Corporate Annual Report 2023.

- Board structure and governance
- Key stakeholder engagement
- Corporate responsibility
- Platforms for reporting critical concerns.
- Social and environmental responsibility

key board policies in relation to governance over sustainable value creation

EFERT's culture is based upon fair pursuit of profits while remaining mindful of the impact of our corporate actions on people and place of operations. Protecting our corporate reputation is critical in order to survive in the global marketplace. To this end, the Board of Directors have adopted a host of policies which sets the standard for conduct.

review of the company's performance by the board and its own performance evaluation

The Board has also developed a formal mechanism for evaluation of board's own performance, members of board and of its committees. The assessment is carried out in every meeting and was done five times during the current year. The Board carries out self-assessment evaluating its own performance against a defined approved criteria which includes its governance over all financial and non-financial matters including risk management and oversight exercised with respect to economic, environmental, and social topics. For detailed criteria used for performance evaluation, please refer the Corporate Governance section of the Annual Report.

group policy governing philanthropic contributions and charitable donations by engro corporation and its affiliates.

The policy provides guidelines for philanthropic contributions and charitable donations made by Engro group companies with a framework defined for evaluation and prior approval of all such contributions. As part of this policy, EFERT is committed to creating sustainable prosperity that brings long-term social and economic benefits for all the stakeholders. EFERT's strategy is based on the principle of Inclusive Business and Strategic Community Investment. EFERT looks to connect the underprivileged, youth and women in its value chains for sustainable impact. Where inclusive opportunities are limited or not relevant, EFERT looks to invest in strategic community initiatives.

risk management process

All activities undertaken by a business entity carry an element of risk which are managed through the Enterprise Risk Management (ERM). It is the policy of the Company to view ERM as integral to the creation, protection, and enhancement of shareholder's value by managing the uncertainties that could influence the achievement of corporate goals and objectives. To achieve this, an appropriate framework is adopted by the management and approved by the Board. Detail on the Company's ERM program is mentioned in the risk management port of the Corporate Annual Report 2023.

key stakeholder engagement

The policy aims to develop and maintain trustworthy relations with shareholders and investors. The investors' relations section on the Company's website (www.engrofertilizers.com) is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information. The Company's website, maintained in English and Urdu, also contains the link to SECP's investor education portal, 'Jamapunji'. Continuing with its policy of promoting transparency and stakeholder engagement, the Company held quarterly analyst briefing sessions.

policy for procurement of goods and services

The aim of our procurement policy is to obtain sustainable competitive advantage through efficient sourcing of goods and services that maximizes value for the Company based on innovation, principles of risk / return benefit, ensuring product quality, timely deliveries, reliability, and controls. This policy establishes a foundation for our discipline and serve as guidelines in our daily activities as we interact with external suppliers and service providers.

policy for safety records of the company

The Company has a documented Record Retention Policy to ensure the safety of the records for periods that exceed the minimum requirement prescribed by Companies Act, 2017 and other applicable regulatory requirements. In addition, EFERT has a business continuity plan complemented by a disaster recovery plan to ensure uninterrupted operations.

investors' grievance policy

The Company strives to develop and maintain trustworthy relations with all its stakeholders, including shareholders and investors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any investor, group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company.

The Company's contact details are disclosed in "Company Information" section of this annual report and on it's website under "Investors relation" section to facilitate shareholders / other investors' and timely resolve their complaints, if any.

disaster recovery and business continuity planning

The Company has a documented Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) which describes the business continuity and recovery strategies and related procedures for the Company. It also provides policies and procedures whereby the critical business processes can be restored in a timely and orderly manner and can be operated on an interim basis, thereby helping to ensure that all critical business functions continue in the case of a disruption or disaster. This plan is carefully followed during periodic testing exercises to thoroughly train recovery personnel and ensure that strategies and actions accurately reflect current business recovery requirements.

whistleblower policy – "speak out"

There exists an independent whistleblower system maintained at group level that allows employees, suppliers, customers, and contractors to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance. These whistleblower complaints are independently reported to the BAC Chairman of the Company and are managed by the Corporate Audit and Compliance department.

human resource management

Appropriate policies are in place to attract, induct, develop, retain, and motivate high caliber talent who are qualified, capable and willing to contribute their best towards accomplishment of Company objectives with increasing emphasis on equal opportunity, training and development, performance management, compensation and benefits, diversity and non-discrimination and gender diversity.

social and environmental responsibility policy

The Company believes that businesses, in their normal course of operations, create positive and adverse impacts. The policy aims to build on Company's commitment to manage and improve social and environmental impacts of its operations on the lives of its customers, suppliers, and communities at large.

corporate tax strategy

The Board of Directors have approved a formal document for corporate tax strategy which defines principles aiming to plan, devise and implement tax-efficient and optimized solutions and support its long-term business strategy. The corporate tax strategy is governed by the following principles:

- Ensuring high level of tax compliance in every jurisdiction where the Company has operations
- Making material business decisions after taking into account optimized tax solutions
- Ensuring minimum exposure through prevention and reduction of significant tax risks
- Developing and fostering open, honest and good working relationships with tax authorities and undertaking all dealings in a professional, courteous and timely manner.
- Ensuring open communication channels within Engro group to encourage smooth flow of information

IT governance and cybersecurity policy

Information Technology (IT) Governance is an integral part of enterprise governance and consists of the leadership, organizational structures, and processes. IT Governance aims to ensure that IT activities are aligned with business objectives and that stakeholder requirements of value delivery, risk optimization, and resource optimization are address.

role of the chief executive officer (CEO)

Roles and responsibilities of the Company's CEO are duly assigned by the Board of Directors of the Company. The Chief Executive Officer invested with the general control of the business of the Company and amongst other things, he is empowered to:

- enter any trade contracts on behalf of the Company in the ordinary way of business
- to do all other acts and things in the ordinary course of business which he may consider necessary or conducive to the interests of the Company.

management committees

functional committees

These committees act at the operational level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to the businesses and employee matters. management committee

Management Committee is headed by the President & CEO and includes the functional heads of all departments. The committee meets to discuss Company's performance and works in an advisory capacity to the President & CEO.

members:

- Mr. Ahsan Zafar Syed – Chairman
- Mr. Syed Shahzad Nabi – Member
- Mr. Ali Rathore – Member
- Mr. Atif Mohammad Ali – Member
- Mr. Syed Ammar Shah – Member
- Ms. Nazia Ali – Member
- Mr. Muhammad Saad Khan – Member

The secretary of the Management Committee is Ms. Beenish Kajani

capex committee

This committee is responsible to oversee and approve capital expenditure strategies including its alignment with approved Corporate Plan.

Members:

- Mr. Syed Shahzad Nabi - Committee Chairman
- Mr. Khawaja Bilal Mustafa - Member
- Mr. Muhammad Majid Latif - Member
- Mr. Ali Rathore - Member
- Mr. Adil Mushtaq – Member

The secretary of the Capex Committee is Mr. Abdul Ahad.

corporate hse committee

This committee is responsible for bringing excellence in the domains of Health, Safety and Environment.

Members:

- Mr. Ahsan Zafar Syed – Chairman
- Mr. Syed Shahzad Nabi – Co-Chairman
- Mr. Ali Rathore – Member
- Mr. Atif Mohammad Ali – Member
- Mr. Muhammad Saad Khan – Member
- Mr. Tariq Raza – On Invitation
- Mr. Asim Rasheed Qureshi – On Invitation

The secretary of the Corporate HSE Committee is Mr. Mohsin Mukhtar

pricing committee

This committee is responsible to oversee and approve product pricing strategies including its alignment with the approved Corporate Plan.

Members:

- Mr. Ahsan Zafar Syed – Chairman
- Mr. Atif Mohammad Ali – Member
- Mr. Ali Rathore – Member

The secretary of the Pricing Committee is Mr. Ali Muhammad Mahenti.

internal control framework

responsibility

The Board is ultimately responsible to ensure that a system of sound internal control is established, which is effectively implemented and maintained at all levels within the Company. However, such a system is designed to govern rather than eliminate the risk of failure to achieve business objectives. The Board, whilst maintaining its overall responsibility for the governance of risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

framework

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

review

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

There is a Company-wide policy governing the appraisal and approval of investment expenditures and asset disposals. Post-completion reviews are performed on all material investment expenditures.

risk management process

All activities undertaken by a business entity carry an element of risk. At EFERT, the exposure to these risks is managed through the practice of Enterprise Risk Management (ERM). The purpose of ERM is to identify potential risks and define the strategy for managing the impact of these risks, as well as the mechanisms to effectively monitor and evaluate identified strategies.

It is the policy of the Company to view ERM as integral to the creation, protection and enhancement of shareholder's value by managing the uncertainties that could influence the achievement of corporate goals and objectives. To achieve this, an appropriate framework is adopted by the management and approved by the Board.

responsibility for statutory financial statements

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

These financial statements were approved by the Board of Directors and circulated to the shareholders within the specified time limit.

The annual standalone and consolidated financial statements of the Group for the year ended December 31, 2023 have been audited by the External Auditors and recommended by the Board in its meeting held on February 15, 2024 for shareholders' approval in the Annual General Meeting to be held on March 26, 2024.

Other financial and non-financial statements enclosed with statutory financial statements are in conformity with the applicable regulatory requirements.

timely communication of financial statements authorization

The financial statement for the half year ended June 30, 2023 was authorized for issuance on July 26, 2023. The financial statements for December 31st 2023 were authorized for issuance on February 15, 2024

governance over related party transactions

The Board has approved a formal documented policy for governance over transactions between the Company and one or more of its Related Parties which provides a framework for governance and reporting of related party transactions. This policy is intended to ensure due and timely approval, disclosure and reporting of transactions between the Company and any of its related parties in compliance with the applicable laws.

The said policy:

- defines the type of contracts/agreements that can be made with the related party;
- defines the pricing policy for related party transactions;
- defines the framework for review, reporting and approval for transactions not at arm's length; and
- specifies the methodology for approval for transactions in which Director(s) have an interest.

During the year, no contracts or arrangements with the related party were entered into other than in the ordinary course of business on an arm's length basis. Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and/or arrangements in place during the financial year are mentioned in Note 44 to the consolidated financial statements.

beneficial (including indirect) ownership and flow chart of group shareholding

Complete disclosure of EFERT's shareholders has been provided in pattern of shareholding section of our annual report, in addition, group shareholding and direct & indirect ownership of the company are demonstrated within the Company's organogram.

Annual General Meeting – update of last AGM, decisions taken and their implementation status

The Company's Annual General Meeting (AGM) was held on March 28, 2023 which was attended by the Chairman of the Board, Chairman of Board Audit Committee, Chief Executive Officer and other senior management of the Company to address queries and clarifications sought by the Board of Directors.

business expansion and rationale of major capital expenditure projects

The Board routinely reviews significant capital expenditure projects including an actual vs. budgeted cost comparison, expected completion timelines and overruns, if any thereby ensuring timely and authorized business expansion in line with EFERT's strategy. Further details are available in the performance review section of this report.

compliance statement

The Board of Directors has duly complied with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the 'Corporate and Financial Reporting Framework' of the Securities & Exchange Commission of Pakistan.

State-of-the-art ERP systems the heart of digitization at EFERT

EFERT has recently adopted a state-of-the-art ERP system, One SAP, an end-to-end solution that integrates information onto a single platform, serving as a single source of truth unifying reporting and promoting improved collaboration through shared data. With the immense power of One SAP, EFERT has been able to benefit from capturing and efficiently analyzing the vast volume of real-time data for better decision-making.

The journey to One SAP and its effective implementation and continuous updation commenced with management creating a new function known as the One SAP basis team. A management team comprising experts from finance, IT and business-facing departments was formulated to lead, design, implement and monitor the transition to One SAP. The objective of the One SAP basis team was completed in 2021 with the successful implementation of the ERP.

The One SAP Basis team leads training sessions, held exclusively for the employees to enhance their functional skill set in line with their functional objectives.

EFERT's IT department ensures robust IT security controls on the individual level as well as company-wide SAP-ERP System including passwords, system upgradations, firewall protections and authorization controls with appropriate segregation of duties.

diversity

Board's Policy on diversity at EFERT is committed to unbiased and equal treatment of all employees irrespective of cast, religion, and gender. EFERT is proud to embrace diversity in the form of age, gender, ethnicity, physical and mental ability. To encourage gender diversity at all levels the Board has defined measurable KPIs which it uses to monitor the Company performance and updates under this UNSDG. To proactively infuse the concept of diversity and promote an encouraging environment, a 3-point framework for gender diversity and various gender sensitization sessions have been conducted. Furthermore, during the year, EFERT led the industry in its gender diversity drive by opening avenues to women from various socio-economic backgrounds to work with the Company in different unconventional roles such as Trade Apprentices, GTEs, workshop supervisors, warehouse in-charges and in field-oriented roles.

human resource management policies including preparation of a succession plan

The Company has a documented Human Resource management policy that aims to attract, induct, develop, retain, and motivate high-caliber talent who are qualified, capable and willing to contribute their best towards the accomplishment of Company objectives.

EFERT's Board places great emphasis on people's development and related policies. With this at the heart of our core values, we developed leadership competencies. To ensure a dedicated focus on people-related matters, the Board has established a subcommittee: Board People Committee (BPC), that exercises oversight over Human Resources (HR) policies and systems and is responsible for performance evaluation, development and succession planning.

employee health, safety and protection

The safety of employees has always been the foremost priority of the Company. A comprehensive HSE process framework has been developed whereby all employees undergo regular in-depth trainings to ensure that the commitment to HSE is inculcated in all employees.

safety of records of the company

The Company has a documented Record Retention Policy to ensure the safety of the records for periods that exceed the minimum requirement prescribed by Companies Act, 2017 and other applicable regulatory requirements.

In addition, the Company has a Business Continuity Plan (BCP) complemented by a Disaster Recovery Plan (DRP). The BCP and DRP frameworks outline the policies and procedures with respect to the identification of critical business activities and resources including the safety of critical electronic, hard copy data and processes to ensure all critical functions continue in case of a disruption or disaster. The Company has dedicated offsite facilities which serve as data-back-up centers.

whistleblowing policy

The Board of Directors of the Company have established a Whistleblower system that allows employees, suppliers, customers and contractors to speak out about any concerns that they may have regarding business ethics, safety, environmental performance, harassment and other compliance-related matters. With a hassle-free window available to all employees where they can freely raise their concerns, there is also a dedicated email address where matters can be attended to.

investors' grievance policy

As Company strives to develop and maintain trustworthy relations with all its stakeholders, the board in order to ensure this has a dedicated investor grievance policy for its shareholders and investors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any investor, group, or investment advisor/analyst, in order to enable them to make informed decisions about investing in the Company.

external oversight

The external oversight activities during the year included the audit of the company's financial statements. An external valuations specialist was engaged during the year to perform a re-assessment of the company's plant and machinery, gas pipelines and civil work.

Additionally, a third-party cyber security review was conducted, and the improvement areas were identified and addressed. The security assessment included testing of exposed assets, applications, network devices, databases and so on.

communication with stakeholders

The Directors regard stakeholder engagement as an important element of the Company's corporate responsibility. Further details are available stakeholders information – mentioned in Section 1.

social and environmental responsibility

The Company's culture is based upon the fair pursuit of profits while remaining mindful of the impact of our actions on our people and place of operations. Protecting our corporate reputation is critical in order to survive in the global marketplace. To this end, the Board of Directors has adopted a host of policies that sets the standard for conduct.

governance practices at EFERT other than legal requirements

At EFERT we strive to work in a responsible and ethical manner. To ensure transparency EFERT has institutionalized the following practices:

- Benchmarks reporting requirements against ICAP / ICMAP and SAFA-prescribed guidelines
- A stringent insider trading policy that goes beyond the legal requirement
- Holds quarterly analyst briefings and regularly interacts with all stakeholders
- Implementation of health, safety, and environmental policy as a responsibility of our commitment to protect our people, community, and environment.
- Undertaking several health and training initiatives for improving the livelihood of the surrounding community.

ensuring excellence in corporate governance practices

With a strong legacy system spanning over five decades, EFERT continues to optimize its governance framework by institutionalizing its core values, policies, and principles across the board to surpass the legal requirements and adhere to global best practices and standards of governance. Following additional governance practices implemented by the management include:

- Implementation of Health, Safety and Environment Policy for a better and safe workplace environment for employees, workers and surrounding community.
- Implementation of various social projects for welfare of the community as part of its Corporate Social Responsibility (CSR).
- Adoption of a strict insider trading policy whereby all employees of the Company are restricted from trading in shares of the Company.
- Restriction of employees of group companies to adhere to close period requirements.
- All the Directors of the company have attended Directors' training program exceeding the legal requirement prescribed by the Code of Corporate Governance Regulations, 2019. The Company endeavors to replicate the best practices in its privately owned subsidiary.
- Adoption of best reporting practices prescribed by ICAP / ICMAP and SAFA to make the Company's affairs more transparent and to give better inside of the Company's affairs, policies and strategies.

internal audit, ethics and compliance

ethical complaince and whistle blowing

EFERT has an Internal Audit function, manned with suitably qualified and experienced staff. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. Moreover, the Board Audit committee in coordination with the Board Peoples committee ensures that the performance review and compensation mechanisms of the Internal audit personnels are appropriate to maintain their independence from the Company's management.

The Head of Internal Audit functionally reports to the Audit Committee and has indirect reporting to the Head of Corporate Audit of the parent company i.e. Engro Corporation Limited. The Head of Internal audit only reports for administrative matters to the CEO of the Company.

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

The Company ensures appropriate focus on its business ethics policies through an inhouse Ethics and Compliance section, housed within its Internal Audit department that monitors compliance against all ethics related policies, interalia the following:

- Code of Conduct
- Fraud Risk Management
- Governance of Conflicts of Interest
- Statement of Ethics and Business Practices
- Whistleblower Policy – Speak Out!
- Governance of Transactions/Contracts with Related Parties

reporting critical concerns:

EFERT has a strong internal control system that encourages its employees, customers and suppliers to report any suspected misconduct, fraud and violation of law or ethical standards. There are a number of avenues to do so including the whistleblower complaint system called "Speak-Out", a transparent system that reviews all complaints and guarantees confidentiality and protection from any form of retribution. Apart from this, EFERT has an internal system of voluntary reporting called "Irregularity reporting" that allows employees to voluntary disclose actual or suspected non-compliance through the Irregularity Reporting system. Employees are encouraged to raise red flags and help strengthen the control environment.

Irregularity reports are shared with management and Board Audit Committee on a quarterly basis. Whistleblower complaints and results of their investigations are also reported to Board Audit Committee every quarter. There exists a process of periodic business practices review involving all Engro companies and employees to identify questionable business practices. All identified issues are reported directly to the Board Audit Committee and the Board of Directors. A total of 29 irregularities were reported in FY 2023 as against 20 irregularities in FY 2022.

Moreover, the parent company's Internal Audit (Corporate Audit) is conducts periodic joint audits of all group companies in line with annual approved risk-based audit plan which include review of Company's performance in terms of economic, environmental and social aspects, the appropriateness of its risk management plans in this respect and the ability of the Company to generate long term value creation. The results of such audit are reviewed by the respective company's Board of directors and the Parent company's Board of Directors.

whistleblower policy – "speak out!"

The Board of Directors of the Company have established a Whistleblower system which allows employees, suppliers, customers and contractors to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance. The Company also has specific procedures in place to increase awareness of the policy.

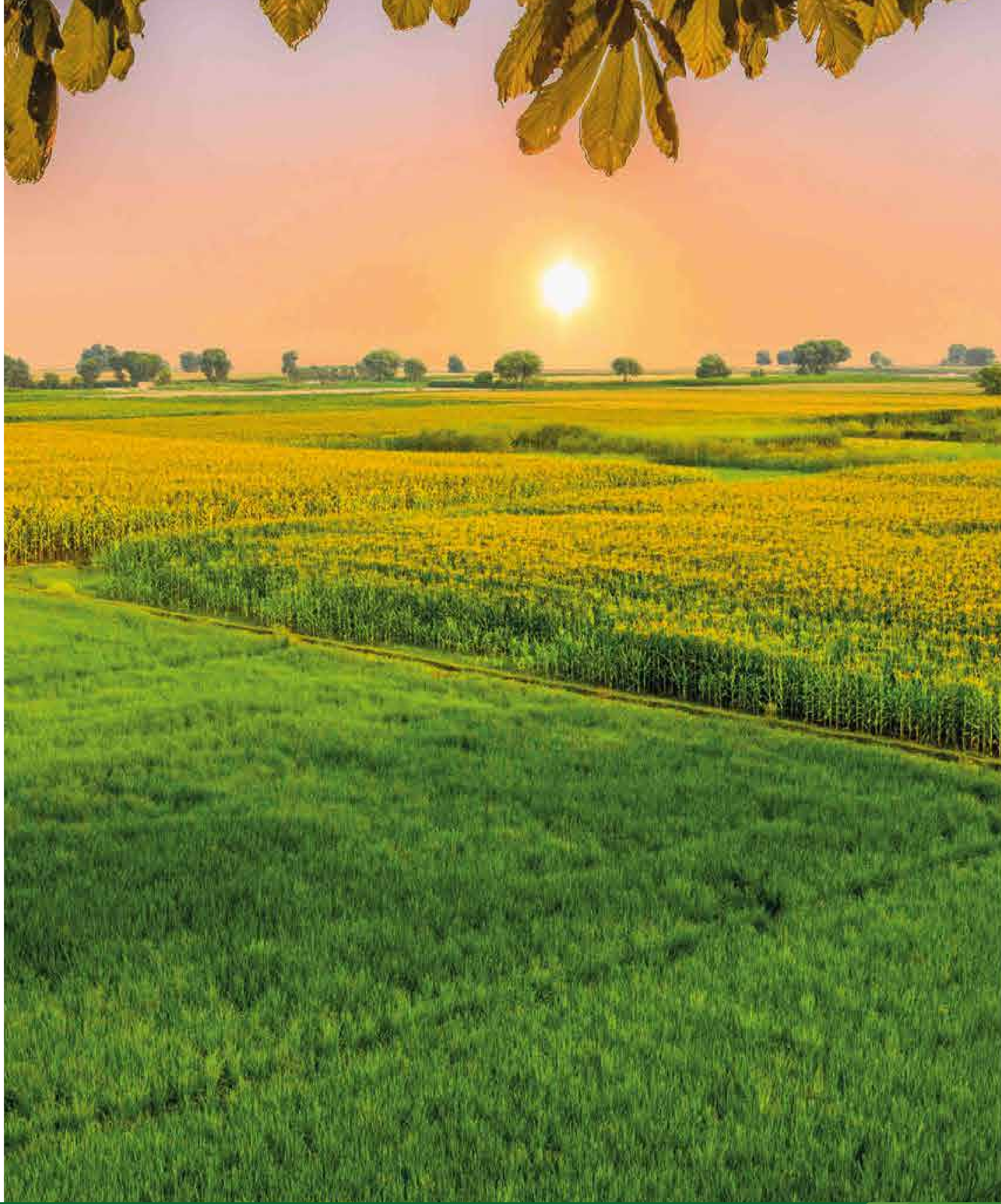
In order to further strengthen the Company's Ethics compliance program and promote adherence to sound business conduct, all employees, customers, suppliers and contractors are encouraged to report serious concerns that could have a significant impact on these organizations, such as actions that:

- are unlawful or may damage the reputation of the Corporation or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

As per the requirements of the policy, confidentiality of complainants is maintained to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith. Further, all concerns reported are investigated confidentially by the Corporate Audit Department (CAD) which are also presented on a quarterly basis to the Board Audit Committee (BAC).

Below is the number of whistleblowers reported during the year 2023:

- No. of whistle-blower complaints investigated and closed during the year: 28 compared to 22 in 2022.
- No. of whistle-blower complaints in progress: 28



reaping the good

performance review

chairman's review

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present Engro Fertilizers Limited's (EFERT / the Company) Annual Report, encapsulating its outstanding performance for the year ended 2023.

2023 was a challenging year for the global economy. The world grappled with heightened inflationary pressures, geostrategic tensions, uncertainty in energy prices, and disruptions in critical shipping routes.

In Pakistan, the already challenging business environment was exacerbated by diminishing foreign exchange reserves, a rapid devaluation of the Pakistani Rupee, historically high interest rates, an unprecedented surge in energy prices, and political uncertainty. Nevertheless, it is encouraging to note that policymakers have proactively taken steps to initiate economic reforms aimed at addressing longstanding issues. We appreciate the economic reforms and are cognizant about the short-term pain associated with these reforms. However, I urge policymakers to ensure that these reforms create a fair and level playing field for all stakeholders.

The global fertilizer market remained volatile in 2023 and farmers in several geographies remained concerned about uninterrupted supply of fertilizer. In contrast, the Pakistani fertilizer industry not only ensured steady supply to farmers but also provided fertilizers at a noteworthy discount compared to international prices. Illustratively, as of December 31, 2023, the price of imported urea per bag stood at Rs. 6,036, while the local fertilizer price was Rs. 3,596 per bag, translating into a substantial discount of 40%. I would also like to highlight that fertilizer industry collectively saved approximately $2 billion in foreign exchange by producing fertilizer locally. It is essential to emphasize that within the fertilizer sector, Engro Fertilizers faces a significant disadvantage, it is given gas at significantly higher prices than its peers, despite being one of the most efficient urea producers in the country. Until uniform gas prices are established for all fertilizer players, we will continue to witness varying urea prices, depriving farmers of consistent supply and optimal prices.

I commend our management team for their exceptional leadership during challenging times, resulting in safe operations, record urea production, increased sales of specialty fertilizer, and an improved cash conversion cycle. Despite facing challenges like the super tax and disadvantageous gas prices, the company posted a Profit After Tax (PAT) of $93 million in 2023 compared to $78 million in 2022.

The company's operational excellence has earned recognition from esteemed organizations, including the Management Association of Pakistan (MAP), Business Awards UK, ESG Awards 2023 by UNICEPTA, and the Royal Society for the Prevention of Accidents.

Looking forward, we remain optimistic about the agriculture landscape of Pakistan and are hopeful that with climate smart agriculture and adoption of best-in-class seeds and global technology, our yields will converge to regional and global average. This is all underpinned-on availability for nutrients and fertilizer, which will only thrive if we have a level playing field for all fertilizer manufacturers in the country. We are actively advocating for a uniform gas pricing mechanism, ensuring a level playing field for all manufacturers.

I extend my appreciation to the Board of Directors and its committees for their insightful guidance and encouragement. Gratitude is also extended to our investors, employees, and discerning customers for their steady support. This trust remains pivotal to our continued growth, securing Pakistan's food value chain for a sustainable and resilient future.

Ghias Khan
Chairman

چیئرمین کا جائزہ

محترم شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے اینگرو فرٹیلائزرز لمیٹڈ (''کمپنی'') کی 2023 کے لیے سالانہ رپورٹ شاندار کارکردگی کے ساتھ سمیٹتے ہوئے خوشی محسوس ہو رہی ہے۔

سال 2023 عالمی معیشت کے لیے ایک بہت ہی مشکل سال تھا جس میں دنیا مہنگائی کے بڑھتے ہوئے دباؤ، علاقائی تنازعات، توانائی کی قیمتوں میں غیر یقینی صورتحال اور اہم سمندری راستوں میں رکاوٹوں سے دوچار رہی۔

پاکستان میں، پہلے سے ہی مشکل کاروباری ماحول غیر ملکی زرمبادلہ کے ذخائر میں کمی، روپے کی شدید ناقدری، سود کی شرح میں تاریخی اضافے، توانائی کی قیمتوں میں ہوشربا اضافہ، اور سیاسی غیر یقینی کی وجہ سے مزید مشکل ہو گیا۔ اس کے باوجود، یہ نوٹ کرنا حوصلہ افزا ہے کہ پالیسی سازوں نے دیرینہ مسائل کو حل کرنے کے مقصد سے معاشی اصلاحات شروع کرنے کے لیے فعال طور پر اقدامات کئے ہیں۔ ہم معاشی اصلاحات کو سراہتے ہیں اور ان اصلاحات سے وابستہ قلیل مدتی مشکلات سے بخوبی واقف ہیں۔ تاہم، میں پالیسی سازوں پر زور دیتا ہوں کہ وہ اس بات کو یقینی بنائیں کہ یہ اصلاحات تمام اسٹیک ہولڈرز کے لیے ایک منصفانہ اور مساوی نظر سے انجام دیئے جائیں۔

2023 میں فرٹیلائزر کی عالمی مارکیٹ اتار چڑھاؤ کا شکار رہی اور متعدد ممالک میں کسان کھاد کی بلاتعطل فراہمی کے بارے میں فکرمند رہے۔ اس کے برعکس، پاکستانی فرٹیلائزر انڈسٹری نے نہ صرف کسانوں کو کھاد کی مستقل فراہمی کو یقینی بنایا بلکہ بین الاقوامی قیمتوں کے مقابلے میں قابل ستائش رعایت پر کھاد بھی فراہم کی۔ مثال کے طور پر، 31 دسمبر 2023 کو، درآمدی یوریا کی قیمت 6,036 روپے فی بوری تھی جبکہ مقامی کھاد کی قیمت 3,596 روپے فی بوری تھی نتیجتاً 40% کی زبردست رعایت حاصل ہوئی۔ میں اس بات کو بھی اجاگر کرنا چاہوں گا کہ فرٹیلائزر انڈسٹری نے مقامی طور پر کھاد پیدا کر کے مجموعی طور پر تقریباً 2 بلین ڈالر کا زرمبادلہ بچایا ہے۔ اس بات پر زور دینا ضروری ہے کہ کھاد کے شعبے میں، اینگرو فرٹیلائزرز کو ایک اہم نقصان کا سامنا ہے کہ ملک میں یوریا کے سب سے زیادہ اور موثر ترین فرٹیلائزر مینوفیکچررز میں سے ایک ہونے کے باوجود، دیگر فرٹیلائزرز سے کافی زیادہ قیمت پر گیس فراہم کی جاتی ہے۔ جب تک تمام مینوفیکچررز کے لیے گیس کی یکساں قیمت عائد نہیں ہو جاتی، ہم یوریا کی مختلف قیمتوں کا سامنا کرتے رہیں گے، کسانوں کو سپلائی میں خلل اور زیادہ قیمتوں کا سامنا ہوگا۔

بہرحال میں، مشکل وقت میں اپنی مینجمنٹ ٹیم کی غیر معمولی قیادت کی تعریف کرنا چاہوں گا، جس نے محفوظ آپریشنز، یوریا کی ریکارڈ پیداوار، اسپیشلٹی فرٹیلائزر کی فروخت میں اضافے اور ایک بہتر کیش کنورژن سائیکل کو یقینی بنایا۔ سپر ٹیکس اور گیس کی ناقص قیمتوں جیسے چیلنجز کا سامنا کرنے کے باوجود، کمپنی نے 2023 میں 93 ملین ڈالر کا بعد از ٹیکس منافع (PAT) حاصل کیا جو 2022 میں 78 ملین ڈالر تھا۔

کمپنی کی انتظامی مہارتوں کے اعزاز میں مینجمنٹ ایسوسی ایشن آف پاکستان (MAP)، بزنس ایوارڈز، برطانیہ UNICEPTA کی طرف سے ESG ایوارڈز 2023، اور حادثات کی روک تھام کے لیے رائل سوسائٹی کی جانب سے ایوارڈز سے نوازا گیا۔

مزید براں، ہم پاکستان کے زرعی منظرنامے کے بارے میں پر امید ہیں اور توقع رکھتے ہیں کہ موسمیاتی طور پر اسمارٹ ایگریکلچر، اعلیٰ معیاری بیج اور عالمی ٹیکنالوجی کو اپنانے کے ساتھ ساتھ بہترین زراعت کو اپنایا جائے گا تاکہ ہم پیداوار کی علاقائی اور عالمی اوسط شرح حاصل کرنے میں کامیاب ہوں۔ یہ سب غذائی اجزاء اور کھاد کی دستیابی پر منحصر ہے، جو صرف اس صورت میں ممکن ہے جب ہمارے پاس ملک میں تمام فرٹیلائزر مینوفیکچررز کو یکساں سہولیات حاصل ہوں۔ ہم گیس کی قیمتوں کے یکساں طریقہ کار پر زور دیتے ہیں کہ، تمام مینوفیکچررز کے لیے مساوی قیمتیں نافذ کی جائیں۔

میں بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کو ان کی غیر معمولی رہنمائی اور حوصلہ افزائی کے لیے خراج تحسین پیش کرتا ہوں۔ میں اپنے سرمایہ کاروں، ملازمین، اور معزز صارفین کا ان کی مستقل حمایت اور لگن کے لیے بھی شکریہ ادا کرتا ہوں۔ ان کا اعتماد ہماری مسلسل ترقی کے لیے اہم ہے، اور ہم پاکستان کے فوڈ ویلیو چین کو محفوظ بنا کر ایک پائیدار اور مستحکم مستقبل کے لیے پرعزم ہیں۔

غیاث خان،
چیئرمین

ceo's statement

I am pleased to present to you the Annual Report of Engro Fertilizers Limited (EFERT / the Company) for the year ended 2023.

2023 was characterized by global economic and political instability, presenting numerous challenging variables to navigate. It gives me immense pride to share that, in the midst of adversity, through unwavering commitment and collaboration of the management and its stakeholders, we navigated these hurdles and proudly upheld our 50+ year legacy, consistently generating value for both shareholders and the nation.

During the year, Pakistan faced a series of unprecedented challenges, as uncertain geopolitical circumstances and domestic political turbulence collectively hampered economic recovery overall. Significant PKR devaluation, a historically high policy rate, in conjunction with a persistent trade imbalance and dwindling foreign exchange reserves resulted in inflationary pressures. These factors collectively exacerbated the impact of pre-existing economic vulnerabilities, and as a result, Pakistan recorded its third lowest growth since inception.
Understanding its strategic importance to Pakistan's agrarian economy, EFERT facilitated the Agri value chain and stood with the nation and the Government of Pakistan (GoP) by continuing to provide urea at a significant discount from global urea prices. While doing so, EFERT enabled food security on a national level as the country navigated its recovery from social and economic losses incurred due to the floods of 2022.

In 2023, the domestic fertilizer market saw domestic urea demand unchanged at 6,639 KT vs 6,616 KT in 2022. Improved farm economics and availability of urea at discount to imported urea prices led to consistent offtake during the year. The industry also saw an increase in total production where total urea manufactured stood at 6,438 KT vs 6,328 KT last year, while the remainder of market demand was serviced by manufacturer's inventories. For Phosphates, the domestic DAP industry rallied to 1,557 KT vs 1,158 KT in 2022, registering 34% growth year-on-year. This is mainly attributable to improved agronomics and liquidity for farmers in the Rabi season.
At EFERT, safety is our utmost priority and deeply ingrained in our DNA. For the year, we recorded a very low total recordable incident rate (TRIR) of 0.03, while lower than planned outages resulted in overall efficiencies. This was indeed a heroic feat achieved by our teams, who were relentless in their commitment to safety in the face of challenging circumstances.

On the Production front, we achieved our highest ever Urea production, surpassing our site's nameplate capacity for the first time. EFERT's total urea production increased by 18.3% during the year and stood at 2,313 KT vs 1,955 KT in 2022. This remarkable feat was achieved primarily because of reduced outages at both plants and improved plant efficiencies.

Our Phosphates business delivered robust performance, achieving a notable 9.6% year-on-year increase in volumetric sales, reaching 365KT compared to the previous year's 333KT. This commendable volume growth was coupled with effective procurement and sales management strategies, enabling the Company to secure favorable margins on these sales.

Our Specialty Fertilizer Business registered an 83% revenue growth on the back of a staggering 47% increase in volumes year-on-year. Notably, Zabardast urea, a bioactive nutrient-fortified fertilizer, maintained its consistent growth trajectory throughout the year, demonstrating its proven effectiveness in enhancing crop yields.

By the grace of Allah, EFERT posted our best-ever financial performance where, sales revenue of PKR 223.7Bn demonstrated a 42.5% year-on-year growth in topline. Resultantly, EFERT posted its highest ever profit after tax of PKR 26.2Bn, translating to consolidated earnings per share of PKR 19.61. I would also like to report that a final dividend of PKR 8.0/share for the year ended December 31, 2023, has also been proposed for approval at the Annual General Meeting bringing the total dividend for 2023 to PKR 20.5/share.

EFERT is dedicated to supporting the communities in which it operates, where our Corporate Social Responsibility (CSR) programs are structured to maximize the effects of our investments. Notable community uplift initiatives include the inauguration of a new block at Sahara school and classroom expansions at Noor Hassan Shah Girls School. On the healthcare front, the Company continued to operate its Sahara clinics and dedicated snake bite, dog bite and limb facilities. The Company through Engro Foundation also initiated multiple nationwide tree planting campaigns. In biodiversity projects, we are engaged in our partnership with WWF Pakistan to conserve Indus River dolphins. Achievements from our Seed Purification & Chili Value Chain Improvement Project in partnership with USDA include provision of soil testing as well as training for 5000+ smallholder farmers and 500+ women on best crop management practices.

Throughout the year, EFERT maintained a collaborative relationship with the Government of Pakistan (GoP), actively engaging in discussions regarding essential gas reforms within the fertilizer sector. These reforms are crucial for guaranteeing national food security by fostering sustainable growth within the industry. It is also equally essential to recognize the collective efforts of the GoP in addressing the structural weaknesses of our economy – particularly the role of SIFC, who is working to tap Pakistan's full agricultural potential through adoption of global best practices.

During 2023, EFERT maintained its unwavering commitment to excellence, and I am delighted to report that our dedication has been acknowledged on numerous international and local platforms. This recognition manifests in the prestigious awards the Company received across a diverse spectrum of critical areas, including safety, manufacturing excellence, corporate governance, financial performance, environmental stewardship, gender diversity, and social inclusion.

As we embark on the next chapter of our journey, it is crucial to acknowledge the complex macroeconomic landscape before us. Pakistan faces a delicate balancing act: fostering economic growth while maintaining fiscal prudence. Soaring inflation and a mounting public debt pose significant hurdles to investment, further exacerbated by the uncertainties inherent in our political climate. However, we should not be daunted by these challenges. Instead, we must strengthen our resolve and chart a course toward sustainable and inclusive growth. Investing in human capital, addressing food security, and cultivating a competitive business environment will be pivotal in our success.

I would like to share my recognition of our employees and valued business partners who have been instrumental in navigating the various challenges we have faced. The accolades above serve as a testament to the collective effort, collaboration, and unwavering commitment of their ownership. Their commitment to excellence is the cornerstone for the Company's historic performance and has set precedents for future success, inspiring continued innovation, and dedication across the organization.

I am incredibly grateful to our Chairman and the Board of Directors for their legacy of achievements, resolute support, and sage guidance. The unparalleled strategic vision and insightful counsel of the Board have demonstrably contributed to the establishment of an unsurpassed standard of excellence. I am deeply appreciative of their continued trust and confidence in our leadership and operations. This, in turn, has solidified our long-term competitive advantage, propelling us forward to building an even stronger organization. As we look ahead, our dedication remains steadfast, ready to confront future challenges and capitalize on opportunities in line with our mission and vision and deliver on our promise of growth.

Ahsan Zafar Syed
Chief Executive Officer

چیف ایگزیکٹو آفیسر کا بیان

مجھے اینگرو فرٹیلائزرز لمیٹڈ (کمپنی) کی 2023 کو ختم ہونے والی سالانہ رپورٹ آپ کو پیش کرتے ہوئے خوشی ہو رہی ہے۔

2023 عالمی معیشت کی سست روی اور سیاسی عدم استحکام کے ساتھ متعدد چیلنجز کا سال رہا۔ یہ بتاتے ہوئے مجھے بے حد فخر محسوس ہوتا ہے کہ ان مشکلات کے باوجود، انتظامیہ اور اسٹیک ہولڈرز عزم اور تعاون کی بدولت ان رکاوٹوں کو دور کیا اور اپنی 50 سال سے زائد کی میراث کا برقرار رکھتے ہوئے، اپنے شیئر ہولڈرز اور قوم کی قدر میں اضافے کا تسلسل جاری رکھا۔

سال کے دوران، پاکستان کو بے مثال چیلنجز کا سامنا کرنا پڑا کیونکہ علاقائی وسیاسی حالات کی غیر یقینی اور سیاسی انتشار نے مجموعی طور پر اقتصادی بحالی میں رکاوٹ ڈالی۔ روپے کی ناقدری، پالیسی ریٹ میں تاریخی اضافے، تجارتی عدم توازن کے تسلسل اور گرتے ہوئے زر مبادلہ کے ذخائر، افراط زر کے دباؤ جیسے عوامل نے مجموعی طور پر پہلے سے موجود اقتصادی کمزوریوں کے اثرات کو بڑھادیا، اور نتیجے میں پاکستان نے اپنے قیام کے بعد سے تیسری سب سے کم شرح نمو ریکارڈ کی۔

اینگرو فرٹیلائزرز، پاکستان کی زرعی معیشت کے لیے اپنی اہمیت کو سمجھتے ہوئے، ایگری ویلیو چین میں سہولت اور یوریا کی عالمی قیمتوں سے نمایاں رعایت پر یوریا کی فراہمی جاری رکھ کر قوم اور حکومت پاکستان (GoP) کے ساتھ کھڑا ہے۔ اس طرح، اینگرو فرٹیلائزرز نے قومی سطح پر غذائی تحفظ کو یقینی بنایا کیونکہ 2022 کے سیلاب کی وجہ سے ملک میں ہونے والے سماجی اور اقتصادی نقصانات سے بحالی کا سفر شروع کرنا ناگزیر ہے۔

2023 میں، یوریا کی مقامی مارکیٹوں میں ملکی یوریا کی مانگ 6,639KT رہی جو 2022 میں 6,616KT کے ساتھ تقریباً مساوی رہی۔ بہتر زرعی معاشیات اور درآمدی یوریا کی رعایتی قیمت پر دستیابی کو سال بھر کے دوران کا تسلسل جاری رکھا۔ مینوفیکچرنگ پچھلے سال 6,328KT کے مقابلے میں 6,438KT رہی، جبکہ مارکیٹ کی بقیہ ڈیمانڈ مینوفیکچررز کی انوینٹریز کے ذریعے پوری کی گئی۔ فاسفیٹ کے حوالے سے، DAP کی مقامی صنعت 2022 میں 1,158KT کے مقابلے میں 2023 میں 1,557KT تک پہنچ گئی، جس میں سال کے اعتبار سے 34% اضافہ ہوا۔ جسکی وجہ بنیادی طور پر ربیع کے موسم میں کسانوں کے لیے بہتر زرعی سائنس اور لیکویڈیٹی کی دستیابی ہے۔

اینگرو فرٹیلائزرز میں، حفاظت کو یقینی بنانا ہماری اولین ترجیح ور ہمارے DNA میں شامل ہے۔ سال کے دوران، ہم نے 0.03 ٹوٹل ریکارڈ ایبل انسیڈنٹ ریٹ (TRIR) کی شرح حاصل کی، جبکہ طے شدہ بندش سے بھی کم بندش کے نتیجے میں مجموعی کارکردگی میں اضافہ ہوا۔ یہ واقعی ہماری ٹیموں کا حاصل کردہ شاندار کارنامہ تھا، جو مشکل حالات میں تحفظ کے ہمارے عزم میں انتھک محنت کرتے رہے۔

پیداواری لحاظ سے، ہم نے اپنی اب تک کی سب سے زیادہ یوریا کی پیداوار حاصل کی، پہلی بار اپنی سائٹ کی تحریری (نیم پلیٹ) صلاحیت کو پیچھے چھوڑ دیا۔ سال کے دوران اینگرو فرٹیلائزرز کی کل یوریا کی پیداوار میں 18.3 فیصد کا اضافہ ہوا اور 2022 میں 1,955KT کے مقابلے 2023 میں 2,313KT رہا۔ یہ بے مثال کارنامہ بنیادی طور پر دونوں پلانٹس پر کم بندش اور پلانٹ کی بہتر کارکردگی کی وجہ سے حاصل کیا گیا۔

ہمارے فاسفیٹ کے کاروبار نے گزشتہ سال کے 333KT کے مقابلے میں 365KT تک پہنچنے والی سیلز مقدار کے ساتھ سال کے اعتبار سے 9.6% نمایاں اضافہ حاصل کرتے ہوئے مضبوط کارکردگی پیش کی۔ حجم میں قابل ستائش اضافہ کو موثر پروکیورمنٹ اور سیلز مینجمنٹ کی منصوبہ بندیوں کے ساتھ جوڑا جاسکتا ہے۔ جسکی وجہ سے کمپنی کو فروخت پر شرح منافع حاصل ہوا۔

ہمارے اسپیشلٹی فرٹیلائزر بزنس نے سال کے اعتبار سے حجم میں حیران کن طور پر 47% اضافے کی وجہ سے آمدنی میں 83% اضافہ حاصل کیا۔ قابل ذکر بات یہ ہے کہ، زبردست یوریا، جو ایک بایو ایکٹیو غذائیت سے بھرپور کھاد ہے، اس نے سال بھر اپنی ترقی کی رفتار کو برقرار رکھا، یہ کھاد فصلوں کی پیداوار کو بڑھانے میں ثابت شدہ نتائج رکھتی ہے۔

اللہ کے فضل وکرم سے، اینگرو فرٹیلائزرز نے اپنی اب تک کی بہترین مالی کارکردگی کے ساتھ 223.7 ارب روپے کی سیلز آمدنی کمائی۔ اس سے ٹاپ لائن میں سال کے اعتبار سے 42.5% ترقی ظاہر ہوتی ہے۔ نتیجتاً، اینگرو فرٹیلائزرز نے 26.2 ارب روپے پر مشتمل اپنا اب تک کا سب سے زیادہ بعد از ٹیکس منافع حاصل کیا، اس بنیاد پر 19.61 فی حصص کی مجموعی آمدنی بنتی ہے۔ میں یہ بھی بتانا چاہوں گا کہ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 8.0 روپے فی حصص کا حتمی منافع منقسمہ سالانہ اجلاس عام میں منظوری کے لیے تجویز کیا گیا، اس طرح 2023 کے لیے کل ڈیویڈنڈ 20.5 فی شیئر بنتا ہے۔

اینگرو فرٹیلائزرز ان آبادیوں کی مدد کے لیے پر عزم ہے جہاں ہم مصروف عمل ہیں، جہاں ہمارے کارپوریٹ سماجی ذمہ داری (CSR) پروگراموں کو ہماری سرمایہ کاری کے ذریعے زیادہ سے زیادہ کرنے کے لیے تشکیل دیا گیا ہے۔ کمیونٹی کی بہتری کے قابل ستائش اقدامات میں سہارا اسکول میں ایک نئے بلاک کا افتتاح اور نور حسن شاہ گرلز اسکول میں کلاس روم کی توسیع شامل ہے۔ صحت کی دیکھ بھال کے محاذ پر، کمپنی نے اپنے سہارا کلینکس کا انتظام جاری رکھا اور یہاں پر سانپ کے کاٹنے، کتے کے کاٹنے اور اعضاء کی فراہمی جیسی مفت سہولیات فراہم کی گئیں۔ اینگرو فاؤنڈیشن کے ذریعے کمپنی نے درخت لگانے کی متعدد ملک مہمات بھی شروع کیں۔ حیاتیاتی تنوع کے منصوبوں میں، ہم دریائے سندھ میں ڈولفن کے تحفظ کے لیے WWF پاکستان کے ساتھ اپنی شراکت داری میں مصروف ہیں۔ USDA کے ساتھ شراکت میں ہمارے سیڈ پیوریفیکیشن اور چلی ویلیو چین امپرومنٹ پروجیکٹ کامیابیوں سے ہمکنار ہوئے، اس میں مٹی کی جانچ کی فراہمی کے ساتھ ساتھ 5000 سے زائد چھوٹے کسانوں اور 500 سے زائد خواتین کو فصل کے انتظام کے بہترین طریقوں پر تربیت بھی شامل ہے۔

پورے سال کے دوران، اینگرو فرٹیلائزرز نے حکومت پاکستان (GoP) کے ساتھ دوطرفہ شراکت پر مبنی تعلقات کو برقرار رکھا، اسی ضمن میں ہم، کھاد کے شعبے میں ضروری گیس اصلاحات کے حوالے سے تبادلہ خیال میں فعال طور پر شامل رہے۔ یہ اصلاحات صنعت کے اندر پائیدار ترقی کو فروغ دے کر نیشنل فوڈ سیکورٹی کی ضمانت دینے کے لیے اہم ہیں۔ ہماری معیشت کی ساختی کمزوریوں کو دور کرنے کے لیے حکومت پاکستان کی اجتماعی کوششوں کو تسلیم کرنا بھی اتنا ہی ضروری ہے، اس ضمن میں SIFC کا کردار بھی قابل ستائش ہے جو عالمی بہترین طریقوں کو اپناتے ہوئے پاکستان کی مکمل زرعی صلاحیت کو بروئے کار لانے کے لیے کام کر رہا ہے۔

2023 کے دوران، اینگرو فرٹیلائزرز نے برتری قائم رکھنے کے اپنے غیر متزلزل عزم کو برقرار رکھا، اور مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ متعدد بین الاقوامی اور مقامی پلیٹ فارمز پر ہماری لگن کا اعتراف کیا گیا ہے۔ یہ ستائش ان ممتاز ایوارڈز سے ظاہر ہوتی ہے جو کمپنی کو حفاظت، مینوفیکچرنگ ایکسیلنس، کارپوریٹ گورننس، مالیاتی کارکردگی، ماحولیاتی ذمہ داری، صنفی تنوع، اور سماجی شمولیت جیسے اہم شعبوں میں حاصل ہوئے ہیں۔

جب ہم اپنے سفر کے اگلے مرحلے کو سوچتے ہیں تو ہمارے سامنے پیچیدہ میکرو اکنامک منظر نامے کو تسلیم کرنا بہت ضروری ہے۔ پاکستان کو ایک نازک صورتحال یعنی مالیاتی احتیاط کے ساتھ معاشی ترقی کرنے جیسی مشکل کا سامنا ہے۔ مہنگائی کا دباؤ اور بڑھتے ہوئے حکومتی قرضہ جات سرمایہ کاری کے لیے اہم رکاوٹیں ہیں، جو ہمارے سیاسی ماحول میں موجود غیر یقینی صورتحال سے مزید بڑھ گئے ہیں۔ تاہم، ہمیں ان چیلنجوں سے گھبرانے کے بجائے، اپنے عزم کو مضبوط کرنا چاہئے اور پائیدار اور جامع ترقی کی سمت کو اپنانا چاہئے۔ افراد پر سرمایہ کاری، فوڈ سیکورٹی پر توجہ اور مسابقتی کاروباری ماحول کو فروغ دینا ہماری کامیابی میں اہم ہوگا۔

میں اپنے ملازمین اور قابل قدر کاروباری شراکت داروں کے تعاون کا شکریہ ادا کرنا چاہوں گا جنہوں نے ہمیں درپیش مختلف چیلنجز سے نبرد آزما ہونے میں اہم کردار ادا کیا ہے۔ مذکورہ بالا بڑے بڑے ایوارڈز اجتماعی کوشش، تعاون اور لگن کا ثبوت ہیں۔ بہترین کارکردگی میں ان کا کردار کمپنی کی تاریخی کارکردگی کا سنگ بنیاد ہے اور اس سے مستقبل کی کامیابی، جدت کے تسلسل اور پورے ادارے میں لگن کی مثالیں قائم ہوئی ہیں۔

میں اپنے چیئرمین اور بورڈ آف ڈائریکٹرز کا ان کی کامیابیوں کی میراث، پرعزم تعاون، اور بزرگ رہنمائی کے لیے تہہ دل سے شکر گزار ہوں۔ بورڈ کے بے مثال بزنس وژن اور بصیرت سے بھرپور تجاویز نے ایک بے مثال معیار کے قیام میں اہم کردار ادا کیا ہے۔ میں، ہماری قیادت اور آپریشنز پر ان کے مسلسل اعتماد اور بھروسہ کا دل کی گہرائیوں سے معترف ہوں۔ آئندہ کے پیش نظر، مستقبل کے چیلنجوں کا مقابلہ کرنے کے لیے ہماری لگن ثابت قدم ہے اور ہم اپنے مشن اور وژن کے مطابق مواقع سے فائدہ اٹھانے اور ترقی کے اپنے وعدے کو پورا کرنے کے لیے تیار ہیں۔

احسن ظفر سید

چیف ایگزیکٹو آفیسر

directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited (EFERT / the Company), we are pleased to submit the Directors' Report and the audited consolidated and standalone financial statements of the Company for the year ended December 31, 2023.

safety

EFERT is relentlessly committed to safety, prioritizing it more than anything else. We continuously refine our focus and safety protocols, fostering a culture of awareness and vigilance. Alhamdulillah, our dedication to safety is reaping rewards and we are proud to report a remarkable TRIR rate of 0.03 across our facilities, with zero loss workday injuries registered at our manufacturing facilities.

macro-economic review

Economic turbulence remained the main theme for 2023 with several economic wild cards to contend with. Uncertain geo-political conditions, elevated commodity prices and political turbulence cast a shadow on the domestic economy. This compounded by existing structural weaknesses, a trade imbalance and dwindling foreign exchange reserves amplified the impact of successive domestic and global supply shocks. Inflationary pressures in tandem with a widening fiscal gap dampened GDP growth and recovery efforts.

During FY 2023 (July'22 – June'23) Pakistan's real GDP growth decelerated considerably to 0.3% vs 6% during the last two years. This was the third lowest growth recorded in the history of Pakistan. Owing to elevated food and energy import reliance, coupled with a lack of export performance, Pakistan's liquid foreign reserves nosedived to USD 8.2Bn at the end of January 2023 – signaling limited import cover. However, on the back of import restrictions and policy adjustments, the reserves climbed back to USD 12.7Bn at the end of 2023.

The Rupee stood at PKR 226:1 USD at the start of 2023. However, external debt repayments, declining exports proceeds/remittances and delays in the approval of IMF's Standby Agreement (SBA) pushed PKR to its historically weakest at PKR 307: 1 USD by September 2023. The rupee strengthened gradually through mid-October on the back of improved inflows in the FX market and was at PKR 282: 1 USD by December 2023.

As per Pakistan Bureau of Statistics (PBS), headline inflation recorded at 27.6% in January 2023 (month on month) and was at its peak in May (38.0%). As the risks to macroeconomic stability grew, so did the policy rate with the State Bank of Pakistan (SBP) increasing its rate by 6.75% during 2023 to an all-time high of 22%, putting further pressure on corporate borrowing costs.

The final quarter of 2023 saw relative stabilization on the back of effective policy measures and resilience shown by the local market.

agriculture review

Despite significant challenges, the Pakistani agricultural sector grew by ~ 2% in FY 2023. The agricultural community demonstrated remarkable resilience as our communities worked collectively to ensure improved yields in the Rabi season, which helped offset damage to important crops earlier in the Kharif season.

Better economic returns on the back of stronger support prices and improved areas under cultivation led to higher earnings for farmers, who were able to reinvest this into timely application of inputs to boost agricultural output overall. Government of Pakistan's (GoP) efforts to promote agriculture and corporate farming practices is expected to tap Pakistan's potential to be food secure, boost demand for agricultural inputs and improve economic output going forward. This is expected to complement the efforts of Special Investment Facilitation Council (SIFC), whose focus to modernize agricultural practices through corporate farming, use of high-yielding varieties and integrating Agri-tech solutions is a step in the right direction for Pakistan's agrarian economy.

market review

Global fertilizer market faced significant headwinds in 2023, leading to fluctuating prices and uncertainty for farmers. Global urea prices peaked in January 2023 standing at USD 402/ton (landed equivalent PKR 6,705/bag) and declined during the first half of the year to their lowest at USD 298/ ton by June. Urea prices remained rangebound between USD 300/ton – USD 400/ton for the remainder of the year and declined by 25% vs start of the year to USD 301/ton (landed equivalent PKR 5,715/bag) in December 2023.

For DAP, 2023 was a year of two halves. At the start of the year, DAP prices stood at USD 730/ton and then started declining to reach USD 480/ton. However, DAP prices began to rally in the second half and reached USD 625/ton by year end due to limited stock availability and increasing crop prices globally. Conversely, local prices did not fall in tandem as PKR devaluation during the year helped off-set international price correction.

We take pride in being a part of an industry that consistently delivers essential components to service Pakistan's agricultural value chain. In the wake of a challenging macro-economic environment, the local fertilizer industry has ensured that farmers continue to benefit from lower domestic urea prices. MRP of urea stood at PKR 3,596/bag at year end, at a discount of ~40% to international prices. The presence of a domestic urea manufacturing industry enabled import substitution to the tune of USD 2.3Bn.

Continuing the momentum built over the preceding year, domestic urea demand remained unhinged at 6,639 KT vs 6,616 KT in 2022, showing consistency in offtake compared to last year. The stability in market demand can be attributed to favorable farm economics and availability of urea at discount to import parity during the year. Market demand was fulfilled by higher domestic urea production of 6,438 KT vs 6,328 KT last year with the remainder of market demand serviced by manufacturer's reserves / inventory.

On the Phosphates front, the domestic DAP industry rallied to 1,557 KT vs 1,158 KT in 2022, registering 34% growth year-on-year. This is mainly attributable to improved agronomics and recovery in the Rabi season vs last year where farmers faced significant liquidity crunch due to massive flooding.

segment analysis

Urea
The Company's urea production increased by 18.3% during the year and stood at 2,313 KT vs 1,955 KT in 2022, mainly because of reduced outages at both plants and improved plant efficiencies. Consequently, our urea sales also improved by 20.3% to reach 2,327 KT as compared to 1,935 KT in 2022. As a result, our market share increased to 35% for the year as compared to 29% in 2022.

Due to rising cost of production, significant revision in gas prices and imposition of Federal Excise Duty (FED), EFERT took multiple price increases during the year to maintain the expectation of its shareholders and ensure upcoming capital expenditure requirements of the plants.

Phosphates (DAP / Zorawar / NP)
The Phosphates business managed volumetric sales of 365KT compared to last year's sales of 333 KT. The increase in sales is attributable to an improved industry. The Company also managed to earn good margins on these sales through efficient procurement and effective sales management.

Specialty Fertilizer Business (SFB)
Our Specialty Fertilizer Business registered an 83% revenue growth on the back of a staggering 47% increase in volumes year-on-year. Zabardast urea, which is a bioactive nutrient fortified fertilizer, continues to grow during the year with its proven impact on yield enhancement. The potash-based products and micro-nutrients remained stable owing to international price stability.

Crop Sciences Division (CSD)
The Company re-evaluated its long-term strategy and decided to close its Pesticide and Seeds business. The closure of the business was successfully executed in 2023.

E-Logistics
The Company's logistics business continues to maintain its focus on improving safety standards and bringing operational efficiencies. As part of the long-term strategy for this business segment, the Company decided to exit this business and is in the process of divestment of its assets.

Other Key Developments
Based on fiscal challenges, the government imposed further 6% Super-tax through the Finance Act 2023. In accordance with the Finance Act, 2023 10% super tax instead of 4% has been levied for TY 2023 and onwards. Resultantly, super tax charge for the prior year amounting to PKR 2,888 Mn was recorded inclusive of deferred tax. Considering 10% super tax was applied retrospectively in nature, therefore EFERT along with the Engro Group Companies and other industry players challenged the retrospective imposition of Super Tax before the Islamabad High Court (IHC).

EFERT does not however have any recourse to the imposition of additional 6% on TY 2024 and onwards, and as a result it has recognized an additional super tax charge of PKR 3,016 Mn and the same has been paid along with advance taxes during the year.

An additional development for the fertilizer sector during the year was the imposition of FED on all fertilizers vide Finance Act, 2023 from July 1, 2023. Consequently, 5% FED on fertilizers has been added to the pricing and hence input FED levied on gas, imports and other purchases by the Company is now claimable.

Furthermore, through Finance Act 2023, Sales Tax was imposed on DAP exclusively. Resultantly, 5% GST in addition to 5% FED has been added to the pricing, whilst GST inputs against DAP are now claimable. Accordingly, EFERT has started levying sales tax on its DAP invoices from July 1, 2023.

On suits filed for GIDC and end of concessionary gas period, the stay orders are in place. In 2022, the Government of Pakistan filed a response setting out their stance in the suit filed for GIDC on concessionary gas. The Company drafted a rejoinder to the stance submitted by the Government and has submitted the same before the Sindh High Court in due course.

financial review

During the year, the Company managed to deliver sales revenue of PKR 223.7Bn showing an increase of 42.5%, compared to sales revenue of PKR 157.0Bn in 2022. This improvement can be attributed to higher volumes recorded across all businesses as well as the rise in imported DAP prices.

The Company posted a gross profit of PKR 72.3Bn for the year which translates into a gross margin of 32%, compared to 27% in 2022. The increase in gross margin reflects efficiency brought forward through cost optimization and the increased production from the long-term reliability projects executed during 2022.

Financial charges of the Company reduced by 27% to reach PKR 1.9Bn from PKR 2.6Bn in 2022. Despite significant interest rate hikes during the period, the management was able to keep the finance cost under control through improved working capital cycles and ensuring efficient deployment of funds. The Company's tax expense for 2023 stood at PKR 23.5Bn compared to PKR 10.6Bn in 2023. Our tax expenses have increased due to imposition of super tax on the Company with an effective tax rate of ~47% for the year.

On a consolidated basis, the Company posted a profit after tax of PKR 26.2Bn showing an increase of 64% compared to profit after tax of PKR 16.0Bn in 2022. As a result, consolidated earnings per share rose to PKR 19.61/share compared to PKR 11.98/share in 2022. On a standalone basis the Company's profit after tax stood at PKR 25.7Bn, compared to PKR 15.4Bn in 2022, registering an increase of 67% year-on-year.

profit appropriation and reserve transfer

At the start of the year, the total reserves of the Company stood at PKR 31.7Bn out of which the Board announced a dividend of PKR 6.7Bn. During the year, the Company made a net profit of PKR 26.2Bn and announced 3 interim dividends of PKR 12.5/share in total. The total reserves as at end of 2023 stood at PKR 34.549 Bn, and the detailed reconciliation is given in the Dividend and Appropriations table below.

Dividends and Appropriation*	PKR Million
Opening reserves	**31,700**
Final dividend 2022: PKR 5.0 per share	(6,676)
Net profit 2023	26,191
Other Comprehensive Income	26
Available for appropriation	**51,241**
Appropriations	
1st Interim 2023: PKR 3.5 per share	(4,674)
2nd Interim 2023: PKR 3.0 per share	(4,006)
3rd Interim 2023: PKR 6.0 per share	(8,012)
Closing Reserves	**34,549**

** Numbers have been rounded up to the nearest Million.*

dividends and subsequent events

The Board is pleased to propose a final dividend of PKR 8.00/share, in addition to interim dividends of PKR 12.5/share that have already been paid out, for the approval of shareholders in the Annual General Meeting to be held on March 26, 2024.

There were no other material changes affecting the financial position of the Company till the date of issue of this report.

capital structure and long-term debt management

In 2023, the Company continued to concentrate its efforts on managing the rising costs of financing through better capital management. Long term borrowings at year end 2023 stood at PKR 6 Bn compared to PKR 12.7Bn in 2022. All debt repayments maturing this year were paid by their due dates and there have been no defaults in repayment of any debt during the year. Total equity as of December 31, 2023, stood at PKR 47.9Bn, compared to PKR 45.1Bn in 2022. During the year, PACRA maintained EFERT's long-term credit rating of AA and short-term credit rating of A1+.

auditor's report on the financial statements

Our Auditors have reviewed our business processes, strategic financial actions and expenditure incurred during the year and we are pleased to share that they have issued an unmodified opinion on the Company's Standalone and Consolidated Financial Statements for the year ended December 31, 2023.

future prospects and market outlook

To address the decline in gas pressure at Mari Petroleum Company Limited's (MPCL) Habib Rahi Limestone (HRL) Reservoir, EFERT and other fertilizer manufacturers have entered into an agreement with MPCL to invest in the establishment of Pressure Enhancement Facilities (PEF) at MPCL's delivery node. The project is expected to have a significant capital outlay and will ensure sustained gas supplies from HRL reservoir to fertilizer manufacturers (at required pressure levels).

Stabilizing supply lines and an easing of the commodity super cycle has allowed urea prices to come down from their historical highs and suggest they will remain within the current range for the upcoming year. DAP prices are also expected to edge lower on the back of improved acceptability of current prices and demand recovery for the upcoming season. Resolution of the ongoing geopolitical conflicts, progress on new production facilities and changes in Chinese export policies will all be key determinants of future price movements.

For 2024 the cropping pattern in Pakistan is expected to shift towards wheat and sugarcane with the reduction in areas expected for Maize, Cotton and Rice owing to reduced margins. The point of concern however for the Rabi 2023 (ongoing cropping season) is the reduction of rainfall in the country and delayed snowfall in the north that may lead to lower water availability. This is one critical factor that may affect the cropping outlook for the next year.

In 2024, Urea consumption will remain firm on the back of better areas under cultivation as well as proper application due to Crop prices positively impacting farmer liquidity. Demand supply vectors propping up Urea demand are expected to persist, with fixed supplies and moderate Government imports. The demand for Phosphates is expected to improve from existing levels on the back of better price acceptance, farmer sentiment and economics, while prices are expected to remain at the higher end but rangebound excluding any impact of supply shocks. Recovery to pre-2021 levels (2Mn Ton+ levels) will take some time requiring PKR appreciation or massive Input price corrections, both of which are not on the horizon.

We are confident that despite all the challenges currently being faced by the country, Pakistan's agricultural sector will remain resilient, due to government support, better farm economics, and the sale of urea at significantly lower prices compared to global prices.

The success of the journey towards lasting economic recovery will be contingent on Pakistan's ability to address fundamental structural weaknesses, manage external imbalances, and implement bold yet prudent policies in the face of an uncertain global environment. Going forward, we expect our existing challenges of inflation and a shortage of foreign reserves to persist. EFERT continues to stand hand in hand with the GoP and is committed to achieving a prosperous, inclusive, resilient, and sustainable Pakistan, while ensuring its contribution to food security in the region.

awards & recognition

During 2023, the Company continued its legacy of excellence across all dimensions and our efforts were recognized on several local and international forums. Below are some of the major awards won by EFERT during 2023:

HSE awards & recognition

- Daharki manufacturing plant won the Gold Award for exceptional performance in HSE by The Royal Society for the Prevention of Accidents (RoSPA).
- EFERT emerged victorious in the Environmental Health & Safety Award category presented by Business Awards UK, while securing the runner-up position in the Safety Culture Excellence Award.
- EFERT was honored with the "1st Position" in the 17th Best Practices Awards in Occupational Safety, Health & Environment by the Employer Federation of Pakistan.
- EFERT was also given "Fleet Safety Gold Award" to E-logistics division by RoSPA for outstanding HSE practices and performance in a calendar year.
- EFERT has been awarded runner up position at EHS Daily Advisor US - Safety Standout Award for best overall safety program and culture.
- EFERT also secured a finalist position in ESG Awards organized by UNICEPTA for the best ESG Campaign or case study to promote and encourage climate action efforts in a calendar year.

HR awards

- EFERT also secured 3rd position for Employer of Choice at the Gender Diversity Awards by Pakistan Business Council (PBC) and International Finance Corporation (IFC).
- EFERT won the Most Preferred Employer in the Manufacturing Sector at the Best Place to Work Pakistan Awards 2023.

general management and finance

- EFERT 2022 Annual Report was shortlisted for Best Corporate Report 2022 in the Chemical & Fertilizer sector by ICAP and ICMA.
- EFERT was Ranked 4th among the PSX Top 25 Companies Award 2022.
- EFERT won the Amir S Chinoy Corporate Excellence Award at Management Association of Pakistan's 38th Corporate Excellence Awards.

improving customer service

EFERT flagship mobile and web enabled application, Engro Humsafar, was launched in September 2020. This is a B2B digital platform for fertilizer dealers, that allows them to transact with EFERT round the clock. Till date, the Company has booked sales of PKR 500Bn via Engro Humsafar. This is a testament to the Company's commitment to digitization and the Company's efforts to simplify the order to cash cycle. The Company continues to improve the customer experience of the app through introduction of new features and increasing the banking partners.

health, safety & environment

HSE has always been a fundamental core value at EFERT, and the company is dedicated to continuously enhancing safety awareness and protocols to uphold its best-in-class status. The efforts and commitment shown by the company staff and management in maintaining ambitious standards of safety, health and environment are visible through its strong track record. Our world class HSE programs ensure that all stakeholders engaged with the company remain safe & well versed with HSE systems, practices & policies. Through comprehensive training, the provision of the best tools and gadgets, proactive hazard identification, and the implementation of mitigative measures, we strive to achieve and sustain world-class safety statistics.

Our safety performance for the year 2023 is reflected by the below statistics.

Our HSE Performance	2023
Total Recordable Injury Rate (TRIR)	0.03
Recordable Injuries (RWC / MTC)	2
Loss Workday Injury (LWI)	Nil

cultivating hse-first mindset

- The EFERT HSE management system underwent digital transformation with the adoption of the state-of-the-art Velocity EHS platform. This has significantly enhanced effectiveness and productivity by enabling efficient tracking, record-keeping, stewardship, and real-time data analysis.
- Throughout the year, targeted HSE campaigns were conducted to collectively improve behavioral and inherent safety at the site. These efforts have positively impacted operational discipline by empowering individuals to lead various HSE initiatives. Through these programs, we aspire to transform the mindsets and behaviors of our employees, both on a personal and professional level.
- 21 days forced outage at Amm-2 plant was completed without any injury owing to the enhanced focus and commitment of the team towards safe execution of all jobs.
- Zarkhez plant has once again accomplished a "ZERO" Total Recordable Incident Rate (TRIR) in a calendar year for the fourth consecutive year. This accomplishment reflects a robust HSE culture and unwavering adherence to HSE policies and principles.

process safety improvements

- Risk Based HSE Excellence Program:

  - The transition from a compliance-based HSE program to a Risk-Based Approach (RBA) represents a significant step towards achieving HSE excellence. This approach adopts a more focused lens to review inherent HSE risks, with the primary aim of enhancing the management of top HSE risks, specifically Major Accident Hazard Scenarios (MAHs).

- In 2023, the Risk-Based Assessment phase-2 was successfully completed at the EFERT manufacturing plants in Daharki and Zarkhez. This involved a comprehensive analysis of all Major Accident Hazard scenarios (MAHs) on-site, utilizing advanced Hazard and Operability Analysis (HAZOP) and Layers of Protection Analysis (LOPA) techniques. Ensuring the effectiveness of barriers through Bowties development and integrating them with safety-critical system was a crucial aspect of this phase.

- To facilitate the adoption and effective implementation of the Risk-Based Approach, extensive competency development workshops were conducted. These workshops included in-house training sessions as well as external training and workshops facilitated by PII (Process Improvement Institute - USA).

- A comprehensive Fire & Risk Assessment study for the entire site has been successfully completed, emphasizing the adequacy of the emergency response system in place across all scenarios.

promoting health & well-being

The company's occupational health program encompasses industrial hygiene and occupational health. In 2023, we initiated various health awareness and control programs to foster good health and hygiene practices among our employees:

- All food clubs and canteens obtained HACCP certification in 2023, demonstrating robust monitoring and control practices for food safety requirements.
- Throughout the year, various awareness campaigns on disease prevention and initiatives to enhance a healthy lifestyle were launched. Health drives such as Better Health, Better Tomorrow and the Metabolic Syndrome drive were introduced and sustained.
- Site workers received comprehensive training on the effective utilization of personal protective equipment, along with Hazardous material Management.

environmental performance

In 2023, dedicated efforts were undertaken to enhance environmental performance at EFERT. Key highlights include:

- EFERT was certified by the International Fertilizer Association (IFA) Protect & Sustain for robust management practices related to product quality, security, and sustainability.
- The Daharki manufacturing plant led the Net-Zero waste project, progressing towards the execution phase. This initiative resulted in the conversion of organic waste from the colony into compost, suitable for horticulture. Additionally, plastic waste was repurposed into lifestyle products as part of this sustainability initiative.
- As part of EFERT's initiative to conserve natural resources, the geo-membrane lining of evaporation ponds was successfully completed.
- An extensive noise aspect impact assessment on critical receptors was conducted under the environmental sustainability management program. The noise panel installation at the ENCOP-3 facility was successfully completed as well.
- EFERT conducted comprehensive research and benchmarking on effluent quality standards, aiming to enhance environmental reporting and compliance.
- An Environmental Management Plan was developed for the management of hazardous materials at site and resources were adequately trained.

engro muhafiz

Engro Muhafiz is a first of its kind stakeholder engagement HSE program in Pakistan that is in line with the Company's HSE policy to protect & train all communities involved and / or linked with our operations. The program is designed to train farmers and dealers on safe and environment-friendly practices related to their routine operations, based on comprehensive risk profiling. It also includes carrying out HSE audits of their workplaces and subsequently nudging them to improve their infrastructure and practices through competition and token awards.

In 2023, a total of 506 activities were conducted under the Engro Muhafiz program and 21,299 farmers, dealers & community members were engaged in various initiatives under this program. This included 11 blood donation drives, 7 medical camps, and 29 tree plantation drives across the country.

corporate social responsibility

EFERT goes beyond simply giving back and believes in doing good while doing well. As a business, we continuously strive to go beyond just corporate philanthropy to benefit both the Company and the communities we engage with. We partner with Engro Foundation to create a win-win model and take responsibility for people's well-being, investing in sustainable projects that drive positive social and economic change. Through sustainable projects driven by our Engro Foundation, we invest in local development and empower residents to create a brighter future. Our dedicated employees are vital to this success, and we work closely with government and development partners to maximize our impact.

Committed to both people and planet, EFERT established the Environment Sustainability & Stakeholders Engagement Steering Committee. This group champions the social and economic progress of those around our Daharki facility, while ensuring HSE compliance through thorough emergency response training.

Our Corporate Social Responsibility (CSR) programs are structured to maximize the effects of our investments in the communities and can be categorized into the following broad areas:

- Education
- Livelihood
- Healthcare services
- Infrastructural support
- Biodiversity initiatives
- Agri value chain projects

education

The Company believes that education is the bedrock of a brighter future, not just for individuals but for entire communities. That is why education has always been a cornerstone of our Corporate Social Responsibility (CSR) strategy. We are not just building schools; we are investing in long-term change and empowerment.

Our commitment is evident in the growing network of 25 schools we have established, with 15 in the Katcha area of Ghotki and 10 in Daharki town. These schools provide a safe and nurturing learning environment for underprivileged children, opening doors to new possibilities. During 2023, a new block was inaugurated at Sahara School, increasing its capacity by 100 students, taking the total enrolment to 535. We actively contribute to improving the quality of education in these institutions. At the end of 2023, 1983 students thrived in our adopted government schools, while 2074 students continued their education in the Katcha school network.

We heavily invest in the training and development of teaching staff, recognizing their crucial role in transferring knowledge to future generations. This ensures our students receive the highest quality education and are equipped with the skills and knowledge to excel in their future endeavors. Education is not just about academics; it is about breaking the cycle of poverty. By providing access to quality education, we are empowering individuals to secure better job opportunities, improve their living standards, and contribute meaningfully to their communities.

Understanding the cultural preferences of the Katcha communities, the Company's Diversity & Inclusion agenda champions girls' education through culturally sensitive approaches. Recognizing the power of education in breaking down barriers, we established the first Katcha Girls' middle school. This trailblazing initiative, currently educating 52 young women, fosters a brighter future for these communities by fostering gender equality and empowering the next generation – especially in communities where locals do not prefer to send their daughters in a co-education environment.

Fostering confidence and education through debate, the Company actively promotes educational opportunities. The "2nd Inter School Engro Debate Competition for Girls 2023," held at the Technical Training Center Daharki, stands as a testament to this dedication. The event, graced by distinguished guests such as the SVP Manufacturing of EFERT, the VP Operations, the Deputy Commissioner of Ghotki, the Assistant Commissioner of Daharki, and officers from the Sindh Education Department, brought together 20 schools and 40 debaters. This vibrant platform not only challenged participants intellectually but also instilled confidence and public speaking skills, empowering young women to become vocal advocates for their communities.

Engro is also training young aspiring members of the community through a 3-year Diploma in Associated Engineering in chemical, electrical and mechanical engineering. Through this program, our Technical Training Institute initiative has helped bolster the careers of many individuals and helped earn a decent livelihood for themselves and their families. The current enrolment in this institute stands at 438. These graduates also regularly attain top positions in the Sindh Technical board exams. In the year 2023, several Diploma in Associate Engineering (DAE) graduates have been placed in EFERT in a variety of roles.

Global hand wash day celebrated at CAER villages adopted Schools. Primary grade students were engaged in this healthy activity. With the help of a pictorial and practical demonstration, the correct handwash procedure was learnt by students. Additionally, career counselling was provided to students to help map out a road map to achieve their individual career aspirations.

livelihood

To help empower differently abled individuals and those in need of a form of income, 12 livelihood projects were awarded to widows and persons with disabilities to help create independent earning opportunities. These projects constituted of Goat farming, Grocery stores and Ice cream making grants.

For the socioeconomic independence of the households, financial grants have been provided to help individuals set up sustainable small businesses and ensure an independent source of income for their families.

healthcare

EFERT is deeply committed to ensuring the health and well-being of the communities within its operational footprint. Recognizing the critical role of accessible healthcare in empowering individuals and fostering sustainable development, the company undertakes a multi-pronged approach to addressing the diverse healthcare needs of these communities.

At the forefront of providing essential services is the Sahara Clinic, a beacon of accessible care within the community. In 2023 alone, the clinic treated a staggering 8,895 patients, providing vital primary healthcare services free of cost. Committed to saving lives, the Company established a dedicated snake-bite treatment facility, the first of its kind in the region. This facility has already treated 5,819 snakebite patients, highlighting its crucial role in mitigating a significant health threat. Addressing mobility challenges and detecting the debilitating impact of amputations, the Company established a free-of-cost limbs facility in 2022. This pioneering initiative has already benefited 1,331 patients, restoring mobility and independence to their lives. To address Canine-Borne threats and demonstrate its commitment to comprehensive healthcare, Engro developed a dedicated dog-bite facility, treating 1,708 patients in 2023.

Promoting awareness while exemplifying employee engagement, the Sahara clinic hosted a free Skin Diseases Treatment Camp under the Engro Volunteer Program. This three-day initiative provided free consultations, treatment, and medication to 625 individuals, highlighting the effectiveness of community-driven healthcare initiatives. Understanding the importance of preventative measures, Engro conducted a 15-day fogging spray campaign across its CAER villages, effectively protecting a significant population from the threat of dengue and malaria.

Recognizing the specific needs of women, Engro, in collaboration with its clinic team, conducted awareness sessions on women's health in its CAER villages, empowering women with vital information and promoting a culture of holistic healthcare. These initiatives speak volumes about EFERT's unwavering dedication to ensuring equitable access to healthcare and fostering a healthier, more empowered future for the communities it serves.

infrastructural support

Understanding the critical role of clean water in health and well-being, EFERT has diligently addressed water scarcity in the region. Throughout the year, 12 Reverse Osmosis (RO) plants, primarily powered by renewable solar energy, have provided an exceptional 15 million liters of clean water to approximately 4,000 families. This commendable project was complemented by sewerage upgradation initiatives and installation of solar lights in various villages to display Engro's commitment to ensuring basic necessities and improving the lives of local communities.

Recognizing the importance of environmental stewardship, Engro organized tree plantation drives in Daharki city, CAER villages, and neighboring schools. Launched in September 2023, the campaign saw the planting of thousands of fruit trees and other all-season varieties, contributing to a greener and more sustainable future for the region. The Company also carried out tree plantation drives, "Each One – Plant One" and "Hara Rang Dharti Ka" in which more than 5,000 trees have been planted across Pakistan so far this year. In the previous quarters as well, the Company carried out "Clean and Green Environment" tree plantation drive under which 18,000 trees were planted at Bahawalpur border in collaboration with the Pakistan Army.

The Company fosters strong partnerships with local authorities to address diverse needs within the community. This year, through collaboration with the District Government, EFERT contributed to the Ramzan Bachat Bazar Daharki. This initiative offered groceries, vegetables, fruits, clothing, and other essential items at subsidized rates to underprivileged individuals, providing much-needed relief and support during Ramadan. Additionally, the Company provided crucial logistical support in the form of rental vehicles for the bi-monthly Polio vaccination campaigns.

agriculture value chain

The Seed Purification & Chili Value Chain Improvement Project in partnership with Winrock International and co-funded by US Department of Agriculture (USDA) has been successfully completed. It was a two-year pilot program, commenced in January 2022 which aimed to revive the traditional dandicut chili variety. Below are a few highlights of the project:

Key Achievements:

- 5000+ smallholder farmers including 500+ women were trained on Best Crop Management Practices in Umerkot and Mirpurkhas districts. Chili seed growers and smallholder farmers were provided with peat moss, seed packets and seedling trays.
- Amongst 5000 farmers, 25 beneficiaries (including a female) were trained and developed as Seed Entrepreneurs. This training was conducted with the support of PARC-Arid Zone Research Centre (AZRC) Umerkot and the seed purification tool kits were also distributed.
- A total of 87 Chili crop demonstration plots survived and thrived despite the heavy rains and heatwaves in both Umerkot and mirpurkhas districts during the two-year project.
- Moreover, 1000 farmers benefitted through peer learning with additional spillover effect on 1000 farmers.
- Soil testing was conducted at 82 villages, and it emerged as a transformative practice, serving as a change agent for farmers by reducing the overall cost of agricultural inputs.
- Looking at the high impact of the project, National Foods limited has signed an MoU with Engro Foundation to work with some of the trained farmers and integrate them in their supply chain.

biodiversity conservation: indus river dolphin conservation program

Engro Foundation has partnered with WWF Pakistan to conserve Indus River dolphin, one of the six species of freshwater dolphins, endemic to Indus River and its tributaries only. The current population is approximately 2,000 and it's currently endangered on the IUCN Red List.

We are working on:

- Establishing Key Biodiversity Area from Taunsa Barrage to Guddu Barrage. A workshop with various stakeholders in this regard was conducted. The Head of KBA Secretariat, Dr Andrew Plumptre participated. The project created a push for Pakistan to sign a new global declaration to save the river dolphins that took place in Colombia in Oct 2023.
- River Health Assessment Report: The University of Maryland has been engaged for the development of a River Health Assessment Report CARD, which marks the first-of-its-kind intervention. This initiative aims to create tools that local communities and citizens can utilize for monitoring river health.

A total of 20 eco-clubs have been established in schools across Districts Ghotki and Kashmore in Sindh, as well as in Muzaffargarh, and DG Khan in Punjab to foster environmental awareness and promote sustainable practices. A one-day eco-tour guide training was conducted in Sukkur for enhancing the skills and capabilities of 12 boatmen to act as eco-tour guides.

statement of charity account

Committed to social responsibility, the Company generously contributed PKR 578Mn to support vital initiatives in education, healthcare, environment, general well-being, and infrastructure development.

our commitment to our people

As an organization that has always placed our People at the center of our success, our Human Resources department remains motivated to prioritize the needs of our employees as they enable growth for EFERT. Through our policies, compensation & benefits, learning & development initiatives, and engagement activities, we seek to help nurture a workplace that fosters inclusivity and collaborative success.

In 2023, HR undertook many new initiatives for greater efficiency, increased employee satisfaction and improved employee performance. The following is HR's contribution to the Company's success:

talent management

During 2023, focus has been on continuously streamlining our processes for an enhanced customer experience, both internal and external.

Using industry analysis and sourcing channels to augment the quality of talent and to transition from a reactive hiring to proactive hiring approach:

- Talent Mapping initiated for all divisions to improve the quality and lead time of sourcing relevant profiles, thereby positively impacting the overall process efficiency and customer experience:
  - A Talent Pool comprising of prospective women engineers was shared with the Manufacturing Business
  - Women were hired in unconventional field roles
- More than 35 interns were inducted as part of the Company's Summer Internship Program – The students underwent challenging projects and assignments to enhance their professional growth.
- Talent Mobility Index: A structured mechanism to enable Internal Movements across EFERT and the Engro Group has been introduced. Movements highlights are summarized below:
  - 82 Cross Subsidiary Transfers
  - 34 Lateral Moves within EFERT
  - 55 Promotions

gender diversity

At EFERT, we take pride in providing everyone with an equal opportunity at employment and growth. Some of the key milestones achieved with respect to gender diversity in 2023 include:

- Women comprised 39% of total new joiners in 2023
- 8 women hired in Field Roles
- 12 women Graduate Trainee Engineers out of the total of 35 GTEs hired this year
- 4 women were hired in senior leadership roles in the Company
- Partnered with Karachi Down Syndrome Program to welcome first ever batch of interns
- Launched Parwaaz Program, successfully placing women in Marketing field roles

rewards

As we reflect on the achievements of 2023, EFERT is proud to present a comprehensive overview of the evolved rewards and recognition framework. Committed to the well-being and growth of our workforce, the following highlights showcase our dedication to fostering a dynamic and rewarding workplace culture:

- A structured revision of the minimum wage ensured that our employees are fairly compensated, reflecting our dedication to equitable and competitive remuneration
- Aligning with changes in educational institute fees, the yearly assistance for children's education has been revised
- Beginning this year, the steadfast commitment of our valued employees are presented with the 5-Year Long Service Award to commemorate and celebrate the enduring dedication demonstrated by them
- Continuing our tradition of recognizing and celebrating hard work, bonus and promotions for the year were disbursed as per Engro's philosophy, emphasizing the appreciation of high performance and potential
- Pension Revision: In a significant move, we revisited the pension structure for retired and family of retired employees, resulting in a substantial 47% increase in pension for each case. This underscores our commitment to supporting our retired workforce

As we conclude 2023, EFERT remains dedicated to creating a workplace where every employee is valued, celebrated, and empowered. These initiatives represent our ongoing efforts to adapt to the evolving needs of our workforce, ensuring that the Company remains an employer of choice and a beacon of excellence in the industry.

strategic workforce planning

A Strategic Workforce Planning exercise was launched to structure the organizational design process across EFERT. The objective is to identify talent needs associated with the organization's future strategy and align the people agenda accordingly to ensure the organization has the right mix of talent, infrastructure, and systems.

engagement and culture

In the realm of engagement, 2023 marked the milestone of EFERT launching its flagship listening program Let's Tune In, which provided employees with avenues for giving feedback through vibe checks, an idea box, and our half yearly Pulse Survey, which run in tandem with the organization-wide Employee Experience Survey. The second objective for the listening program is to boost employee engagement and under the ambit of Let's Tune In, we introduced the Fun Fridays Initiative, holding a variety of fun events each Friday with board game competitions, mini golf, painting activities, Snacktastic Fridays, and monthly birthday celebrations.

We also continued our long-held tradition of Sports Weekends and held a larger event than ever before, featuring the Gala Dinner, Talent Show, Awards Ceremony, and Concerts, successfully engaging, and bringing together engronians from across the subsidiaries.

capability development

Human Resource at EFERT is responsible to induce growth promote efficiency within the workforce through skills and capability development. During 2023, the Company recorded a total of 22,758 learning hours for HR led learning interventions. A few major initiatives are summarized below:

- **Inter-functional Mastery:**
  IFM was about fostering a culture of collaboration, understanding, and effective communication across distinct functions within an organization. It was a valuable skill set that contributed to the overall success and agility of the business.

- **DEI Leadership Program:**
  Our commitment to fostering an inclusive culture took a transformative leap through our DE&I Leadership Program and in 2023, we successfully held sensitization trainings for 100% of our employee population. These one-day trainings provided an opportunity to sensitize and educate our employees regarding the standard of conduct required to foster true inclusivity at the workplace.
- We also conducted a diverse array of trainings that focused on capability building, ranging from the Performance Enhancement Program sessions to trainings like Impactful Persuasion and Gravitas, Collaboration through Mentorship, First Time Managers, and PMGM Retro Trainings.

business ethics & anti-corruption measures

Transparency and accountability are cornerstones of the Company's approach to governance. We have implemented a robust framework of policies and standards rigorously monitored by high-level committees which ensures every action aligns with ethical and operational best practices. Such policies include:

- Code of Conduct
- Fraud Risk Management
- Governance of Conflicts of Interest
- Statement of Ethics and Business Practices
- Whistleblower Policy
- Governance of transactions/contracts with related parties

During the year, detailed sessions were held on Ethics and Compliance at the Company which focused on our speak out platform, anti-corruption practices, conflict of interest and insider trading policies.

consumer protection measures

At EFERT, we're dedicated to empowering farmers, not just selling them products. That's why we go beyond fertilizer with a range of consumer protection measures:

- Transparent Pricing: We provide retail price lists to all dealers, ensuring farmers pay fair prices and avoid exploitation.
- Expert Guidance: Our trained agronomists equip farmers with knowledge on optimal fertilizer usage, soil health improvement, and best practices for higher yields.
- Free Soil Testing: We offer free soil sampling services across Pakistan, helping farmers understand their soil's needs and tailor their fertilizer use for optimal results.
- Convenient Access: Our extensive distribution network and dealer network ensure timely product delivery, so farmers can focus on what matters most - growing their crops.
- Informed Choice: We clearly communicate MRP information for urea through advertisements and marketing materials, empowering farmers to make informed decisions.

contribution to national exchequer

During the year 2023, the Company contributed nearly PKR 34.7Bn towards the National Exchequer by way of Government taxes, duties, and levies, compared to PKR 11.6Bn in 2022. Further, value addition in terms of savings in foreign exchange amounted to approximately US$ 835 Mn through import substitution of 2,313 KT of urea and related products manufactured and sold in the country by EFERT in 2023.

internal control framework

- **Responsibility:**
  The Board is ultimately responsible for the Company's systems of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable rather than absolute assurance against material misstatement or loss. The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

- **Framework:**
  The Company maintains an established control framework comprising of clear structures, authority limits, and accountabilities, well understood policies and procedures and budgeting for review processes. Policies and control procedures are documented in manuals as well. The Board establishes corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.

- **Review:**
  The Board meets every quarter to consider the Company's' financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators.

  The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls. There is a Company-wide policy governing appraisal and approval of investment expenditure and asset disposals. Once projects are completed, reviews are performed on all material investment expenditure.

- **Adequacy of Internal Financial Controls:**
  The Board of Directors has employed an articulate paradigm of internal financial controls, promoting the culture of moral conduct and ethical obligation within the Company's systems and processes.

Directors' remuneration

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

The remuneration, including the director fee for attending the Board or Board Committee Meetings, paid to the Directors and Chief Executive Officer is disclosed in Note No. 40 (of the Notes to the unconsolidated financial statements.)

pension, gratuity, and provident fund

The employees of the Company participate in Retirement Funds maintained by Engro Corporation (the Parent Company). The Company contributes to plans that provide post-employment and retirement benefits for its employees. These include DC provident fund, DC gratuity plan and DB gratuity plans. The value of net assets of Provident Fund (as at June 30, 2023) and Gratuity and Pension funds (as at December 31, 2022) based on their respective audited accounts are:

Provident Fund: PKR 5,501 million (EFERT's share: ~PKR 1,829 million)
DC Pension Fund: PKR 418 million (EFERT's share: ~PKR 254 million)
DB Pension Fund: PKR 44 million (All EFERT)
DC Gratuity Fund: PKR 3,439 million (EFERT's share: ~PKR 1,192 million)
DB NMPT Gratuity Fund: PKR 223 million (All EFERT)
DB MPT Gratuity Fund: PKR 126 million (EFERT's share: ~PKR 113 million)

auditors

The existing auditors of the Company A.F. Ferguson & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee recommends their appointment as auditors for the year ending December 31, 2024.

pattern of shareholding

As of December 31, 2023, Associated Companies and Directors of the Company held the following number of shares:

Particulars	% of Shareholding
Associated Companies	56.27%
Directors and Dependents	0.004%

A detailed pattern of shareholding is disclosed in the Shareholder's Information section of the Annual Report.

statement of director responsibilities

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

- The financial statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019
- The Directors Training program has been completed by all the Directors. Mr. Ahsan Zafar Syed attended director's training program during the year.

board composition and attendance

The Board of Directors held 5 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Mr. Ghias Khan	Non-Executive Director & Chairman	5/5
Mr. Javed Akbar	Non-Executive Director	5/5
Mr. Khawaja Bilal Hussain**	Non-Executive Director	3/3
Mr. Ismail Mahmud	Non-Executive Director	4/5
Dr. Shamshad Akhtar*	Independent Director	3/3
Mr. Asad Said Jafar	Independent Director	5/5
Mr. Asim Murtaza Khan	Independent Director	5/5
Ms. Danish Zuberi***	Independent Director	1/1
Mr. Ahsan Zafar Syed	Chief Executive Officer	5/5

*Resigned on August 23, 2023.
**Resigned on September 24, 2023.
***Co-opted as Independent Director on November 01, 2023 in place of Dr. Shamshad Akhtar.
There is one casual vacancy on the board as of December 31, 2023

BPC composition and attendance

In 2023, the Board People Committee held 4 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Asim Murtaza Khan, Chairman	4/4
Javed Akbar	4/4
Ghias Khan	4/4

BAC composition and attendance

In 2023, the Board Audit Committee held 5 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Mr. Asad Said Jafar, Chairman	5/5
Mr. Asim Murtaza Khan	5/5
Mr. Javed Akbar	5/5

Chairman

Chief Executive Officer

پروویڈنٹ فنڈ:	5,501 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 1,829 ملین روپے)
ڈی سی پنشن فنڈ:	418 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 254 ملین روپے)
ڈی بی پنشن فنڈ:	44 ملین روپے (کل اینگرو فرٹیلائزرز)
ڈی سی گریجویٹی فنڈ:	3,439 ملین روپے (اینگرو فرٹیلائزرز کا حصہ 1,192 ملین روپے)
ڈی بی ن ام پی ٹی گریجویٹی فنڈ:	223 ملین روپے (کل اینگرو فرٹیلائزرز)
ڈی بی ام پی ٹی گریجویٹی فنڈ:	126 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 113 ملین روپے)

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو چکے ہیں اور اہل کی بنیاد پر، انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے بطور آڈیٹران کی تقرری کی سفارش کرتی ہے۔

حصص کا نمونہ

31 دسمبر 2023 تک، ایسوسی ایٹڈ کمپنیوں اور کمپنی کے ڈائریکٹرز کے پاس درج ذیل تعداد میں شیئرز تھے:

تفصیلات	شیئرز کا فیصد
متعلقہ کمپنیاں	56.27%
ڈائریکٹرز اور زیر کفالت افراد	0.004%

شیئر ہولڈنگ کا تفصیلی نمونہ سالانہ رپورٹ کے شیئر ہولڈرز کے انفارمیشن سیکشن میں ظاہر کیا گیا ہے۔

ڈائریکٹر کی ذمہ داریوں کا بیان

ڈائریکٹرز مندرجہ ذیل امور کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک اور کوڈ آف کارپوریٹ گورننس کی تعمیل کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں، اس کی صورتحال، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی نے اکاؤنٹس کی کتابوں کو برقرار رکھا ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا ہے۔ اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز کے تحت کی گئی ہے، جبکہ مناسب طریقے اپنائے گئے ہیں۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- کام جاری رکھنے کی کمپنی کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا، جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں تفصیل سے بتایا گیا ہے۔
- ڈائریکٹرز کا تربیتی پروگرام تمام ڈائریکٹرز نے مکمل کرلیا ہے۔ جناب خواجہ بلال حسین اور جناب اسماعیل محمود نے سال کے دوران ڈائریکٹر کے تربیتی پروگرام میں شرکت کی۔

بورڈ کی تشکیل اور حاضری

بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریوں سے متعلق 5 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے:

جناب غیاث خان	نان ایگزیکٹو ڈائریکٹر اور چیئرمین	5/5
جناب احسن ظفر سید	چیف ایگزیکٹو آفیسر	5/5
جناب جاوید اکبر	نان ایگزیکٹیو ڈائریکٹر	3/3
جناب عاصم مرتضٰی خان	آزاد ڈائریکٹر	4/5
جناب اسد سعید جعفر	آزاد ڈائریکٹر	3/3
ڈاکٹر شمشاد اختر*	آزاد ڈائریکٹر	5/5
جناب خواجہ بلال حسین**	نان ایگزیکٹو ڈائریکٹر	5/5
جناب اسماعیل محمود	نان ایگزیکٹیو ڈائریکٹر	1/1
محترمہ دانش زبیری***	آزاد ڈائریکٹر	5/5

*23 اگست 2023 کو استعفیٰ دے دیا۔

**24 ستمبر 2023 کو استعفیٰ دے دیا۔

***ڈاکٹر شمشاد اختر کی جگہ یکم نومبر 2023 کو آزاد ڈائریکٹر کے طور پر شریک ہوئی۔

31 دسمبر 2023 کے مطابق بورڈ میں ایک آسامی خالی ہے۔

بی پی سی کی تشکیل اور حاضری

2023 میں، بورڈ پیپل کمیٹی نے اپنی ذمہ داریوں سے متعلق 4 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے:

عاصم مرتضٰی خان، چیئرمین	4/4
جاوید اکبر	4/4
غیاث خان	4/4

بی اے سی کی تشکیل اور حاضری

2023 میں، بورڈ آڈٹ کمیٹی نے اپنی ذمہ داریوں سے متعلق 5 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے:

جناب اسد سعید جعفر، چیئرمین	5/5
جناب عاصم مرتضٰی خان	5/5
جناب جاوید اکبر	5/5

چیئرمین

چیف ایگزیکٹو آفیسر

اندرونی کنٹرول کا نظام

- ذمہ داری:

بورڈ حتمی طور پر کمپنی کے اندرونی کنٹرول کے نظام اور اس کی تاثیر کا جائزہ لینے کے لیے ذمہ دار ہے۔ تاہم، ایسا نظام کاروباری مقاصد کے حصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے منظم کرنے کے لیے ڈیزائن کیا گیا ہے اور مادی غلط بیانی یا نقصان کے خلاف مکمل یقین دہانی کے بجائے صرف معقول حل فراہم کرسکتا ہے۔ بورڈ نے، کمپنی کے اندر خطرے کے انتظام کی اپنی مجموعی ذمہ داری کو برقرار رکھتے ہوئے، اندرونی کنٹرول کے نظام کے تفصیلی ڈیزائن اور آپریشن کو چیف ایگزیکٹو کو سونپ دیا ہے۔

- فریم ورک

کمپنی ایک قائم شدہ کنٹرول فریم ورک کو برقرار رکھتی ہے جس میں واضح ڈھانچے، اتھارٹی کی حدود اور جوابدہی، اچھی طرح سے سمجھی جانے والی پالیسیوں، طریقہ کار اور جائزہ کے عمل کے لیے بجٹ شامل ہیں۔ پالیسیوں اور کنٹرول کے طریقہ کار کو بھی مینوئل میں دستاویزی شکل دی گئی ہے۔ بورڈ کارپوریٹ حکمت عملی اور کمپنی کے کاروباری مقاصد کو قائم کرتا ہے۔ ڈویژنل مینجمنٹ ان مقاصد کو معاون مالی مقاصد کے ساتھ ڈویژنل کاروباری حکمت عملی میں ضم کرتی ہے۔

- جائزہ

بورڈ ہر سہ ماہی میں کمپنی کی مالی کارکردگی، مالیاتی اور آپریٹنگ بجٹ اور پیشگوئیوں، کاروبار کی ترقی اور ترقیاتی منصوبوں، سرمائے کے اخراجات کی تجاویز اور کارکردگی کے دیگر اہم عوامل پر غور کرنے کے لیے اجلاس بلاتا ہے۔

بورڈ آڈٹ کمیٹی بیرونی اور داخلی آڈیٹرز سے اندرونی مالیاتی کنٹرول کے نظام کے بارے میں رپورٹس حاصل کرتی ہے اور داخلی کنٹرول کے اثر کا جائزہ لیتی ہے۔ سرمایہ کاری کے اخراجات اور اثاثوں کے تعین کی تشخیص اور منظوری کے لیے کمپنی کی سطح پر پالیسی موجود ہے۔ منصوبے مکمل ہونے کے بعد، تمام مادی سرمایہ کاری کے اخراجات کا جائزہ لیا جاتا ہے۔

- داخلی مالیاتی کنٹرول کی مناسبیت

بورڈ آف ڈائریکٹرز نے کمپنی کے انتظامات اور تعمیل کے اندر اخلاقی طرز عمل اور اخلاقی ذمہ داری کے کلچر کو فروغ دیتے ہوئے اندرونی مالیاتی کنٹرول کا ایک واضح نمونہ استعمال کیا ہے۔

ڈائریکٹرز کا مشاہرہ

کمپنی کے پاس کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق اپنے ڈائریکٹرز کے مشاہرے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے۔ پالیسی کے تحت غیر ایگزیکٹو ڈائریکٹرز کو کاروبار سے متعلق سفر کے لیے سفری اور یومیہ الاؤنس بھی فراہم کیا جاتا ہے۔

معاوضہ، بشمول بورڈ یا بورڈ کمیٹی کے اجلاسوں میں شرکت کی ڈائریکٹرز فیس ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو ادا کیا جاتا ہے، تفصیل انفرادی مالیاتی گوشواروں کے نوٹ نمبر 40 میں دی گئی ہے۔

پنشن، گریجویٹی، اور پروویڈنٹ فنڈ

کمپنی کے ملازمین اینگرو کارپوریشن (پیرنٹ کمپنی) کے زیر انتظام ریٹائرمنٹ فنڈز میں حصہ لیتے ہیں۔ کمپنی ان منصوبوں میں حصہ ڈالتی ہے جو اپنے ملازمین کے لیے بعد از ملازمت اور ریٹائرمنٹ کے فوائد فراہم کرتے ہیں۔ ان میں ڈی سی پروویڈنٹ فنڈ، ڈی سی گریجویٹی پلان اور ڈی بی گریجویٹی پلان شامل ہیں۔ پروویڈنٹ فنڈ (30 جون 2023 تک) اور گریجویٹی اور پنشن فنڈز (31 دسمبر 2022 تک) کے خالص اثاثوں کی قیمت ان کے متعلقہ آڈٹ شدہ اکاؤنٹس کی بنیاد پر ہے:

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

شفافیت اور جوابدہی کمپنی کے گورننس کے نقطہ نظر کی بنیاد ہیں۔ ہم نے پالیسیوں اور معیارات کا ایک مضبوط فریم ورک نافذ کیا ہے جس کی اعلیٰ سطحی کمیٹیوں کے ذریعے سخت نگرانی کی جاتی ہے جو اس بات کو یقینی بناتی ہیں کہ ہر عمل اخلاقی اور بہترین کاروباری طریقوں سے ہم آہنگ ہو۔ اس طرح کی پالیسیوں میں شامل ہیں:

- ضابطہ اخلاق
- دھوکہ دہی کے خطرے کا انتظام
- مفادات کے ٹکراؤ کی حکمرانی
- اخلاقیات اور کاروباری طریقوں کا بیان
- وِسل بلور پالیسی
- متعلقہ فریقوں کے ساتھ لین دین/ معاہدوں کی حکمرانی

سال کے دوران، کمپنی میں اخلاقیات اور تعمیل پر تفصیلی سیشن منعقد کیے گئے جس میں ہمارے اسپیک آؤٹ پلیٹ فارم، انسداد بدعنوانی کے طریقوں، مفادات کے ٹکراؤ اور اندرونی تجارتی پالیسیوں پر توجہ مرکوز کی گئی۔

صارفین کے تحفظ کے اقدامات

اینگرو فرٹیلائزرز میں، ہم صارفین کے تحفظ کے متعدد اقدامات کے ذریعے کسانوں کے مفادات کے تحفظ پر یقین رکھتے ہیں تا کہ ان کا استحصال نہ ہو۔ اسی لیے ہم درج ذیل کام کرتے ہیں:

- شفاف قیمتوں کا تعین: ہم تمام ڈیلرز کو خوردہ قیمتوں کی فہرست فراہم کر کے یقینی بناتے ہیں کہ کسانوں کو مناسب قیمتوں پر فراہمی ممکن ہو۔
- ماہرین کی رہنمائی: ہمارے تربیت یافتہ ماہرین زراعت کسانوں کو کھاد کے زیادہ سے زیادہ استعمال، مٹی کی صحت میں بہتری، اور زیادہ پیداوار کے بہترین طریقوں کے بارے میں آگہی فراہم کرتے ہیں۔
- زمین کی مفت جانچ: ہم پاکستان بھر میں مٹی کے نمونے لینے کی مفت خدمات پیش کرتے ہیں، جس سے کاشتکاروں کو ان کی زمین کی ضروریات کو سمجھنے میں مدد ملتی ہے اور بہترین نتائج کے لیے کھاد کے مناسب استعمال کا معلوم ہوتا ہے۔
- آسان رسائی: ہمارا وسیع ڈسٹری بیوشن اور ڈیلر نیٹ ورک مصنوعات کی بروقت ترسیل کو یقینی بناتا ہے، تا کہ کسان اس بات پر توجہ مرکوز کر سکیں کہ ان کی فصلوں کی بروقت کاشت ضروری ہے۔
- باخبر انتخاب: ہم واضح طور پر یوریا کے لیے ایم آر پی معلومات کو اشتہارات اور مارکیٹنگ مواد کے ذریعے بتاتے ہیں تا کہ کسانوں کو باخبر فیصلے کرنے کا اختیار حاصل رہے۔

قومی خزانے میں حصہ ڈالنا

سال 2023 کے دوران، کمپنی نے 2022 کے 11.6 بلین روپے کے مقابلے میں سرکاری ٹیکسوں، ڈیوٹیوں اور محصولات کے ذریعے قومی خزانے میں تقریباً 34.7 بلین روپے کا حصہ ڈالا۔ مزید برآں، سال 2023 میں اینگرو فرٹیلائزرز کے ذریعے ملک میں تیار اور فروخت کی جانے والی 2,313KT یوریا اور متعلقہ مصنوعات کی درآمدی متبادل کے ذریعے تقریباً 835 ملین امریکی ڈالرز کی زرمبادلہ میں بچت حاصل ہوئی۔

- مینوفیکچرنگ بزنس کے ساتھ ممکنہ خواتین انجینئرز پر مشتمل ایک ٹیلنٹ پول شیئر کیا گیا۔
- خواتین کو غیر روایتی فیلڈ کرداروں میں بھرتی کیا گیا۔
- کمپنی کے سمر انٹرن شپ پروگرام کے تحت 35 سے زائد انٹرنز کو شامل کیا۔ طلباء کو اپنی پیشہ ورانہ ترقی بڑھانے کے لیے مشکل پروجیکٹس اور اسائنمنٹس سے گزارا۔
- ٹیلنٹ موبلٹی انڈیکس: کمپنی اور اینگرو گروپ میں اندرونی نقل وحرکت کو فعال کرنے کے لیے ایک منظم طریقہ کار متعارف کرایا گیا ہے۔ نقل وحرکت کی جھلکیاں ذیل میں دی کی گئی ہیں:
- 82 کراس ذیلی منتقلیاں
- کمپنی کے اندر 34 لیٹرل منتقل
- 55 پروموشنز

صنفی تنوع

اینگرو فرٹیلائزرز میں، ہم سب کو روزگار اور ترقی کے مساوی مواقع فراہم کرنے پر فخر محسوس کرتے ہیں۔ 2023 میں صنفی تنوع کے حوالے سے حاصل کردہ کچھ اہم سنگ میل میں شامل ہیں:

- 2023 میں تمام نئے شامل ہونے والوں میں خواتین کی شرح 39% تھی۔
- 8 خواتین کو فیلڈ کردار میں بھرتی کیا گیا۔
- اس سال بھرتی کیے گئے 35 نئے GTEs میں 12 خواتین گریجویٹ ٹرینی انجینئرز کو شامل کیا۔
- 4 خواتین کو کمپنی میں اعلیٰ قیادت کے عہدوں پر بھرتی کیا گیا۔
- انٹرنز کے پہلے بیچ کو خوش آمدید کہنے کے لیے کراچی ڈاؤن سنڈروم پروگرام کے ساتھ شراکت داری کی۔
- مارکیٹنگ کے شعبے میں خواتین کو کامیابی سے ہمکنار کرنے کے لیے پرواز پروگرام شروع کیا۔

انعامات

2023 کی کامیابیوں پر غور کرتے ہوئے، اینگرو فرٹیلائزرز کو تازہ ترین انعامات اور حوصلہ افزائی کے فریم ورک کا جائزہ پیش کرنے پر فخر ہے۔ ہماری افرادی قوت کی بہبود اور ترقی کے لیے پرعزم، درج ذیل کامیابیاں ہماری لگن کو ظاہر کرتی ہیں:

- کم از کم اجرت پر ایک منظم نظر ثانی اس بات کو یقینی بناتی ہے کہ ہمارے ملازمین کو مناسب معاوضہ ملے جو کہ منصفانہ اور بہتر معاوضے کی ہماری کوششوں کا ثبوت ہے۔
- تعلیمی اداروں کی فیسوں میں تبدیلیوں کے پیش نظر، بچوں کی تعلیم کے لیے سالانہ تعاون پر نظر ثانی کی گئی ہے۔
- اس سال سے، ہمارے قابل قدر ملازمین کو 5 سالہ لانگ سروس پر ایوارڈ سے نوازا جا رہا ہے تاکہ ان کی لگن کو یادگار بنایا جا سکے۔
- بھرپور محنت کو تسلیم کرنے اور منانے کی ہماری روایت کے تحت، اچھی کارکردگی اور اہلیت کی حوصلہ افزائی کی جاتی ہے، اینگرو کے فلسفے کے مطابق اس سال بھی بونس اور پروموشنز دیئے گئے۔
- پنشن پر نظر ثانی: ایک اہم اقدام کے طور پر، ہم نے ریٹائرڈ ملازمین اور ان کے خاندان کے لیے پنشن پر نظر ثانی کی، جس کے نتیجے میں ہر ایک کے لیے پنشن میں 47% کا خاطر خواہ اضافہ ہوا۔ اس سے ریٹائرڈ افرادی قوت کے ساتھ تعاون کرنے کے ہماری کوشش واضح ہوتی ہے۔

2023 کے اختتام پر، کمپنی کام کا ایسا ماحول تیار کرنے کے لیے پرعزم ہے جہاں ہر ملازم کی قدر ہو، حوصلہ افزائی کے ساتھ اسے بااختیار بنایا جاتا ہو۔ یہ اقدامات ہماری افرادی قوت کو نئی ضروریات کے مطابق تیار کرنے کی ہماری جاری کوششوں کی وضاحت کرتے ہیں تاکہ اس بات کو یقینی بنایا جائے کہ کمپنی پسندیدہ آجر اور انڈسٹری میں عمدگی کا نشان بنے رہے۔

اسٹریٹجک افرادی قوت کی منصوبہ بندی

اینگرو فرٹیلائزرز میں تنظیمی ڈیزائن کے عمل کی تشکیل کے لیے ایک اسٹریٹجک ورک فورس پلاننگ مشق شروع کی گئی۔ اس کا مقصد ادارے کی مستقبل کی حکمت عملی سے وابستہ ٹیلنٹ کی ضروریات کی نشاندہی کرنا اور اس کے مطابق لوگوں کے ایجنڈے کو ہم آہنگ کرنا ہے تاکہ یہ یقینی بنایا جا سکے کہ ادارے کے پاس ٹیلنٹ، انفراسٹرکچر اور سسٹم کا صحیح امتزاج ہے۔

مشغولیت اور ماحول

مشغولیت کے اعتبار سے، 2023 میں کمپنی نے اپنے فلیگ شپ پروگرام Let's Tune In کا آغاز کیا، سنے جانے والے اس پروگرام نے ملازمین کو وائب چیک، ایک آئیڈیا باکس، اور ہمارے ششماہی پلس سروے کے ذریعے اپنے تاثرات اور مشورہ جات دینے کے مواقع فراہم کئے، اس پلس سروے میں پورے ادارے کے ملازمین کے اپنے تجربات شامل ہوتے ہیں۔ سننے کے پروگرام کا دوسرا مقصد ملازمین کی مصروفیت کو بڑھانا ہے اور Let's Tune In کے دائرہ کار کے تحت، ہم نے فن فرائیڈے انیشی ایٹو متعارف کرایا، جس میں ہر جمعہ کو بورڈ گیم کے مقابلوں، منی گالف، پینٹنگ کی سرگرمیوں، اسنیک ٹاسٹک فرائیڈیز کے ساتھ مختلف تفریحات اور ماہانہ سالگرہ کی تقریبات کا انعقاد کیا جاتا ہے۔

ہم نے اسپورٹس ویک اینڈز کی اپنی پرانی روایت کو بھی جاری رکھا اور گالا ڈنر، ٹیلنٹ شو، ایوارڈز کی تقریب اور کنسرٹس پر مشتمل پہلے سے بڑے ایونٹس کے انعقاد سے تمام ملازمین بشمول ذیلی اداروں والوں کو اکٹھا کرنے سے باہمی ملاقاتوں کا سلسلہ قائم رکھا۔

صلاحیت کی ترقی

اینگرو فرٹیلائزرز میں ہیومن ریسورس مہارت اور صلاحیت کی ترقی کے ذریعے افرادی قوت میں کارکردگی کو فروغ دینے کی ذمہ دار ہے۔ 2023 کے دوران، کمپنی نے HR کی قیادت میں 22,758 لرننگ آورز (سیکھنے کے اوقات) ریکارڈ کیے ہیں۔ ذیل میں چند اہم اقدامات کا خلاصہ دیا جاتا ہے:

- انٹر فنکشنل مہارت:

آئی ایف ایم پورے ادارے کے اندر الگ الگ کاموں میں شراکت داری، افہام وتفہیم، اور موثر کمیونیکیشن کے کلچر کو فروغ دینے کے بارے میں تھا۔ یہ ایک قابل قدر مہارت کا مجموعہ تھا جس نے کاروبار کی مجموعی کامیابی اور تن دہی میں اہم کردار ادا کیا۔

- ڈی ای آئی لیڈرشپ پروگرام:

ایک مربوط اور جامع ماحول کو فروغ دینے کے ہمارے عزم کے پیش نظر، ہم نے DE&I لیڈرشپ پروگرام کے ذریعے ایک تبدیلی کا قدم اٹھایا اور 2023 میں، ہم نے اپنے تمام ملازمین کے لیے حساسیت کی تربیت کا انعقاد کامیابی کے ساتھ کیا۔ ایک روزہ ٹریننگ کے ذریعے اپنے ملازمین کو کام کی جگہ پر حقیقی شمولیت کو فروغ دینے کے لیے ضروری طرز عمل کے معیار سے متعلق مطلوب حساسیت اور شعور کا موقع فراہم کیا۔

- ہم نے مختلف قسم کی ٹریننگ بھی منعقد کیں جن میں صلاحیتوں کی ترقی پر توجہ مرکوز کی گئی، ان میں پرفارمنس انہانسمنٹ پروگرام کے تحت قائل کرنے کی موثر صلاحیت اور گریویٹس، رہنمائی کے ذریعے شراکت داری، فرسٹ ٹائم مینیجرز، اور PMGM ریٹرو پر مشتمل سیشن اور ٹریننگ شامل رہیں۔

ماحولیاتی ذمہ داری کو تسلیم کرتے ہوئے، اینگرو نے ڈہرکی شہر، CAER دیہاتوں اور آس پاس کے اسکولوں میں درخت لگانے کی مہم کا اہتمام کیا۔ ستمبر 2023 میں شروع کی گئی، اس مہم میں ہزاروں پھلوں کے درخت اور دیگر تمام موسمی اقسام کے پودے لگائے گئے، جو علاقے کے لیے سرسبز اور مستحکم ماحولیاتی مستقبل میں حصہ ڈال رہے ہیں۔ کمپنی نے ''ایک بندہ، ایک پودا'' اور ''ہرا رنگ دھرتی کا'' کے نام سے درخت لگانے کی ڈرائیوز برقرار رکھی ہیں جس کے تحت اس سال اب تک پاکستان بھر میں 5,000 سے زیادہ درخت لگائے جا چکے ہیں۔ پچھلی سہ ماہیوں میں بھی، کمپنی نے ''کلین اینڈ گرین انوائرمنٹ'' کے نام سے درخت لگانے کی مہم چلائی جس کے تحت پاک فوج کے تعاون سے بہاولپور بارڈر پر 18,000 درخت لگائے گئے۔

کمپنی کمیونٹی کے اندر متنوع ضروریات کو پورا کرنے کے لیے مقامی حکام کے ساتھ مضبوط شراکت داری کو فروغ دیتی ہے۔ اس سال ضلعی حکومت کے ساتھ تعاون کے تحت، کمپنی نے رمضان بچت بازار ڈہرکی میں تعاون کیا۔ اس اقدام سے پسماندہ افراد کو رعایتی نرخوں پر گروسری، سبزیاں، پھل، کپڑے اور دیگر ضروری اشیاء کی پیشکش کی گئی، جو رمضان کے دوران انتہائی ضروری ریلیف ثابت ہوئی۔ مزید برآں، کمپنی نے ماہانہ 2 پولیو ویکسین ڈرائیوز کے لیے کرائے کی گاڑیوں کی صورت میں اہم لاجسٹک مدد فراہم کی۔

ایگریکلچر ویلیو چین پروجیکٹس

سیڈ پیوریفیکیشن اینڈ چلی ویلیو چین امپرومنٹ پروجیکٹ Winrock انٹرنیشنل کے ساتھ شراکت داری اور امریکی محکمہ زراعت (USDA) کے تعاون سے مکمل ہو گیا ہے۔ یہ ایک دوسالہ پائلٹ پروگرام تھا، جس کا آغاز جنوری 2022 میں ہوا جس کا مقصد روایتی ڈنڈی کٹ مرچ کی قسم کو بحال کرنا تھا۔ ذیل میں پروجیکٹ کی چند جھلکیاں ہیں:

نمایاں کامیابیاں:

- عمر کوٹ اور میر پور خاص اضلاع میں 5000 سے زائد چھوٹے کسانوں بشمول 500 سے زائد خواتین کو فصل کی کاشت کے بہترین طریقوں پر تربیت دی گئی۔ مرچ کے بیج کے کاشتکاروں اور چھوٹے کاشتکاروں کو پیٹ ماس، بیجوں کے پیکٹ اور بیج کی ٹریز فراہم کی گئیں۔

- 5000 کسانوں میں سے 25 کاشتکاروں (بشمول ایک خاتون) کو تربیت دے کر بیجوں کا بزنس کرنے کے قابل بنایا گیا۔ یہ تربیت PARC Arid Zone ریسرچ سینٹر (AZRC) عمر کوٹ کے تعاون سے منعقد کی گئی اور بیج صاف کرنے کی ٹول کٹس بھی تقسیم کی گئیں۔

- دوسالہ پراجیکٹ کے دوران عمر کوٹ اور میر پور خاص اضلاع میں شدید بارشوں اور گرمی کی شدت کے باوجود مرچ کی فصل کے 87 نمائشی پلاٹ بچ گئے اور فصل تیار ہونے میں کامیاب ہوئی۔

- مزید برآں، 1000 کسانوں پر اضافی اسپل اوور اثر کے ساتھ مساوی تربیت کے ذریعے 1000 کاشتکار مستفید ہوئے۔

- 82 دیہاتوں میں مٹی کی جانچ کا عمل ایک تبدیلی کے طور پر سامنے آیا، جس نے زرعی مداخل کی مجموعی لاگت کو کم کر کے کسانوں کے لیے مثبت تبدیلی کا کام کیا۔

- منصوبے کے زبردست اثرات کو دیکھتے ہوئے، نیشنل فوڈز لمیٹڈ نے کچھ تربیت یافتہ کسانوں کے ساتھ کام کرنے اور انہیں ان کی سپلائی چین میں ضم کرنے کے لیے اینگرو فاؤنڈیشن کے ساتھ ایک ایم او یو پر دستخط کیے ہیں۔

حیاتیاتی تنوع کا تحفظ: دریائے سندھ میں ڈولفن کے تحفظ کا پروگرام:

اینگرو فاؤنڈیشن نے WWF پاکستان کے ساتھ انڈس ریور ڈولفن کے تحفظ کے لیے شراکت داری کی ہے، یہ میٹھے پانی کی ڈولفن کی چھ اقسام میں سے ایک نایاب نسل ہے، جو صرف دریائے سندھ اور اس کی معاون ندیوں میں پائی جاتی ہے۔ ان کی آبادی تقریباً 2,000 رہ گئی ہے اور یہ فی الحال IUCN ریڈ لسٹ کے مطابق خطرے سے دوچار ہے۔ ہم اس نایاب نسل کی بقا کے لیے کام کر رہے ہیں:

- تونسہ بیراج سے گڈو بیراج تک کلیدی حیاتیاتی تنوع کے علاقے کا قیام۔ اس سلسلے میں مختلف اسٹیک ہولڈرز کے ساتھ ایک ورکشاپ کا انعقاد کیا گیا۔ KBA سیکریٹریٹ کے سربراہ ڈاکٹر اینڈریو پلمپٹر نے شرکت کی۔ اس منصوبے کی بدولت پاکستان کو دریائی ڈولفنز کو بچانے کے لیے ایک نئے عالمی اعلامیہ پر دستخط کرنے کے لیے دباؤ ڈالا جو کولمبیا میں اکتوبر 2023 میں ہوا تھا۔
- دریائی صحت کی جائزہ رپورٹ: یونیورسٹی آف میری لینڈ نے ایک ریور ہیلتھ اسسمنٹ رپورٹ کارڈ تیار کرنے کے لیے کام کیا ہے، جو اپنی نوعیت کی پہلی رپورٹ سمجھی جا رہی ہے۔ اس اقدام کا مقصد ایسے اوزار بنانا ہے، جن کی مدد سے مقامی آبادیاں اور شہری افراد دریا کی صحت کا جائزہ لے سکیں گے۔

سندھ میں گھوٹکی اور کشمور کے اضلاع کے ساتھ ساتھ پنجاب میں مظفر گڑھ اور ڈی جی خان کے اسکولوں میں مجموعی طور پر 20 ایکو کلب قائم کیے گئے ہیں تاکہ ماحولیاتی آگاہی کو فروغ دیا جا سکے اور پائیدار طریقوں کو فروغ ملے۔ سکھر میں ایک روزہ ایکو ٹور گائیڈ ٹریننگ کا انعقاد کیا گیا جس میں 12 کشتی والوں کی مہارتوں اور صلاحیتوں کو ایکو ٹور گائیڈ کے طور پر کام کرنے کے لیے بہتر کیا گیا۔

خیراتی اکاؤنٹ کی تفصیلات

سماجی ذمہ داری کے لیے پر عزم، کمپنی نے تعلیم، صحت، ماحول، فلاح و بہبود اور بنیادی ڈھانچے کی ترقی کے اہم اقدامات کی مد میں دل کھول کر 578 ملین روپے کا تعاون کیا۔

اپنے ملازمین سے وابستگی

ایک ذمہ دار ادارے کی حیثیت میں، ہم نے ہمیشہ اپنے ملازمین کو کمپنی کی کامیابی کا اہم ستون مانا ہے، ہمارا ہیومن ریسورسز ڈپارٹمنٹ ملازمین کی ضروریات کو اولین ترجیح پر رکھتا ہے کیونکہ ان کی بدولت ہی کمپنی کی ترقی ممکن ہے۔ ہم اپنی پالیسیوں، معاوضے اور فوائد، تربیت اور ترقی کے اقدامات اور مصروفیت کی سرگرمیوں کے ذریعے، ایک ایسی کام کی جگہ کو پروان چڑھانے کے لیے کوشاں ہیں جو شمولیت اور باہمی کامیابی کو فروغ دیتا ہے۔

2023 میں، HR ڈپارٹمنٹ نے ملازمین کی صلاحیتوں میں ترقی، اطمینان میں اضافہ اور ان کی بہتر کارکردگی کے لیے بہت سے نئے اقدامات اٹھائے ہیں۔ کمپنی کی کامیابی میں HR کا کردار درج ذیل ہے:

ٹیلنٹ مینجمنٹ

2023 کے دوران، اندرونی اور بیرونی صارفین کے بہتر تجربے کے لیے ہمارے عمل کو باقاعدہ ہموار اور مربوط کرنے پر توجہ مرکوز رکھی گئی۔ ٹیلنٹ کے معیار کو بڑھانے اور غیر موثر بھرتی سے موثر بھرتی میں منتقلی کے لیے انڈسٹری کے جائزے اور سورسنگ چینلز کا استعمال کیا:

- متعلقہ پروفائلز حاصل کرنے کے معیار اور لیڈ ٹائم کو بہتر بنانے کے لیے تمام ڈویژنوں کی ٹیلنٹ میپنگ شروع کی گئی ہے، اس طرح مجموعی عمل کی کارکردگی اور کسٹمر کے تجربے پر مثبت اثر پڑتا ہے:

تعلیم سے ہماری وابستگی ہماری جانب سے قائم کردہ 25 اسکولوں پر مشتمل ہمارے نیٹ ورک سے ظاہر ہوتی ہے، جن میں سے 15 گھوٹکی کے کچے کے علاقے اور 10 ڈہرکی ٹاؤن میں ہیں۔ یہ اسکول پسماندہ علاقوں کے بچوں کے لیے ایک محفوظ اور پرورش کا ماحول فراہم کرتے ہوئے نئے امکانات کے دروازے کھولتے ہیں۔ 2023 کے دوران، سہارا اسکول میں ایک نئے بلاک کا افتتاح کیا گیا، جس سے اس کی گنجائش میں 100 طلباء کا اضافہ ہوا، نتیجے میں داخلہ کی تعداد 535 ہوگئی۔ ہم ان اداروں میں تعلیم کے معیار کو بہتر بنانے کے لیے بھرپور کردار ادا کر رہے ہیں۔ 2023 کے آخر میں، 1983 طلباء کا ہمارے اپنائے گئے سرکاری اسکولوں میں اندراج ہوا، جبکہ 2074 طلباء نے کچا اسکول نیٹ ورک میں اپنی تعلیم جاری رکھی۔

ہم اپنی آنے والی نسلوں تک علم کی منتقلی میں اساتذہ کے اہم کردار کو تسلیم کرتے ہوئے تدریسی عملے کی تربیت اور ترقی میں بہت زیادہ سرمایہ کاری کرتے ہیں۔ اس سے ہمارے طلباء کو اعلیٰ معیار کی تعلیم حاصل ہونا اور ان کا ہنر اور علم سے لیس ہونا یقینی ہوتا ہے۔ تعلیم صرف ماہرین تعلیم تک محدود نہیں، یہ غربت کے چکر کو توڑنے کا ذریعہ ہے۔ ہم معیاری تعلیم تک رسائی سے، افراد کو روزگار کے بہتر مواقع حاصل کرنے، اپنا معیار زندگی کو بہتر بنانے اور اپنی برادریوں میں بامقصد کردار ادا کرنے کے لیے بااختیار بنا رہے ہیں۔

کچا کے علاقوں میں برادریوں کی روایتی سوچ کے پیش نظر، کمپنی کے تنوع اور شمولیت کے ایجنڈے کے طور پر ہم نے اپنے کچے کے علاقوں میں لڑکیوں کی تعلیم کو فروغ دیتے ہوئے، پہلا کچا گرلز مڈل سکول قائم کیا۔ اس اسکول میں فی الحال 52 نوجوان خواتین کو تعلیم دی جارہی ہے، اس سے صنفی مساوات کو فروغ اور اگلی نسل کو بااختیار بنا کر ان آبادیوں کے لیے ایک روشن مستقبل کو پروان چڑھانا ممکن ہے ــ خاص طور پر ان علاقوں میں جہاں مقامی لوگ اپنی بیٹیوں کو مخلوط تعلیم کے ماحول میں بھیجنے کو ترجیح نہیں دیتے ہیں۔

کمپنی بحث و مباحثہ کے ذریعے اعتماد اور معلومات کے مواقع فراہم کرنے کو ترجیح دیتی ہے۔ ٹیکنیکل ٹریننگ سنٹر ڈہرکی میں منعقد ہونے والا ''دوسرا انٹر سکول اینگرو ڈیبیٹ مقابلہ برائے گرلز 2023'' اس لگن کا ثبوت ہے۔ اینگرو فرٹیلائزرز کے سینئر وائس پریزیڈنٹ مینوفیکچرنگ، وائس پریزیڈنٹ آپریشنز، گھوٹکی کے ڈپٹی کمشنر، ڈہرکی کے اسسٹنٹ کمشنر اور محکمہ تعلیم سندھ کے افسران جیسے معزز مہمانوں کی موجودگی میں 20 اسکولوں کے 40 شرکاء نے اس مقابلے میں حصہ لیا۔ اس زبردست پلیٹ فارم نے نہ صرف شرکاء کو فکری طور پر چیلنج کیا بلکہ اعتماد کے ساتھ عوام کے سامنے بولنے کی مہارت بھی پیدا کی، ایسے مواقع سے خواتین کا بااختیار بننا اور اپنی برادریوں کے لیے آواز اٹھانا ممکن ہوتا ہے۔

اینگرو کی جانب سے کیمیکل، الیکٹریکل اور مکینیکل انجینئرنگ میں ایسوسی ایٹڈ انجینئرنگ میں 3 سالہ ڈپلومہ کے ذریعے کمیونٹی کے نوجوان خواہشمند افراد کو تربیت دی جارہی ہے۔ اس پروگرام کے ذریعے، ہمارے ٹیکنیکل ٹریننگ انسٹیٹیوٹ نے بہت سے افراد کے کیریئر میں مدد کرتے ہوئے انہیں اپنے اور اپنے گھر والوں کے لیے معقول روزگار کمانے کے قابل بنایا ہے۔ اس ادارے میں موجودہ انرولمنٹ کی تعداد 438 ہے۔ یہاں کے گریجویٹس سندھ ٹیکنیکل بورڈ کے امتحانات میں بھی باقاعدگی سے ٹاپ پوزیشن حاصل کرتے ہیں۔ سال 2023 میں، متعدد ڈپلومہ ان ایسوسی ایٹ انجینئرنگ (DAE) گریجویٹس کو کمپنی میں مختلف ذمہ داریوں کے لیے بھرتی کیا گیا۔

CAER دیہاتوں میں اپنائے گئے اسکولوں میں ہاتھ دھونے کا عالمی دن منایا گیا جس میں پرائمری کے بچے اس صحت مند سرگرمی میں مصروف تھے۔ ایک تصویری اور عملی مظاہرے کی مدد سے بچوں نے ہاتھ دھونے کا صحیح طریقہ سیکھا۔ مزید برآں، طلباء کو کیریئر کونسلنگ فراہم کی گئی تاکہ ان میں انفرادی ترقی کی خواہشات کو پروان چڑھانے کے لیے ایک روڈ میپ تیار کیا جاسکے۔

ذریعہ معاش

افراد کو روزگار کی فراہمی میں مدد کے لیے 12 روزگار کے پروجیکٹ بیواؤں اور معذور افراد کو دیئے گئے تاکہ کمائی کے آزاد مواقع پیدا کرنے میں مدد ملے۔ یہ پروجیکٹس گوٹ فارمنگ، گروسری اسٹورز اور آئس کریم بنانے کے لیے گرانٹس پر مشتمل ہیں۔

اس کے علاوہ، خاندانوں کی سماجی اقتصادی آزادی کے پیش نظر، افراد کو مستحکم چھوٹے کاروبار قائم کرنے اور ان کے خاندانوں کے لیے آمدنی کا ایک آزاد وسیلہ یقینی بنانے میں مدد کے لیے مالی امداد فراہم کی گئی۔

صحت کی دیکھ بھال کی خدمات

کمپنی اپنے آپریشنز کے ارد گرد علاقوں کی صحت اور بہبود کو یقینی بنانے کے لیے پرعزم ہے۔ افراد کو بااختیار بنانے اور پائیدار ترقی کو فروغ دینے میں صحت کی دیکھ بھال کے اہم کردار کو تسلیم کرتے ہوئے، کمپنی ان آبادیوں کی ہیلتھ کیئر کی مختلف ضروریات کو پورا کرنے کے لیے ایک کثیر الجہتی نقطہ نظر اپناتی ہے۔

صحت کی ضروری خدمات فراہم کرنے میں سہارا کلینک سب سے آگے ہے، جو کمیونٹی کے اندر فراہم کی جانے والی ہیلتھ کیئر سہولت کا ایک مینار ہے۔ صرف 2023 میں، کلینک نے حیرت انگیز طور پر 8,895 مریضوں کا علاج کیا، جس میں صحت کی اہم بنیادی خدمات مفت فراہم کی گئیں۔ زندگیاں بچانے کے لیے پرعزم، کمپنی نے سانپ کے کاٹنے کے علاج کی ایک خصوصی سہولت قائم کی، جو علاقے میں اپنی نوعیت کی پہلی سہولت ہے۔ یہ سہولت پہلے ہی 5,819 سانپ کاٹنے والے مریضوں کا علاج کر چکی ہے، جو صحت کے ایک اہم خطرے کو کم کرنے میں اس کے اہم کردار کو اجاگر کرتی ہے۔

کمپنی نے 2022 میں مفت اعضاء کی ایک سہولت قائم کی۔ اس اہم اقدام سے پہلے ہی 1,331 مریضوں کو فائدہ پہنچ چکا ہے، ان کو زندگیوں میں چلنے پھرنے کی آزادی حاصل ہوئی۔ کینائن سے پیدا ہونے والے خطرات سے نمٹنے اور صحت کی مجموعی دیکھ بھال کے ہمارے عزم کے پیش نظر، اینگرو نے 2023 میں ایک خصوصی سہولت کے ذریعے 1,708 کتے کے کاٹنے والے مریضوں کا علاج کیا۔

ملازمین میں فلاح و بہبود سے متعلق بیداری کو فروغ دیتے ہوئے، سہارا کلینک نے اینگرو رضا کار پروگرام کے تحت جلد کی بیماریوں کے علاج کے مفت کیمپ کا انعقاد کیا۔ اس تین روزہ کیمپ کے دوران 625 افراد کو مفت مشورہ، علاج اور دوائیں فراہم کی گئیں، جس سے کمیونٹی میں صحت کی دیکھ بھال کے اقدامات کے اثر کو تقویت ملی۔ احتیاطی تدابیر کی اہمیت کو سمجھتے ہوئے، اینگرو نے اپنے CAER دیہاتوں میں 15 روزہ فوگنگ سپرے مہم چلائی، جس سے ایک بہت بڑی آبادی کو ڈینگی اور ملیریا کے خطرے سے محفوظ رکھا گیا۔

خواتین کی مخصوص ضروریات کے پیش نظر، اینگرو نے اپنی کلینک ٹیم کے ساتھ مل کر، اپنے CAER دیہاتوں میں خواتین کی صحت کے بارے میں آگاہی سیشنوں کا انعقاد کیا، جس سے خواتین کو ضروری معلومات کی آگہی اور مجموعی صحت کی دیکھ بھال کے کلچر کو فروغ ملا۔ یہ اقدامات صحت کی دیکھ بھال تک رسائی کو یقینی بنانے اور ان آبادیوں کے لیے صحت مند، باشعور مستقبل کو فروغ دینے کے لیے کمپنی کی بے مثال لگن کا ثبوت ہیں۔

انفراسٹرکچرل سپورٹ (بنیادی ڈھانچے کی ترقی میں تعاون)

صحت اور تندرستی میں صاف پانی کے اہم کردار کو سمجھتے ہوئے، کمپنی نے آس پاس کے علاقوں میں پانی کے مسئلے سے حل کیا ہے۔ سال بھر میں، رینوئبل سولر انرجی سے چلنے والے 12 ریورس اوسموسس (RO) پلانٹس کے ذریعے تقریباً 4,000 خاندانوں کو غیر معمولی طور پر 15 ملین لیٹر صاف پانی فراہم کیا ہے۔ اس بے مثال پروجیکٹ کو سیوریج اپ گریڈیشن کے اقدامات اور مختلف دیہاتوں میں سولر لائٹس کی تنصیب سے مکمل کیا گیا تاکہ بنیادی ضروریات کو یقینی بنانے اور مقامی آبادیوں کی زندگیوں کو بہتر بنانے کے لیے اینگرو کے عزم کو ظاہر کیا جاسکے۔

امور کی حفاظت میں بہتری

رسک بیسڈ HSE ایکسیلنس پروگرام:

- تعمیل پر مبنی HSE پروگرام سے رسک بیسڈ اپروچ (RBA) میں منتقلی HSE میں برتری حاصل کرنے کی طرف ایک اہم قدم ہے۔ یہ نقطہ نظر روایتی HSE خطرات کا جائزہ لینے کے لیے ایک زیادہ موثر سوچ کو اپناتا ہے، جس کا بنیادی مقصد HSE کے بڑے خطرات (خاص طور پر میجر ایکسیڈنٹ ہزرڈ سینریوز (MAHs) پر قابو پانے کے انتظام کو بڑھانا ہے۔
- 2023 میں، اینگرو فرٹیلائزرز کے ڈہرکی اور زرخیز مینوفیکچرنگ پلانٹس میں رسک بیسڈ اسسمنٹ فیز 2 کامیابی سے مکمل ہوا۔ اس میں سائٹ پر موجود تمام میجر ایکسیڈنٹ سینریوز (MAHs) کا ایک جامع تجزیہ شامل تھا، جس میں ایڈوانسڈ ہیزڈ اینڈ آپریبلٹی اینالیسس (HAZOP) اور پروٹیکشن اینالیسس (LOPA) تکنیک (مہارتوں) کا استعمال کیا گیا تھا۔ Bowties کو بہتر کرنے سے رکاوٹوں کے اثر کو بڑھانا اور انہیں تحفظ کے نظام کے ساتھ جوڑنا اس مرحلے کا ایک اہم پہلو تھا۔
- رسک بیسڈ اپروچ کو اپنانے اور موثر طریقے سے لاگو کرنے میں سہولت دینے کے پیش نظر، قابلیت کی ترقی سے متعلق ورکشاپس کا انعقاد کیا گیا۔ ان ورکشاپس میں ادارے کے اندر تربیتی نشستوں کے ساتھ ساتھ بیرونی ٹریننگ اور PII (Process Improvement Institute -USA) کی طرف سے منعقدہ ورکشاپس شامل تھے۔
- تمام منظرناموں میں ہنگامی رسپانس سسٹم کے تعلق پر زور دیتے ہوئے، پورے سائٹ پر آگ اور خطرے کی تشخیص پر ایک جامع اسٹڈی کامیابی کے ساتھ مکمل کی گئی۔

صحت اور سماجی بھلائی

کمپنی کے پیشہ ورانہ صحت کے پروگرام میں صنعتی حفظان صحت اور پیشہ ورانہ صحت شامل ہے۔ 2023 میں، ہم نے اپنے ملازمین میں تندرستی اور حفظان صحت کے طریقوں کو فروغ دینے کے لیے صحت سے متعلق آگاہی اور کنٹرول کے مختلف پروگرام شروع کیے:

- تمام فوڈ کلبوں اور کینٹینوں نے 2023 میں HACCP سرٹیفکیشن حاصل کیا، فوڈ سیفٹی کی ضروریات کے پیش نظر مضبوط نگرانی اور کنٹرول کے طریقوں کو اپنایا گیا۔
- سال بھر، بیماریوں سے بچاؤ کے بارے میں آگاہی کی مختلف کیمپین اور صحت مند طرز زندگی کے لیے اقدامات اٹھائے گئے۔ بہتر صحت، بہتر کل اور میٹابولک سنڈروم ڈرائیو جیسی مختلف مہمات متعارف کروائی گئی اور انہیں برقرار رکھا گیا۔
- سائٹ ورکرز نے خطرناک مٹریل کی مینجمنٹ کے ساتھ ذاتی حفاظتی آلات کے موثر استعمال کے بارے میں جامع تربیت حاصل کی۔

ماحولیاتی کارکردگی

2023 میں، اینگرو فرٹیلائزرز میں ماحولیاتی کارکردگی کو بڑھانے کے لیے بھرپور کوششیں کی گئیں۔ اہم ترین درج ذیل ہیں:

- اینگرو فرٹیلائزرز کو انٹرنیشنل فرٹیلائزر ایسوسی ایشن (IFA) کی طرف سے پروڈکٹ کے معیار، سلامتی اور پائیداری کے لیے مضبوط انتظامی طریقوں کے لیے سرٹیفائیڈ کیا گیا تھا۔
- ڈہرکی مینوفیکچرنگ پلانٹ نے نیٹ زیرو ویسٹ پروجیکٹ پر عملدرآمد شروع کر دی ہے۔ اس اقدام کے نتیجے میں نامیاتی فضلے کو کھاد میں تبدیل کیا گیا، جو باغبانی کے لیے موزوں ہے۔ مزید برآں، اس پائیدار اقدام کے تحت پلاسٹک کے فضلے کو ری سائیکل کرنے والی پروڈکٹس میں دوبارہ استعمال کیا گیا۔
- قدرتی وسائل کے تحفظ کے لیے اینگرو فرٹیلائزرز کے اقدام کے طور پر، بخارات کے تالابوں کی جیو میمبرین لائننگ کامیابی کے ساتھ مکمل کی گئی۔
- ماحولیاتی استحکام کے مینجمنٹ پروگرام کے تحت اہم ریسیپٹرز پر شور کے اثرات کا وسیع جائزہ لیا گیا۔ ENCOP-3 سہولت پر نوائز پینل کی تنصیب بھی کامیابی کے ساتھ مکمل ہوگئی۔
- اینگرو فرٹیلائزرز نے ماحولیاتی رپورٹنگ اور تعمیل کو بڑھانے کے مقصد سے فضلے کے اسٹینڈرڈز پر جامع تحقیق اور بینچ مارکنگ کی۔
- سائٹ پر خطرناک مواد کی مینجمنٹ کے لیے ایک ماحولیاتی مینجمنٹ پلان تیار کیا گیا تھا اور وسائل کو مناسب طریقے سے منظم کیا گیا۔

اینگرو محافظ

اینگرو محافظ پاکستان میں اپنی نوعیت کا پہلا اسٹیک ہولڈر انجمنٹ HSE پروگرام ہے جو کمپنی کی HSE پالیسی کے مطابق ہے تاکہ ہمارے آپریشنز میں شامل یا منسلک تمام کمیونٹیز کی حفاظت اور تربیت کی جا سکے۔ یہ پروگرام کسانوں اور ڈیلرز کو ان کے معمول کے آپریشنز سے متعلق محفوظ اور ماحول دوست طریقوں کی تربیت دینے کے لیے ڈیزائن کیا گیا ہے، جو جامع رسک پروفائلنگ پر مبنی ہے۔ اس پروگرام میں ان کی ورک پلیس کا HSE آڈٹ کرنا اور اس کے بعد مقابلہ اور ٹوکن ایوارڈز کے ذریعے بنیادی ڈھانچے اور طریقوں کو بہتر بنانے کے لیے ان کی حوصلہ افزائی کرنا بھی شامل ہے۔

2023 میں اینگرو محافظ پروگرام کے تحت 506 سرگرمیاں کی گئیں اور اس پروگرام کے تحت 21,299 کسان، ڈیلرز اور کمیونٹی ممبران مختلف اقدامات میں مصروف تھے۔ اس میں ملک بھر میں خون کے عطیہ کی 11 کیمپس، 7 میڈیکل کیمپس اور 29 شجر کاری کیمپ شامل ہیں۔

کارپوریٹ سماجی ذمہ داری

اینگرو فرٹیلائزرز لمیٹڈ اچھا کام کرتے ہوئے اچھا کرنے پر یقین رکھتی ہے۔ ایک پیشہ ورانہ کاروبار کی حیثیت میں، ہم کمپنی اور کمیونٹیز دونوں کو فائدہ پہنچانے کے لیے کارپوریٹ انسان دوستی سے بڑھ کر مسلسل کوشش کرتے ہیں۔ ہم اینگرو فاؤنڈیشن کے ساتھ شراکت داری سے لوگوں کی فلاح و بہبود کی ذمہ داری قبول کرتے ہوئے ایسے پائیدار منصوبوں میں سرمایہ کاری کرتے ہیں جو مثبت سماجی اور اقتصادی تبدیلی کا باعث بنیں۔ اینگرو فاؤنڈیشن کے ذریعے چلنے والے پائیدار منصوبوں کے ذریعے، ہم مقامی ترقی میں سرمایہ کاری کرتے ہیں اور علاقہ مکینوں کے لیے ایک روشن مستقبل کو بااختیار بناتے ہیں۔ ہمارے پرعزم ملازمین اس کامیابی میں اہم کردار ادا کرتے ہیں، اور ہم اپنے اثر کو وسیع کرنے کے لیے حکومت اور فلاحی اداروں کے ساتھ مل کر کام کرتے ہیں۔

اینگرو فرٹیلائزر کی انوائرنمنٹ سسٹین ایبلٹی اینڈ اسٹیک ہولڈر انگیجمنٹ اسٹیئرنگ کمیٹی کا قیام افراد اور ماحول کی بہتری کے لیے عمل میں لایا گیا۔ یہ گروپ ہماری ڈہرکی سہولت کے آس پاس کے لوگوں کی سماجی اور معاشی ترقی کا چیمپئن ہے، کیونکہ یہ ایمرجنسی ریسپانس کی مکمل تربیت کے ذریعے HSE کی تعمیل کو یقینی بناتا ہے۔

ہمارے کارپوریٹ سماجی ذمہ داری (CSR) پروگرام برادریوں میں ہماری سرمایہ کاری کے اثرات کو وسیع تر کرنے کے لیے تشکیل دیا گیا ہے اور انہیں درج ذیل مختلف شعبوں میں تقسیم کیا جا سکتا ہے:

- تعلیم
- روزگار
- ہیلتھ کیئر سروسز
- بنیادی ڈھانچے کی ترقی میں تعاون
- ماحولیاتی تحفظ کے اقدامات
- ایگری ویلیو چین پروجیکٹس

تعلیم

کمپنی تعلیم کو افراد اور معاشرے کے ایک روشن مستقبل کی بنیاد سمجھتی ہے۔ یہی وجہ ہے کہ تعلیم ہمیشہ سے ہماری کارپوریٹ سماجی ذمہ داری (CSR) حکمت عملی کا سنگ بنیاد رہی ہے۔ ہم صرف اسکول نہیں بنا رہے ہیں بلکہ طویل مدتی تبدیلی اور بااختیار بنانے میں سرمایہ کاری کر رہے ہیں۔

پائیدار معاشی بحالی کے اقدامات کی کامیابی، پاکستان کی بنیادی اسٹرکچرل کمزوریوں کو دور کرنے، بیرونی عدم توازن کو سنبھالنے اور غیر یقینی عالمی ماحول کے دوران جرات مندانہ لیکن دانشمندانہ پالیسیوں کو نافذ کرنے کی صلاحیت پر منحصر ہوگی۔ علاوہ ازیں، ہم توقع کرتے ہیں کہ مہنگائی کے ہمارے موجودہ چیلنجز اور غیر ملکی ذخائر کی کمی برقرار رہے گی۔ اینگرو فرٹیلائزرز حکومت پاکستان کے ساتھ بھرپور تعاون جاری رکھے ہوئے ہے اور خطے میں غذائی تحفظ میں اپنے تعاون کو یقینی بناتے ہوئے ایک خوشحال، جامع، مستحکم اور پائیدار پاکستان کے لیے پرعزم ہے۔

انعامات اور پہچان

2023 کے دوران، کمپنی نے متعدد ملکی اور بین الاقوامی فورمز پر مختلف شعبہ جات میں غیر معمولی کارکردگی منوانے کی اپنی روایت کو برقرار رکھا۔ ذیل میں 2023 کے دوران اینگرو فرٹیلائزرز کی جانب سے جیتے جانے والے کچھ بڑے ایوارڈز یہ ہیں:

ایچ ایس ای ایوارڈز

- ڈہرکی کے مینوفیکچرنگ پلانٹ نے HSE میں غیر معمولی کارکردگی کے لیے گولڈ ایوارڈ جیتا، یہ ایوارڈ رائل سوسائٹی فار دی پریوینشن آف ایکسیڈنٹس ((RoSPA) کی جانب سے تفویض کیا گیا۔
- اینگرو فرٹیلائزرز نے بزنس ایوارڈز برطانیہ کی طرف سے پیش کیے جانے والے انوائرنمنٹل ہیلتھ اینڈ سیفٹی ایوارڈ کیٹگری میں کامیابی حاصل کی، جبکہ سیفٹی کلچر ایکسی لینس ایوارڈ میں رنراپ پوزیشن حاصل کی۔
- اینگرو فرٹیلائزرز کو ایمپلائرز فیڈریشن آف پاکستان کی طرف سے پیشہ ورانہ حفاظت، صحت اور ماحولیات کے 17ویں بیسٹ پریکٹسز ایوارڈز میں ''پہلی پوزیشن'' سے نوازا گیا۔
- اینگرو فرٹیلائزرز کو ایک کیلنڈر سال میں شاندار HSE طریقوں اور کارکردگی کے اعتراف میں RoSPA کی طرف سے E-Logistics ڈویژن کو ''فلیٹ سیفٹی گولڈ ایوارڈ'' سے نوازا گیا۔
- اینگرو فرٹیلائزرز کو بہترین مجموعی حفاظتی پروگرام اور شاندار ماحول کے لیے EHS ڈیلی ایڈوائزر، امریکہ کی جانب سے سیفٹی اسٹینڈ آؤٹ ایوارڈ میں رنراپ پوزیشن سے نوازا گیا ہے۔
- اینگرو فرٹیلائزرز نے ایک کیلنڈر سال میں بہترین ESG کوششوں کے لیے UNICEPTA کے زیراہتمام ESG ایوارڈز میں فائنلسٹ پوزیشن حاصل کی۔

ایچ آر ایوارڈز

- اینگرو فرٹیلائزرز نے پاکستان بزنس کونسل (PBC) اور انٹرنیشنل فنانس کارپوریشن (IFC) کی طرف سے ایمپلائر آف چوائس فار دی جینڈر ڈائیورسٹی ایوارڈز میں تیسری پوزیشن حاصل کی۔
- اینگرو فرٹیلائزرز کو پاکستان ایوارڈز 2023 میں بیسٹ پلیس ٹو ورک فار مینوفیکچرنگ سیکٹر میں سب سے زیادہ پسندیدہ آجر قرار دیا گیا۔

جنرل مینجمنٹ اینڈ فنانس

- کمپنی کو ICAP اور ICMA کی جانب سے کیمیکل اور فرٹیلائزر سیکٹر میں بہترین کارپوریٹ رپورٹ 2022 کے لیے شارٹ لسٹ کیا گیا۔
- اینگرو فرٹیلائزرز کو پاکستان اسٹاک ایکسچینج کی ٹاپ 25 کمپنیز ایوارڈ 2022 میں چوتھے نمبر پر رکھا گیا۔
- اینگرو فرٹیلائزرز نے مینجمنٹ ایسوسی ایشن آف پاکستان کے 38ویں کارپوریٹ ایکسی لینس ایوارڈز میں عام ریس چنائے کارپوریٹ ایکسی لینس ایوارڈ جیتا۔

کسٹمر سروس کو بہتر بنانا

ستمبر 2020 میں اینگرو فرٹیلائزرز نے اینگرو ہمسفر کے نام سے اپنی بنیادی موبائل اور ویب بیسڈ ایپلی کیشن متعارف کروائی۔ یہ ایک B2B ڈیجیٹل پلیٹ فارم ہے جو فرٹیلائزر ڈیلرز کو اینگرو فرٹیلائزرز کے ساتھ 24 گھنٹے لین دین کے قابل بناتا ہے۔ کمپنی نے 500 بلین روپے کی فروخت اینگرو ہمسفر کے ذریعے بک کی ہے۔ یہ متاثر کن اعداد وشمار ڈیجیٹلائزیشن کے لیے کمپنی کی لگن اور آرڈر ٹو کیش کے عمل کو مربوط بنانے میں ان کی کوششوں کا ثبوت ہے۔ کمپنی نئی خصوصیات شامل کرکے اور بینکنگ پارٹنرز کی تعداد میں اضافہ کے ذریعے ایپلی کیشن کے صارفین کے تجربے کو بہتر بنا رہی ہے۔

صحت، حفاظت اور ماحول (HSE)

اینگرو فرٹیلائزرز صحت، حفاظت اور ماحولیات (HSE) کو اپنی بنیادی اقدار میں سے ایک اور بنیادی ستون کے طور پر دیکھتی ہے اور انہیں روزمرہ کے آپریشنز میں انتہائی اہمیت دی جاتی ہے جبکہ اعلیٰ درجے کی حیثیت کو برقرار رکھنے کے لیے حفاظت سے متعلق آگاہی اور پروٹوکول کو مسلسل بڑھانے کی کوشش جاری رہتی ہے۔ کمپنی کے ملازمین اور انتظامیہ کی طرف سے حفاظت، صحت اور ماحولیات کے اعلیٰ معیار کو برقرار رکھنے میں جو کوششیں اور عزم ظاہر کیا گیا ہے وہ اس کے مضبوط ٹریک ریکارڈ سے ظاہر ہوتا ہے۔ ہمارے عالمی معیار کے HSE پروگرام اس بات کو یقینی بناتے ہیں کہ کمپنی کے ساتھ منسلک تمام اسٹیک ہولڈرز محفوظ رہیں اور HSE کے نظام، طریقوں اور پالیسیوں سے بخوبی واقف ہوں۔ جامع تربیت، بہترین ٹولز اور گیجٹس کی فراہمی، خطرے کی موثر نشاندہی اور قابو پانے کے موثر اقدامات کی موجودگی میں، ہم عالمی معیار کے حفاظتی اعداد وشمار حاصل کرنے اور اسے برقرار رکھنے کی کوشش کرتے ہیں۔

سال 2023 کے لیے ہماری حفاظتی کارکردگی ذیل کے اعداد وشمار سے ظاہر ہوتی ہے:

ہماری HSE کارکردگی	2023
ٹوٹل ریکارڈایبل انجری ریٹ (TRIR)	0.03
قابل ریکارڈ چوٹیں (RWC/MTC)	2
لاسٹ ورک ڈے انجری (LWI)	Nil

HSC- فرسٹ مائنڈ سیٹ کے نتائج۔

- اینگرو فرٹیلائزرز کا HSE مینجمنٹ سسٹم جدید ترین EHS ویلوسٹی پلیٹ فارم کو اپنانے کے ساتھ ڈیجیٹل تبدیلی سے گزرا۔ اس نے موثر ٹریکنگ، ریکارڈ کیپنگ، اسٹیورڈ شپ اور ڈیٹا کے بروقت تجزیہ کو یقینی بنا کر اس کی فعالیت اور پیداواری صلاحیت میں نمایاں اضافہ کیا ہے۔
- سال بھر میں، HSE کیمپینز کے ذریعے سائٹ پر رویہ اور روایتی تحفظ کو مجموعی طور پر بہتر بنانے کی کوششیں جاری رہیں۔ ان کوششوں نے HSE کے مختلف اقدامات کی قیادت کرنے کے لیے افراد کو بااختیار بنا کر آپریشنل ڈسپلن پر مثبت اثر ڈالا ہے۔ ان پروگراموں کے ذریعے، ہم ذاتی اور پیشہ ورانہ دونوں سطحوں پر اپنے ملازمین کی سوچ اور طرز عمل کو تبدیل کرنے کی خواہش رکھتے ہیں۔
- Amm-2 پلانٹ میں 21 دن کی جبری بندش بغیر کسی حادثے یا زخم کے مکمل کی گئی کیونکہ ٹیم کے تمام افراد کو محفوظ طریقے سے اپنے کام انجام دینے کی طرف توجہ اور لگن کو برقرار رکھا گیا۔
- زرخیز پلانٹ نے ایک بار پھر اس کیلنڈر سال میں ''صفر'' ٹوٹل ریکارڈایبل انجری ریٹ (TRIR) حاصل کی ہے، اس سنگ میل کو مسلسل چوتھے سال بھی برقرار رکھا گیا۔ یہ کامیابی HSE کی ایک مضبوط روایت اور HSE پالیسیوں اور اصولوں کی غیر متزلزل تعمیل کی عکاسی کرتی ہے۔

مشترکہ طور پر، کمپنی نے 26.2 ارب روپے کا بعد از ٹیکس منافع کمایا جو 2022 میں 16.0 ارب روپے کے مقابلے بعد از ٹیکس منافع کے مقابلے میں 64% کا اضافہ ظاہر کرتا ہے۔ نتیجتاً، 2022 میں 11.98 روپے فی حصص کے مقابلے میں مشترکہ فی حصص آمدنی بڑھ کر 19.61 روپے فی حصص ہوگئی۔ انفرادی طور پر، کمپنی کا بعد از ٹیکس منافع 25.7 ارب روپے رہا، جو کہ 2022 میں 15.4 ارب روپے تھا، جو سال کے اعتبار سے 67% کا اضافہ ظاہر کرتا ہے۔

منافع کی تخصیص اور ریزرو ٹرانسفر

سال کے آغاز میں، کمپنی کے کل ذخائر 31.7 ارب روپے تھے جس میں سے بورڈ نے 6.7 ارب روپے کے منافع کا اعلان کیا۔ سال کے دوران، کمپنی نے 26.2 ارب روپے کا خالص منافع کمایا اور مجموعی طور پر 12.5 روپے فی حصص کے 3 عبوری منافع جات کا اعلان کیا۔ 2023 کے آخر تک مجموعی ذخائر 34,549 ارب روپے تھے، اعداد و شمار کا خلاصہ ڈیویڈنڈ اور تخصیص کے ٹیبل میں دی گئی ہے:

منافع اور تخصیص*	ملین روپے
ابتدائی ذخائر	**31,700**
حتمی ڈیویڈنڈ 2022:5.0 روپے فی حصص	(6,676)
خالص منافع 2023	26,191
دیگر جامع آمدنی	26
تخصیص کے لئے دستیاب	**51,241**
تخصیصات	
پہلا عبوری 2023:3.5 روپے فی حصص	**(4,674)**
دوسرا عبوری 2023:3.0 روپے فی حصص	(4,006)
تیسرا عبوری 2023:6.0 روپے فی حصص	(8,012)
اختتامی ذخائر	**34,549**

*نمبروں کو قریب ترین ملین تک جمع کیا گیا ہے۔

ڈیویڈنڈ اور بعد کے واقعات

بورڈ کو 8 روپے حصص کا حتمی ڈیویڈنڈ تجویز کرتے ہوئے خوشی ہو رہی ہے، جو 26 مارچ کو ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کے لیے پیش کی جائے گا، اس کے علاوہ 12.5 روپے فی شیئر کے عبوری ڈیویڈنڈز پہلے ہی ادا کر دیے گئے ہیں۔

اس رپورٹ کے اجراء کی تاریخ تک کمپنی کی مالی حیثیت کو متاثر کرنے والی کسی طرح کی تبدیلیاں نہیں ہوئیں۔

سرمائے کا ڈھانچہ اور طویل مدتی قرضوں کا انتظام

2023 میں، کمپنی نے بہتر سرمائے کے انتظام کے ذریعے فنانسنگ کے بڑھتے ہوئے اخراجات کے انتظام پر اپنی توجہ مرکوز رکھی۔ سال 2023 کے اختتام پر طویل مدتی قرضے 2022 کے 12.7 ارب روپے کے مقابلے میں 6.0 ارب روپے رہ گئے۔ اس سال واجب الادا ہونے والے تمام قرضوں کی ادائیگی مقررہ تاریخوں کے مطابق کی گئی اور کمپنی نے کسی بھی قرض کی ادائیگی میں کوئی ڈیفالٹ نہیں کیا۔ 31 دسمبر 2023 تک کل ایکویٹی 47.9 ارب روپے رہی جو کہ 2022 میں 45.1 ارب روپے تھی۔

مالیاتی گوشواروں پر آڈیٹرز کی رپورٹ

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ہمارے آڈیٹرز نے ہمارے کاروباری طریقہ کار، مالی حکمت عملی اور سال کے دوران کیے گئے اخراجات کا جائزہ لیا اور انہوں نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے انفرادی اور مشترکہ مالیاتی گوشواروں پر اطمینان کا اظہار کیا ہے۔

مستقبل کے امکانات اور مارکیٹ سے متعلق نقطہ نظر

ماری پیٹرولیم کمپنی لمیٹڈ (MPCL) حبیب راہی لائم اسٹون (HRL) ذخائر میں گیس پریشر میں کمی کو دور کرنے کے لیے، اینگرو فرٹیلائزرز اور دیگر فرٹیلائزر مینوفیکچررز نے MPCL کے ساتھ ایک معاہدہ کیا تا کہ MPCL کی ترسیل پر پریشر انہینس منٹ فیسلٹیز (PEF) کے قیام میں سرمایہ کاری کی جا سکے۔ اس منصوبے میں ایک بڑا سرمایہ خرچ ہونے کی توقع ہے اور یہ HRL ذخائر سے کھاد بنانے والوں کو گیس (مطلوبہ پریشر کی سطح پر) کی مسلسل فراہمی کو یقینی بنائے گا۔

سپلائی لائنوں کو مستحکم کرنے اور کموڈٹی سپر سائیکل میں نرمی نے یوریا کی قیمتوں کو ان کی تاریخی بلندیوں سے نیچے آنے میں مدد دی ہے اور تجویز کیا ہے کہ وہ آئندہ سال کے لیے موجودہ حد کے اندر رہیں گے۔ موجودہ قیمتوں کی مناسب قبولیت اور آئندہ سیزن کے لیے طلب بحال ہونے سے ڈی اے پی کی قیمتیں بھی کم ہونے کی توقع ہے۔ موجودہ جغرافیائی سیاسی تنازعات کا حل، نئی پیداواری سہولیات پر پیشرفت اور چین کے ساتھ برآمدی پالیسیوں میں تبدیلیاں مستقبل کی قیمتوں میں اتار چڑھاؤ کے اہم محرک ہوں گے۔

2024 کے لیے پاکستان میں گندم اور گنے کی کاشت کو ترجیح دینے کا امکان زیادہ ہے کیونکہ منافع میں کمی کی وجہ سے مکئی، کپاس اور چاول کے رقبے میں کمی متوقع ہے۔ تاہم ملک میں بارشوں میں کمی اور شمال میں تاخیر سے ہونے والی برف باری ربیع 2023 (جاری فصل کا موسم) کے لیے تشویش کا باعث ہو سکتے ہیں کیونکہ پانی کی دستیابی کم ہو سکتی ہے۔ یہ ایک اہم عنصر ہے جو اگلے سال کے لیے فصلوں کو متاثر کر سکتا ہے۔

2024 میں، یوریا کی کھپت کاشت میں بہتری کے ساتھ فصلوں کی اچھی قیمتوں کے سبب کھادوں کے مناسب استعمال کے نتیجے میں مستحکم رہے گی۔ یوریا کی طلب کو بڑھانے والے ڈیمانڈ اینڈ سپلائی نظام کے پیش نظر توقع کی جاتی ہے کہ مقررہ سپلائی اور معتدل حکومتی درآمدات کے ساتھ مستحکم ہوگی۔ مناسب قیمت کی قبولیت، کسانوں کی سوچ اور معاشیات کی وجہ سے فاسفیٹس کی مانگ موجودہ سطح سے بہتر ہونے کی توقع ہے، جبکہ سپلائی کے مسائل کو چھوڑ کر قیمتیں بلند ترین سطح پر رہنے کی توقع ہے۔ 2021 سے پہلے کی لیولز (2 ملین ٹن+ لیولز) کی بحالی میں کچھ وقت لگے گا جس میں پاکستانی روپے کی قدر میں بہتری یا ان پٹ قیمتوں میں بڑے پیمانے پر اصلاحات کی ضرورت ہوگی، یہ دونوں ہی زیر غور نہیں ہیں۔

ہمیں یقین ہے کہ اس وقت ملک کو درپیش تمام چیلنجز کے باوجود، حکومتی تعاون، بہتر زرعی معاشیات، اور عالمی قیمتوں کے مقابلے نمایاں طور پر رعایتی قیمتوں پر یوریا کی فروخت کی وجہ سے پاکستان کا زرعی شعبہ مستحکم رہے گا۔

فاسفیٹ کے حوالے سے، مقامی DAP انڈسٹری 2022 کے KT 1,158 کے مقابلے میں KT 1,557 تک پہنچ گئی، جس میں سال بہ سال 34% اضافہ ہوا۔ یہ بنیادی طور پر ربیع کے سیزن میں بہتر زرعی پیداوار اور سیلاب کے بعد بحالی سے منسوب ہے جس میں کسانوں کو نقدی زر کی شدید کمی کا سامنا کرنا پڑا۔

شعبہ جات کا تجزیہ

یوریا

سال کے دوران کمپنی کی یوریا کی پیداوار میں 18.3 فیصد کا اضافہ ہوا اور 2022 کے KT 1,955 کے مقابلے 2023 میں KT 2,313 رہی، جس کی بنیادی وجہ دونوں پلانٹس میں کم بندش اور پلانٹ کی بہتر کارکردگی ہے۔ نتیجتاً، ہماری یوریا کی فروخت بھی 20.3 فیصد بہتر ہو کر KT 2,327 تک پہنچ گئی جو 2022 میں KT 1,935 تھی۔ نتیجتاً، ہمارا مارکیٹ شیئر 2022 میں 29% کے مقابلے میں اس سال بڑھ کر 35% ہو گیا۔

بڑھتی ہوئی پیداواری لاگت، گیس کی قیمتوں میں نمایاں اضافے اور فیڈرل ایکسائز ڈیوٹی (FED) کے لاگو ہونے سے، EFERT نے اپنے شیئر ہولڈرز کی توقعات کو برقرار رکھنے اور پلانٹس کے آئندہ اخراجات کی ضروریات کو یقینی بنانے کے لیے سال کے دوران متعدد قیمتوں میں اضافہ کیا۔

فاسفیٹ (ڈی اے پی، زور آور، این پی)

فاسفیٹ کے بزنس نے پچھلے سال کی KT 333 کی فروخت کے مقابلے KT 365 کی فروخت یقینی بنائی۔ فروخت میں اضافہ ایک بہتر انڈسٹری کا ثبوت ہے۔ کمپنی موثر خریداری اور موثر سیلز مینجمنٹ کے ذریعے ان کھادوں کی سیلز پر اچھا منافع حاصل کرنے میں بھی کامیاب رہی۔

خصوصی فرٹیلائزر بزنس (ایس ایف بی)

ہمارے اسپیشلٹی فرٹیلائزر بزنس نے سال بہ سال حجم میں حیران کن طور پر 47% اضافے کی وجہ سے 83% ریونیو میں اضافہ درج کیا ہے۔ زبردست یوریا، جو کہ ایک بایو ایکٹیو غذائیت سے بھرپور کھاد ہے، پیداوار بڑھانے پر اپنے ثابت اثر کے ساتھ سال بھر میں بڑھتی رہتی ہے۔ بین الاقوامی قیمتوں میں استحکام کی وجہ سے پوٹاش پر مبنی مصنوعات اور مائیکرو نیوٹرینٹ مستحکم رہے۔

کراپ سائنسز ڈویژن (CSD)

کمپنی نے اپنی طویل مدتی حکمت عملی کا از سر نو جائزہ لیا اور اپنے کیڑے مار ادویات اور سیڈ بزنسز بند کرنے کا فیصلہ کیا۔ بزنس کی اس بندش کو 2023 میں کامیابی کے ساتھ عمل میں لایا گیا۔

ای لاجسٹک

کمپنی کے لاجسٹکس کاروبار نے سیفٹی اسٹینڈرڈز کو بہتر بنانے اور انتظامی صلاحیت میں بہتری پر اپنی توجہ برقرار رکھی۔ اس بزنس سیگمنٹ کے لیے طویل المدتی حکمت عملی کے طور پر، کمپنی نے اس کاروبار سے نکلنے کا فیصلہ کیا اور اب اس کے اثاثہ جات کی سرمایہ کاری واپس لانے کا عمل جاری ہے۔

دیگر اہم معاملات

مالیاتی مسائل کے پیش نظر، حکومت نے فنانس ایکٹ 2023 کے ذریعے مزید 6% سپر ٹیکس عائد کیا۔ فنانس ایکٹ 2023 کے مطابق، اور اس کے بعد کے لیے 4% کی بجائے 10% سپر ٹیکس لگایا جائے گا۔ نتیجتاً، پچھلے سال کے لیے سپر ٹیکس چارج 2,888 ارب روپے ریکارڈ کیا گیا جس میں موخر ٹیکس بھی شامل ہے۔ ٹیکس ایئر 2023 پر غور کرتے ہوئے 10% سپر ٹیکس کی نوعیت میں امتیازی فرق دیکھتے ہوئے، اینگرو فرٹیلائزرز نے اینگرو گروپ اور دیگر صنعت کاروں کے ساتھ مل کر اسلام آباد ہائی کورٹ (IHC) میں سپر ٹیکس کے نفاذ کو چیلنج کیا۔

تاہم اینگرو فرٹیلائزرز کے پاس ٹیکس سال 2024 اور اس کے بعد اضافی 6% ادا کرنے کا کوئی جواز نہیں ہے، اور اس کے نتیجے میں اس نے 3,016 ملین روپے کے اضافی سپر ٹیکس چارج کو تسلیم کیا ہے اور اسے سال کے دوران ایڈوانس ٹیکس کے ساتھ ادا کیا گیا ہے۔

سال کے دوران فرٹیلائزر سیکٹر کے لیے ایک اضافی پیش رفت یکم جولائی 2023 سے فنانس ایکٹ 2023 کے تحت تمام کھادوں پر FED کا نفاذ تھا۔ نتیجتاً، کھادوں پر 5% فیڈرل ایکسائز ڈیوٹی قیمتوں میں شامل کر دی گئی ہے اور اسی وجہ سے گیس پر عائد ان پٹ FED، کمپنی کی طرف سے درآمدات اور دیگر خریداریاں اب قابل دعویٰ ہیں۔

مزید برآں، فنانس ایکٹ 2023 کے ذریعے، ڈی اے پی پر خصوصی طور پر سیلز ٹیکس عائد کیا گیا تھا۔ نتیجتاً، قیمتوں میں 5% فیڈرل ایکسائز ڈیوٹی کے علاوہ 5% جنرل سیلز ٹیکس شامل کیا گیا ہے، جبکہ DAP پر GST ان پٹ اب قابل دعویٰ ہیں۔ اسی مناسبت سے، اینگرو فرٹیلائزرز نے یکم جولائی 2023 سے اپنے DAP انوائسز پر سیلز ٹیکس لگانا شروع کر دیا ہے۔

GIDC کے لیے دائر کیے گئے سوٹس پر اور گیس کی رعایتی مدت کے اختتام پر، حکم امتناعی جاری ہیں۔ 2022 میں، حکومت پاکستان نے رعایتی گیس پر GIDC کے لیے دائر مقدمے میں اپنا موقف بیان کرتے ہوئے جواب داخل کیا۔ کمپنی نے حکومت کی طرف سے پیش کیے گئے موقف پر جوابی مسودہ تیار کیا اور اسے مقررہ وقت پر سندھ ہائی کورٹ میں جمع کرا دیا۔

مالیاتی جائزہ

سال کے دوران، کمپنی 223.7 ارب روپے کی سیلز آمدنی حاصل کرنے میں کامیاب رہی جو کہ 2022 میں 157.0 ارب روپے کی سیلز آمدنی کے مقابلے میں 42.5% کا اضافہ ظاہر کرتی ہے۔ اس بہتری کی وجہ تمام بزنسز میں ریکارڈ شدہ زیادہ مقدار کے ساتھ درآمد شدہ ڈی اے پی کی قیمتوں میں اضافے کو قرار دیا جا سکتا ہے۔

کمپنی نے سال کے دوران 72.3 ارب روپے کا مجموعی منافع حاصل کیا جو کہ 2022 کے 27% کے مقابلے میں 32% کے مجموعی منافع کو واضح کرتا ہے۔ مجموعی منافع میں اضافہ اخراجات پر کنٹرول اور 2022 میں اٹھائے گئے طویل مدتی اقدامات سے بڑھتی ہوئی پیداوار کے ذریعے حاصل ہونے والی آمدنی کو نمایاں کرتا ہے۔

کمپنی کے مالیاتی چارجز 27% کم ہو کر 2022 کے 2.6 ارب روپے کے مقابلے میں 1.9 ارب روپے تک رہ گئے۔ زیر جائزہ مدت کے دوران سود کی شرح میں نمایاں اضافے کے باوجود، انتظامیہ بہتر ورکنگ کیپیٹل سائیکل کے ذریعے مالیاتی لاگت کو کنٹرول میں رکھنے اور فنڈز کی موثر تعیناتی کو یقینی بنانے میں کامیاب رہی۔ 2023 کے لیے کمپنی کا ٹیکس خرچ 23.5 ارب روپے رہا جو کہ 2022 میں 10.6 ارب روپے تھا۔ سال کے لیے 47% کی موثر ٹیکس کی شرح کے ساتھ کمپنی پر سپر ٹیکس کے نفاذ کی وجہ سے ہمارے ٹیکس اخراجات میں اضافہ ہوا ہے۔

اینگرو فرٹیلائزرز لمیٹڈ

ڈائریکٹرز رپورٹ

اینگرو فرٹیلائزرز لمیٹڈ (EFERT / کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے ڈائریکٹرز رپورٹ اور کمپنی کے آڈٹ شدہ مشترکہ اور انفرادی مالیاتی گوشواروں کو جمع کراتے ہوئے مسرت کا اظہار کرتے ہیں۔

حفاظت

اینگرو فرٹیلائزرز حفاظت کے لیے بھرپور لگن کے ساتھ حفاظت کو سب سے زیادہ ترجیح دیتی ہے۔ آگہی اور بیداری کے ماحول کو فروغ دیتے ہوئے ہم اپنے حفاظتی ضابطوں کو مسلسل بہتر کرتے رہے ہیں۔ الحمدللہ، حفاظت سے متعلق ہماری لگن اور کوشش کا ثمرہ مل رہا ہے اور ہمیں اپنی تمام سہولیات میں 0.03 کی بے مثال TRIR شرح حاصل کرنے پر ناز ہے، جس میں ہماری مینوفیکچرنگ سہولیات پر ورکنگ ڈے حادثات کی شرح صفر ہے۔

(اقتصادی صورتحال کا جائزہ)

معاشی غیر یقینی کے مسائل کا مقابلہ کرنا سال 2023 کے لیے اقتصادی موضوعات میں اہم موضوع بنا رہا۔ غیر یقینی جغرافیائی و سیاسی حالات، اجناس کی قیمتوں میں اضافہ اور سیاسی انتشار نے ملکی معیشت پر منفی اثرات مرتب کیے۔ انتظامی کمزرویوں، تجارتی عدم توازن اور گھٹتے ہوئے زرمبادلہ کے ذخائر کے ماحول میں ملکی اور بین الاقوامی سپلائی میں غیر یقینی کو بڑھا رہے ہیں۔ بڑھتے ہوئے مالیاتی خسارے کے ساتھ مہنگائی کے دباؤ نے جی ڈی پی کی نمو اور بحالی کی کوششوں کو متاثر کر رکھا ہے۔

مالی سال 2023 (جولائی 22 تا جون 23) کے دوران پاکستان کی حقیقی جی ڈی پی ترقی گزشتہ دو سالوں کے 6% کے مقابلے میں 0.3% کی سطح پر آ گئی۔ یہ پاکستان کی تاریخ میں تیسری سب سے کم شرح تھی۔ خوراک اور توانائی کی امپورٹس میں اضافے کے سبب، امپورٹ کی کارکردگی زوال پذیر رہی، جنوری 2023 کے آخر میں پاکستان کے لیکوئیڈ غیر ملکی ذخائر 8.2 ارب امریکی ڈالر تک گر گئے، جو محدود امپورٹ کا اشارہ ہے۔ تاہم، درآمدی پابندیوں اور پالیسی ایڈجسٹمنٹ کی وجہ سے، 2023 کے آخر میں یہ ذخائر واپس بڑھ کر 12.7 ارب امریکی ڈالرز تک پہنچ گئے۔

2023 کے آغاز میں پاکستانی روپیہ کی مالیت 226 فی امریکی ڈالر تھی۔ تاہم، بیرونی قرضوں کی ادائیگی، گرتی ہوئی برآمدات/ترسیلات زر اور IMF کے اسٹینڈ بائی ایگریمنٹ (SBA) کی منظوری میں تاخیر نے پاکستانی روپے کو تاریخی طور پر سب سے کمزور پوزیشن 307 روپے فی ڈالر پر دھکیل دیا۔ تاہم ستمبر 2023 تک فارن ایکسچینج مارکیٹ میں بہتر آمدنی کی وجہ سے اکتوبر کے وسط تک روپیہ بتدریج مضبوط ہوا اور دسمبر 2023 تک 282 روپے فی امریکی ڈالر تک پہنچ گیا۔

پاکستان بیورو آف اسٹیٹسٹکس (PBS) کے مطابق، جنوری 2023 میں افراط زر کی اونچی سطح (ماہ بہ ماہ) 27.6 فیصد ریکارڈ کی گئی اور مئی میں یہ سطح 38.0% کے ساتھ اپنے عروج پر تھی۔ 2023 کے دوران میکرو اکنامک استحکام کو خطرات بڑھتے رہنے سے، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ کی شرح کو 6.75 فیصد بڑھا کر 22 فیصد کی بلند ترین سطح پر پہنچا دیا، نتیجتاً تجارتی قرضے لینے کی لاگت پر مزید دباؤ پڑا۔

2023 کی آخری سہ ماہی میں موثر پالیسی اقدامات اور مقامی مارکیٹ میں بہتری کے ماحول سے نسبتاً استحکام دیکھا گیا۔

زراعت سے متعلق جائزہ

اہم چیلنجوں کے باوجود، پاکستانی زرعی شعبے میں مالی سال 2023 میں 2 فیصد اضافہ ہوا۔ زرعی برادری نے بے مثال ترقی کا مظاہرہ کیا کیونکہ کسانوں نے ربیع کے موسم میں بہتر پیداوار کو یقینی بنانے کے لیے اجتماعی طور پر کام کیا، نتیجے میں خریف کے موسم میں اہم فصلوں کو پہنچنے والے نقصان کو پورا کرنے میں مدد ملی۔

شاندار امدادی قیمتوں اور زیر کاشت علاقوں میں بہتر فصلوں کے نتیجے میں اچھا معاشی منافع ان کسانوں کی آمدنی بڑھانے کا سبب بنا، جنھوں نے مجموعی طور پر زرعی پیداوار کو بڑھانے کے لیے ان پٹس بروقت استعمال کی سرمایہ کاری کی تھی۔ حکومت پاکستان (GoP) کی زراعت اور کارپوریٹ فارمنگ کو فروغ دینے کی کوششیں، پاکستان کی خوراک کو محفوظ بنانے، زرعی ضروریات کی طلب میں اضافے اور اقتصادی پیداوار کو بہتر بنانے کی صلاحیت کو بروئے کار لانے میں معاون بننے کی توقع ہے۔ اس سے اسپیشل انویسٹمنٹ فیسلٹیشن کونسل (SIFC) کی کوششوں کی تکمیل ممکن ہے، جس کا مقصد کارپوریٹ فارمنگ کے ذریعے زرعی طریقوں کو جدید بنانے، زیادہ پیداوار دینے والی اقسام کے استعمال اور ایگری ٹیک سلوشنز کو مربوط کرنے سے پاکستان کی زرعی معیشت کو درس سمت دینا ہے۔

مارکیٹ کا جائزہ

2023 میں یوریا کی بین الاقوامی مارکیٹ کو اہم مشکلات کا سامنا کرنا پڑا، نتیجے میں قیمتوں میں اتار چڑھاؤ اور کسانوں کے لیے غیر یقینی صورتحال پیدا ہوئی۔ جنوری 2023 میں یوریا کی عالمی قیمتیں 402 امریکی ڈالر فی ٹن (6,705 روپے فی بیگ کے مساوی پہنچ) تک پہنچ گئیں اور سال کی پہلی ششماہی کے دوران جون تک کم سے کم 298 امریکی ڈالر فی ٹن پر آ گئیں۔ سال کی بقیہ مدت کے دوروان یوریا کی قیمتیں 300 سے 400 امریکی ڈالر فی ٹن کے درمیان رہیں اور دسمبر 2023 میں قیمت 301 امریکی ڈالر فی ٹن (5,715 روپے فی بیگ کے مساوی تھی) جو سال کے آغاز کی قیمتوں سے 25 فیصد کم ہے

ڈی اے پی کے حوالے سے، 2023 کا سال دو حصوں میں دیکھا جا سکتا ہے۔ سال کے آغاز میں، ڈی اے پی کی قیمتیں 730 امریکی ڈالر فی ٹن تھیں جو بعد میں 480 امریکی ڈالر فی ٹن تک پہنچ گئیں۔ تاہم، ڈی اے پی کی قیمتیں دوسری ششماہی میں بڑھنا شروع ہوئیں اور سال کے آخر تک محدود اسٹاک کی دستیابی اور عالمی سطح پر فصلوں کی قیمتوں میں اضافے کی وجہ سے 625 امریکی ڈالر فی ٹن تک پہنچ گئیں۔ اس کے برعکس، مقامی قیمتوں میں کمی نہیں آئی کیونکہ سال کے دوران پاکستانی روپے کی قدر میں کمی نے بین الاقوامی قیمتوں کے ساتھ مناسبت کر دیا۔

ہمیں ایک ایسی صنعت کا حصہ ہونے پر فخر ہے جو پاکستان کی زرعی ویلیو چین کی خدمت میں ایک تسلسل کے ساتھ ضروری پروڈکٹس فراہم کرتی ہے۔ مشکل ترین میکرو اکنامک ماحول کے پیش نظر، فرٹیلائزر کی مقامی صنعت نے اس بات کو یقینی بنایا ہے کہ کسانوں کو یوریا کی کم قیمتوں سے فائدہ ہوتا رہے۔ یوریا کی MRP سال کے آخر میں 3,596 روپے فی بیگ تھی جو بین الاقوامی قیمتوں کے مقابلے میں 40% کی رعایت کا واضح ثبوت ہے۔ مقامی یوریا مینوفیکچرنگ انڈسٹری کی موجودگی نے 2.3 ارب امریکی ڈالر کی امپورٹ بچت کو یقینی بنایا۔

پچھلے سال کی مینوفیکچرنگ رفتار کو برقرار رکھتے ہوئے، مقامی یوریا کی مانگ 2022 کے 6,616 KT کے مقابلے میں 6,639 KT پر برقرار رہی، جو پچھلے سال کے مقابلے میں استحکام کا ثبوت ہے۔ مارکیٹ کی طلب میں استحکام کا سبب سازگار زرعی معیشت اور سال کے دوران امپورٹ برابری کے لیے رعایت پر یوریا کی دستیابی کو قرار دیا جا سکتا ہے۔ مارکیٹ کی طلب گزشتہ سال کے 6,328 KT کے مقابلے میں 6,438 KT کی شاندار مقامی یوریا کی پروڈکشن سے پوری ہوئی جبکہ باقی ماندہ مارکیٹ ڈیمانڈ مینوفیکچررز کے ذخائر/انوینٹری کے ذریعے پوری کی گئی۔

corporate strategy & resource allocation

strategy

EFERT establishes strategic objectives for the short, medium, and long term, outlining clear priorities and actionable strategies. This deliberate approach not only enables the company to optimize its resources efficiently but also serves as a guiding framework, instilling focus, and motivation within teams by providing a clear sense of purpose and direction. The implementation of a comprehensive plan allows for continuous monitoring of progress, ensuring that the company remains on track towards its goals. This disciplined approach not only propels EFERT towards long-term success but also fosters value creation for its stakeholders.

measurable kpis in achieving strategic excellence and their relevance

EFERT excels in the precise identification and design of pertinent and tangible performance indicators. These indicators are meticulously crafted, taking into account the company's forecasts regarding indicative industry dynamics and macro factors that may influence profitability. The establishment of measurable Key Performance Indicators (KPIs) initiates essential discussions among stakeholders, fostering transparent communication about the significance and purpose of the KPI process. This, in turn, underscores its strategic importance within the broader plan and vision.

To ensure the realization of strategic aims and objectives, a well-structured KPI planning, implementation, and monitoring process is in place. This systematic approach guarantees that EFERT remains on course to achieve its goals, fostering adaptability and responsiveness in alignment with industry dynamics and macroeconomic shifts.

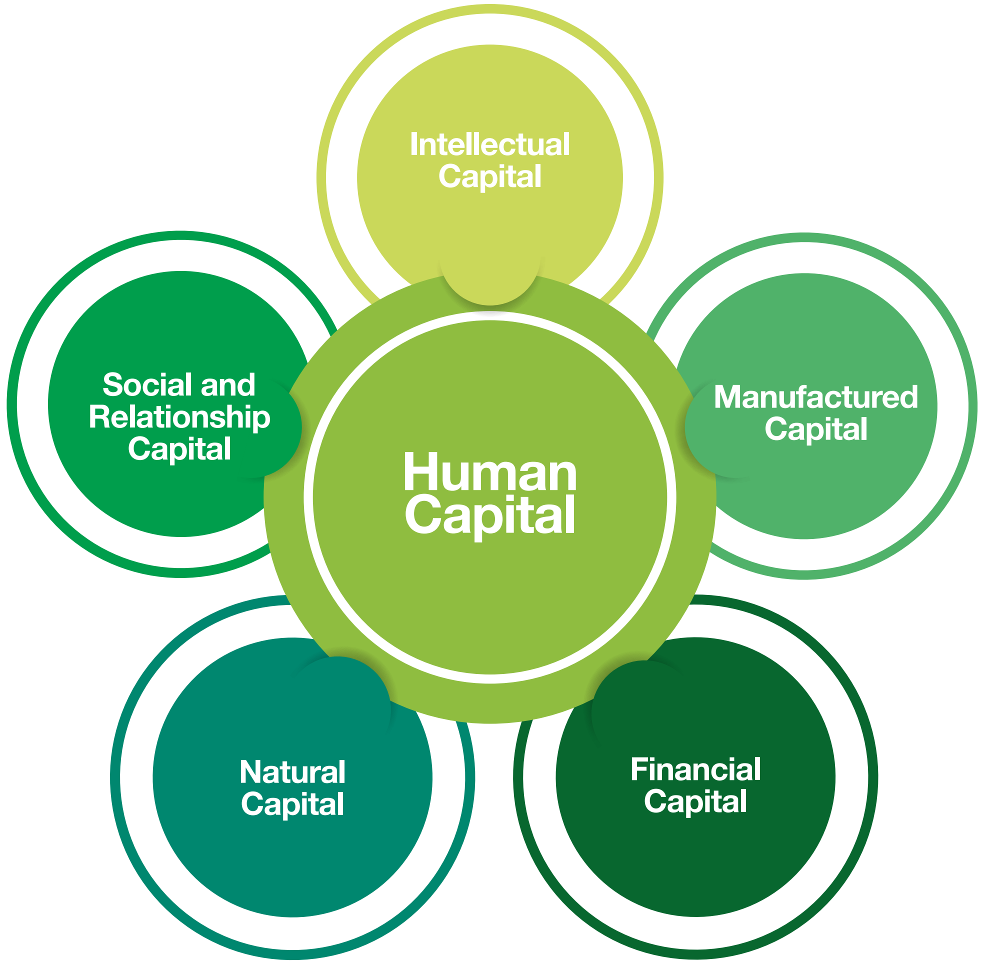
significant changes in objectives and strategies

EFERT employs a clear and well-defined framework for business objectives and strategies, regularly evaluating them in light of macro and micro environmental developments.

We maintain a vigilant stance, continuously monitoring relevant factors to stay informed about any emerging developments. This proactive approach enables us to take prompt and appropriate actions, safeguarding the interests of our shareholders, community, and other stakeholders.

resource allocation plans

The company is committed to realizing strategic objectives through the efficient utilization of available resources. This involves leveraging the strength of the Engro brand, effectively managing financial capital, harnessing the skills of a competent human resource, emphasizing manufacturing excellence, and maintaining robust Health, Safety, and Environment (HSE) standards.
Strategic resource allocation is crucial for business expansion, ensuring the achievement of measurable Key Performance Indicators (KPIs), and mitigating existing risks. The company employs a synergistic combination of resources to attain its targets and generate value for stakeholders. By optimally allocating these resources, the company can address farmers' needs, enhance agricultural yields, establish a resilient trade and distribution network associated with the integral image of Engro, elevate the brand's presence and visibility, support the implementation of Corporate Social Responsibility (CSR) projects, and embrace the best sustainable practices. This comprehensive approach aligns with the company's commitment to sustainable growth and stakeholder satisfaction.



The relationship between EFERT's objective, strategy, priority and financial & non-financial performance indicators used to gauge results are as follows:

1. Enhance farmer productivity — Long-term objective

Strategic Actions

- Pilot various initiatives of improving farmer productivity.
- Interact with farmers to provide guidance
- Liaison with relevant stakeholders to support use of balanced nutrients.

Resource Allocation

Measurable KPI & its relevance

- Yield per acre
- Soil strength and cropping patterns
- Will continue to be relevant in the foreseeable future

2. Optimize on manufacturing excellence — Long-term objective

Strategic Actions

- Make efficient use of available gas to improve capacity utilization of manufacturing facility

Resource Allocation

Measurable KPI & its relevance

- Capacity utilization of Plant 1 and Plant 2
- Will continue to be relevant in the foreseeable future.

3. Leverage brand name to increase top-line — Medium-term objective

Strategic Actions

- Use Engro's strong brand name to improve presence across all regions in the country
- Introduce wide range of products and services

Resource Allocation

Measurable KPI & its relevance

- Market share
- Share of dealer wallet
- Will continue to be relevant in the foreseeable future

4. Become the farmer's preferred partner by offering new value added products — Long-term objective High

Strategic Actions

- Focus on products diversification and introduced new value added fertilizers that help improve farmer yield

Resource Allocation

Measurable KPI & its relevance

- Growth in revenue
- Enhanced profitability
- Will continue to be relevant in the foreseeable future.

5. Achieving operational efficiency — Medium-term objective — High

Strategic Actions

- Work on improving plant utilization and energy efficiency.
- International benchmarking.

Resource Allocation

Measurable KPI & its relevance

- Plant energy index
- Less outage days
- Will continue to be relevant in the foreseeable future.

6. Providing agri-inputs at optimal prices — Medium-term objective — High

Strategic Actions

- Facilitate the local farmers by providing inputs at affordable prices.

Resource Allocation

Measurable KPI & its relevance

- Local vs International Urea prices
- Will continue to be relevant in the foreseeable future.

7. Corporate social responsibility — Long-term objective — High

Strategic Actions

- Focusing on improving quality of life of people in communities in which we operate.

Resource Allocation

Measurable KPI & its relevance

- Total CSR budget
- Number of students at school
- Number of patients treated
- Will continue to be relevant in the foreseeable future.

8. Making a positive impact by adopting best sustainable practices — Long-term objective — High

Strategic Actions

- Minimizing the environmental impacts of our operations
- Responsible consumption & Clean water and sanitization
- People development and engagement
- Sustainable cities and communities

Resource Allocation

Measurable KPI & its relevance

- Contribution towards social cause
- Reduction in CO_2 emissions
- Reduction contamination of underground water
- Reduction in paper consumption
- Will continue to be relevant in the foreseeable future.

adoption of united nations sustainable development goals (UNSDGs)

journey to UNSDGs: efert's contributions

With the introduction of the 2030 Sustainable Development Goals, the UN sought to help create a more sustainable, just, and equitable future. With the 17 SDG's built to focus on a diverse array of goals that would help ensure development for People, the Planet, Prosperity and Peace. Adopted by Pakistan with initiative and enthusiasm since 2016, the SDG goals have become a guiding principle and benchmark for the philanthropic and developmental work of organizations across the nation. As firm believers in the importance of integrating sustainability in all our operations, EFERT greatly prioritizes its compliance and engagement with world-class practices and pertinent advancements in the development sector along with remaining cognizant of the challenges of the prevailing environmental challenges and economic landscape.

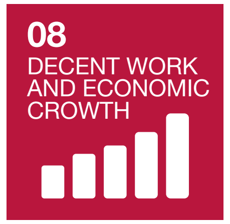
We have remained committed to engaging regularly and remaining abreast of all we can do to help further the development of Pakistan by generating value for our stakeholders while focusing on creating sustainable ways to do so. As a member of the UN Global Compact, EFERT is dedicated to making the Global Compact and its ten principles part of the strategy, culture and day-to-day operations of the Group.

no poverty, quality education, decent work and economic growth, reduced inequalities

To help truly uplift a community and ensure a more prosperous future, it is important to provide avenues for financial empowerment and independence. EFERT maintains its stance on UNSDG 1: "No Poverty" and UNSDG 4 'Quality Education' and understands the only way to achieve this is to empower people financially, that can only be achieved by improving the accessibility and quality of education. As such, Sahara Welfare School continues to deliver quality education in the vicinity of our manufacturing facility in Daharki throughout the year and currently have 550 students enrolled.

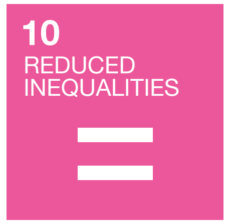
The Company also has also established a blended learning model for providing quality education to underprivileged communities while consistently improving quality and learning outcomes at these institutions. We currently have 25 schools in our network, out of which 15 are in Katcha area, and 10 are in Daharki. The enrolment at our adopted government schools stands at 1983 students currently. Furthermore, our Katcha School Network, with an enrolment of over 2074 students, continues to operate including the operations at the first girls' middle school in Ghazi Chachar with support from CDP (Government of Sindh), private donors and EFERT.

As part of Engro's Diversity, Equity & Inclusion agenda, we have also invested in girls' education in our Katcha areas. These areas do not prefer co-education schools so in order to encourage the villagers to allow their girls to study, we have established our first Katcha Girls' middle school which now has 52 female students.



Engro has also established skills training programs like the Technical Training College (TTC) at Daharki have been established which offers a 3-year Diploma in Associated Engineering (DAE) in Chemical, Electrical and Mechanical technologies, as well as short-term vocational training programs for the youth living in the district. The college over 3,500+ alumni and the current enrolment stands at 438. These graduates also regularly attain top positions in the Sindh Technical board exams. In the year 2023, about 14 Diploma in Associate Engineering (DAE) graduates have been placed in Engro Fertilizers in a variety of roles. For the socioeconomic independence of the households we serve, 10M in financial grants have also been granted to help individuals set up sustainable small businesses.

To help empower differently abled individuals and those in need of a means of gaining income, 12 livelihood projects were awarded. Through Goat Farming ventures, Grocery Stores and homemade Ice cream businesses, these projects create sustainable and independent earning opportunities. Similarly, to help integrate differently abled individuals into our own workforce, we collaborated with the Karachi Down Syndrome to launch our internship program and inducted our first batch of interns in 2023. As of 2023, our employee % of People with Disabilities stands at 1% and we aim to increase this number by 2.5x by 2025. We aim to hire 05 more differently-abled employees in the year 2024 under Engro's Khudi program. The Khudi Training Program is a one-of-a-kind traineeship for persons with disabilities at various open roles in Engro. People with all forms of disabilities are eligible to apply. As an inclusive employer, Engro prioritizes diversity, equity, and belonging, fostering an environment where the unique strengths and perspectives of every individual are not just welcomed but celebrated.



Our Company has also established a one of its first kind initiative, Engro Muhafiz, related to stakeholder engagement and HSE in 2021. The program is in line with the Company's HSE policy to protect and train all communities involved and linked with our operations. The program is designed to train farmers and dealers in safe and environmentally friendly practices related to their routine operations, based on comprehensive risk profiling. It also includes carrying out HSE audits of their workplaces and encouraging constant improvement. In 2023, several initiatives were held with the support of the Marketing Division's dealers and the Shaandar Kissan program to educate the help improve the community's HSE standards for safety in their homes and workplaces. A total of 506 activities were held across Punjab and Sindh and successfully engaged a population of over 21,000 people in total across the communities we operate in. Major activities included free medical camps, blood donation drives, HSE awareness sessions at schools, tree plantation drives, awareness and precautionary sessions and measures during heat waves, and farmer safety sessions.

gender equality

With a great portion of the nation's population being held back by a lack of access to resources, EFERT prioritizes providing an equal opportunity at employment and growth and has taken steps the alleviate the gender inequality and pay scale gap between men and women. To ensure equity and diversity across the levels of the Company, the Board has defined measurable KPIs which it uses to monitor the Company performance and updates under this UNSDG. To help make the workplace more diverse and encouraging for female employees, a 3-point framework for gender diversity and various gender sensitization sessions have been conducted.

In 2023, Engro Fertilizers sponsored the SDG Leadership Programme (SDGLP) for Goal 5: Equality. SDGLP is the flagship program of the Centre of Excellence in Responsible Business (CERB) at the Pakistan Business Council (PBC) to recognize SDG Leaders from the PBC membership which champion their local communities and the environment through inclusive workplaces and climate action. CERB will use EFERT as a benchmark for the industry, showcasing EFERT's efforts in assessing a company's performance on gender to devise a company-wide strategy, with defined short- and long-term targets on enhancing diversity. And on creating an optimal work environment to retain women and promote equal opportunity workplaces.

EFERT has always been a leader in the industry in its gender diversity drive by opening avenues to women from various socio-economic backgrounds to work with the Company in different unconventional roles such as Trade Apprentices, GTEs, Workshop Supervisors, Warehouse In-Charges and in other field-oriented roles. In 2023, EFERT provided more opportunities to women than ever before with 40% of entrant level positions being occupied by women, marking a 1.5x increase. 34 out of the 79 Trade Apprentices hired in 2023 were women, and 14 of the 35 Graduate Trainee Engineers hired in 2023. 9 out of 27 of the M1s and M2s hired in 2023 were also women. With 10 women in leadership across the divisions of EFERT, this marks a remarkable 5x increase from last year. Our diversity ratio now stands at 9.2%, which is a 3x increase across the last 3 years.

More data regarding the constitution of our employee base can be found in the Human Capital section of this report.

zero hunger

EFERT takes its responsibility to bolster the food security of Pakistan and takes great pride in serving farmers through its indigenous fertilizer product portfolio which represents 35% of the Pakistani fertilizer market. With an ever-increasing population of the nation entirely dependent on local crops for sustenance, the Company continues to play a crucial role in ensuring a supply of fertilizers at the right price to the farmer. With a diverse fertilizer portfolio, The Company continues to work on replenishing nutrient-deficient soil resulting in a larger harvest and promoting sustainable farming practices.

Along with establishing a product portfolio that will address the scarcity of resources, EFERT also trains and educates farmers in agricultural sciences and runs several farmer advisory platforms. With the Agri Services Program arranging seminars, farmer meetings, group discussions and agri-workshops, and educational farm visits for advisory assistance in crop management, soil/water testing services through established labs, and 4R nutrient stewardship, EFERT provides extensive support to the farming community.

Our products are designed to help boost crop yield and address malnutrition and related health issues. Our Innovative product Zabardast Urea (Bioactive Zinc coated Urea) is helping the farmers to grow more by improving yield by 10% yield, and enriching food with Zinc. During 2023, Zabardast Urea was applied on 5.6 million acres of cereal crops which helped produce healthy and Zinc enriched grain, sufficient to feed 56 million people for a year. Moreover, various initiatives have been launched over the years like Shandaar-Kissan program, aimed at the development and growth of farmers through training, advisory support based on farmer soil and water testing aimed at balanced use of fertilizers and to improve nutrient use efficiency.

good health and well-being

Ensuring the safety, well-being and health of our employees is a top priority for EFERT. A safety-first attitude is an integral part of all our operations, accomplished through extensive training and diligent monitoring of compliance with protocols. In 2023, we have held several sessions and spearheaded initiatives ranging from the Road Safety Week, global hand washing day, detailed first aid & CPR trainings, precautionary measures for heat strokes and informative sessions on snake bites.

In the realm of Healthcare, Engro provides free-of-cost essential services to the communities through clinics, hearing aid camps, and crucial time-sensitive treatments for snake bite and dog bite patients. Our initiatives on the healthcare front include the Sahara Clinic which treated a total of 8895 patients this year, while a singular snake-bite treatment facility treated a total of 5819 snake bite patients. In 2022, the region's first free-of-cost Limbs Facility was established and has since then treated 1331 patients. We also developed a Dog Bite Facility that treated 1708 – patients this year. Under the ambit of the Engro Volunteer program, Sahara clinic organized a free-of-cost Skin diseases treatment camp in Daharki. In this three-day camp, free consultation, treatment, and medication were provided. A total of 625 individuals were treated. To stop the spread of dengue and malaria, preventative measures were also taken in the form of fogging spray, which covered a population of Engro Fertilizers Community awareness and emergency response (CAER) villages in its 15-day drive.

In collaboration with our Engro Fertilizers Clinic team, we conducted an awareness session on women's health in the CAER villages. Similarly, to promote women's health and wellness in the workplace, the Specialty Fertilizers Business' North zone team introduced an initiative to ensure the provision of feminine hygiene products for field-based female team members of SFB and warehousing teams, aimed at creating an inclusive work environment. Similarly, our Head Office also introduced permanent installations in the restrooms that provide free-of-cost sanitary products for all women employees in the office.

The Base Business North Zone team collaborated with the Fatimid Foundation for a Blood Donation Drive. The team managed to collect and donate 435 pints of blood to the Fatimid Foundation across the North Zone, translating into treatment arrangements for 1,305 patients suffering from Thalassemia and Hemophilia.

To further bolster the environmental awareness of our employees, various awareness sessions were held in the celebration of World Environment Day, ranging from environmental measures such as water and energy preservation to segregating hazardous waste materials, drawing competition for kids on the theme of green environment, and an online quiz on environmental issues. EFERT launched an Environment Week in 2023, with the agenda for the week incorporating everything from environmental footprints, a cycle to work campaign and the paper reduction drive to the correct method of waste segregation.

Our occupational health program encompasses industrial hygiene and occupational health. In 2023, we initiated various health awareness and control programs to foster good health and inculcate hygienic practices among our employees. All food vicinities, clubs and canteens, obtained HACCP certification in 2023, demonstration the robust monitoring and control practices for our food safety requirements. Throughout the year, various awareness campaigns for disease prevention and initiatives to encourage a healthy lifestyle were launched. Health drives such as Better Health, Better Tomorrow and the Metabolic Syndrome drive were introduced. Our site workers also underwent comprehensive training regarding the effective utilization of personal protective equipment and hazardous material management.

clean water and sanitation

06
CLEAN WATER AND SANITATION

As EFERT works in the chemical industry and water is a limited and precious resource, we consider it our responsibility to help maintain clean water sources and ensure the proper disposal of generated waste. For this reason, a multi-layered approach is used to manage the effluent generation, quality, and disposal on-site while maintaining high standards of quality and control. To ensure that quality standards are met before disposal, a dedicated effluent treatment facility was set in place to treat the effluent generated at residential colonies. Additionally, to minimize the water footprint and help address the need for freshwater sources, EFERT has been concentrating on reusing water in our processes and our manufacturing facility is designed to recycle water used during the manufacturing process. After extensive chemical processing, this water is then recycled. A closed-loop recycling system is also used for the cooling water system that is installed in manufacturing facilities to cool process streams.

To further reduce its impact on the environment and water footprint, EFERT has undertaken projects like effluent recovery optimization and cooling water blow reduction. A further indication of the high standards of quality control is the reuse of the effluent produced at the site for horticulture. As part of EFERT's initiative to conserve natural resources, the geomembrane lining all 16 of our evaporations ponds has been successfully completed.

To ensure the uninterrupted supply of clean water in CAER villages, Daharki City and Ghotki Railway Station, a total of 12 RO plants have been installed by the Company, mostly running over renewable solar energy and providing approximately 15 million liters of water across 4000+ households and to all the daily train passengers this year.

In the Sahiwal region, a water conservation drive was launched by Base Business with the tagline "Save water save life" for the purpose of creating water conservation awareness among all our stakeholders and community members. 11 awareness sessions were conducted in schools, colleges, and universities covering 3,500 community members involving teachers, staff, and students.

affordable and clean energy

07
AFFORDABLE AND CLEAN ENERGY

Given the energy-intensive nature of the Company's manufacturing operations, responsible energy consumption and a focus on clean, renewable energy are top priorities. EFERT engages in actions to reduce energy usage and investigate renewable energy sources. In this regard, in the year 2023, EFERT's warehousing division has taken the lead so far by converting 86 warehouses to solar power. Additionally, in order to uphold our commitment to providing clean and affordable energy to our stakeholders, improvements such as the installation of solar lights in educational facilities in Daharki and Ghotki have been made with the support of the local community. Initiatives taken in this direction are described in the report's section on social performance. As part of its sustainability strategy, EFERT is committed to reducing its carbon footprint for which a few initiatives were implemented during the Long Term Reliability Turnaround (LTR) of the Base plant and have contributed to improvement in site emissions. These initiatives included the replacement of the primary reformer burners along with turbine exhaust gas duct has resulted in better combustion efficiency, false air ingress has been reduced post hardware modifications on primary reformer resulting in better heat efficiency, and the steam optimization on plant post LTR has resulted in improved fuel efficiency.

During the year 2023, EFERT has been involved in multiple energy efficiency improvement projects that were executed. These included the Plant-1 furnace optimization, AM-II HP purges reduction, Optimization of NH3 converter, AM-3 HTSC temperature optimization and Steam optimizations at URUT-III & Ammonia-III. To highlight the initiatives taken, EFERT has written a technical paper that was approved in Nitrogen+Syngas conference for 2023. The paper, titled “Optimizing Gas Mixture in a Vintage Urea Plant to Enhance Production Capacity and Energy Efficiency for Sustainable Operation”, discusses an alternative to avoid the formation of gaseous mixtures, which are energy efficient and environmentally friendly that can be beneficial for the industries operating in the same capacity.

To minimize our impact on the environment, the Warehouse team also initiated a solarization project across field warehouses to reduce our carbon footprint. As of 2023, we have over 80 warehouses powered via solar power generation of 7.2 kilowatts per day per warehouse.

responsible consumption and production, and industry, innovation and infrastructure

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

It is becoming a matter of increasing importance considering the rapidly altering and evolving global circumstances that EFERT ensures responsible consumption and production by constantly optimizing and innovating in its processes.

Innovative engineering solutions were adopted during the LTR at base plant to overcome load limitations, thereby enabling plant operations at the maximum possible load (144%) and efficiency. Making use of the latest technology and advanced process controller was commissioned at EnVen plant Urea-3.

The EFERT HSE management system underwent digital transformation with the adoption of the state-of-the-art Velocity EHS platform. This has significantly enhanced effectiveness and productivity by enabling efficient tracking, record-keeping, stewardship, and real-time data analysis.

Throughout the year, targeted HSE campaigns were conducted to collectively improve behavioral and inherent safety at the site. These efforts have positively impacted operational discipline by empowering individuals to lead various HSE initiatives. Through these programs, we aspire to transform the mindsets and behaviors of our employees, both on a personal and professional level. A 21-day forced outage at Ammonia-II plant was completed without any injury owing to the enhanced focus and commitment of the team towards safe execution of all jobs. Additionally, the Zarkhez plant has once again accomplished a "ZERO" Total Recordable Incident Rate (TRIR) in a calendar year for the fourth consecutive year. This accomplishment reflects a robust HSE culture and unwavering adherence to HSE policies and principles.

09
INDUSTRY, INNOVATION AND INFRASTRUCTURE

The transition from a compliance-based HSE program to a Risk-Based Approach (RBA) represents a significant step towards achieving HSE excellence. This approach adopts a more focused lens to review inherent HSE risks, with the primary aim of enhancing the management of top HSE risks, specifically Major Accident Hazard Scenarios (MAHs). In 2023, the Risk-Based Assessment phase-2 was successfully completed at the EFERT manufacturing plants in Daharki and Zarkhez. This involved a comprehensive analysis of all Major Accident Hazard scenarios (MAHs) on-site, utilizing advanced HAZOP and LOPA techniques. Ensuring the effectiveness of barriers through Bowties development and integrating them with safety-critical system was a crucial aspect of this phase.

To facilitate the adoption and effective implementation of the Risk-Based Approach, extensive competency development workshops were conducted. These workshops included in-house training sessions as well as external training and workshops facilitated by PII (Process Improvement Institute - USA). Additionally, a comprehensive Fire & Risk Assessment study for the entire site has been successfully completed, emphasizing the adequacy of the emergency response system in place across all possible scenarios.

In 2023, dedicated efforts were undertaken to enhance environmental performance at Engro Fertilizers. EFERT was certified by the International Fertilizer Association (IFA) Protect & Sustain for robust management practices related to product quality, security, and sustainability. The Daharki manufacturing plant led the Net-Zero waste project, progressing towards the execution phase. This initiative resulted in the conversion of organic waste from the colony into compost, suitable for horticulture. Additionally, plastic waste was repurposed into lifestyle products as part of this sustainability initiative. As part of EFERT’s initiative to conserve natural resources, the geo-membrane lining of evaporation ponds was successfully completed. An extensive noise aspect impact assessment on critical receptors was conducted under the environmental sustainability management program. The noise panel installation at the ENCOP-3 facility was successfully completed as well. EFERT also conducted comprehensive research and benchmarking on effluent quality standards, aiming to enhance environmental reporting and compliance. An Environmental Management Plan was developed for the management of hazardous materials at site and resources were adequately trained.

EFERT has also strengthened its processes with agility via digitalization and automation, with the introduction of electronic bank guarantees for the first time in Pakistan and the launch of the first-ever customer relationship management application in the industry that enables customers to book orders efficiently.

climate action, life on land

13 CLIMATE ACTION

As global climate conditions continue to worsen, the need to address climate change has become a matter of utmost priority. To help address the urgency for action, a carbon footprint reduction plan was developed in 2017 in accordance with global standards with the aim of bringing the Company's performance in line with globally acceptable levels for the fertilizer industry. Through increased urea production using more environmentally friendly gas inputs than RLNG, the Company managed to significantly reduce its carbon footprint. The Company took a number of efficiency initiatives to improve its plant efficiencies including the Feed Gas Enrichment unit. In pursuit of continuous improvement, EFERT manufacturing Daharki site did extensive exercises for measurement of air shed quality for 6 long months in 2020 to evaluate its operational impacts on ambient air. A Flare system is provided at our state-of-the-art environmentally friendly ENVEN plant where all gaseous streams are burnt before venting directly into the atmosphere making it the only facility in Pakistan operating with this feature.

2023 also marked the launch of EFERT's "Plant a Tree, Plant a Hope" flagship project, underscoring our dedication to environmental conservation, carbon footprint offsetting, and sustainable practices, Engro Fertilizers' Zarkhez Plant joined hands with WWF (Worldwide Fund for Nature) on May 16th, 2023. With this collaborative effort to address the impact of climate change and preserve coastal ecosystems in Pakistan, they pledged to plant 1,000 mangrove saplings along the coastlines. Thousands of trees were also planted throughout the year under the Environmental campaigns launched in 2023.

15 LIFE ON LAND

As a part of our continued efforts to help the environment, a tree plantation drive has been conducted at Daharki city, CAER villages and vicinity schools. Thousands of fruit trees and other all seasons' trees were planted during a campaign started in the last week of September 2023.

The Base Business North Zone team also launched a Tree Plantation Drive in collaboration with the Forest Department with the tagline 'Save Trees – Save Life'. During this tree plantation drive, 2,900 tree saplings were planted at 17 different schools and colleges.

In the Sahiwal region, a water conservation drive was launched by the Base Business with the tagline "Save Water Save Life" for the purpose of creating water conservation awareness among all our stakeholders and community members. 11 awareness sessions were conducted in schools, colleges, and universities covering 3,500 community members involving teachers, staff, and students.

Lastly, by transforming waste into high-quality compost, the Company's Manufacturing site has committed itself to waste reduction and environmental stewardship as part of its NET ZERO WASTE Project. As part of its visionary NET ZERO WASTE Project, the company made a steadfast commitment to waste reduction and environmental stewardship. This initiative primarily focuses on the conversion of waste into quality compost, effectively transforming materials that would otherwise contribute to landfill waste into a valuable resource. EFERT Manufacturing harnesses the power of nature to convert various types of waste, including food scraps, garden waste, and other organic materials, into a nutrient-rich compost. This compost, teeming with beneficial properties, serves as a powerful catalyst for enhancing soil health and fostering robust plant growth.
Composting allows us to improve the structure and health of your soil by adding organic matter, helps the soil retain moisture and nutrients, attracts beneficial organisms to the soil, reduces the potential for soil erosion, sequesters carbon in the soil, and builds resilience against the effects of climate change.

life below water

14 LIFE BELOW WATER

Engro Foundation has partnered with WWF-Pakistan for the Indus River Dolphins Conservation Project for the last five years to conserve Indus River dolphin, one of the six species of freshwater dolphins, endemic to Indus River and its tributaries only. The current population is about 2,000 and endangered on the IUCN (International Union for Conservation of Nature) Red List. EF with EFERT's support is working on this project and has focused on establishing key biodiversity area from Taunsa Barrage to Guddu Barrage. A workshop with various stakeholders in declaring a part of the Indus River as a protected area was conducted. The Head of KBA Secretariat, Dr Andrew Plumptre participated. The project created a push for Pakistan to sign a new global declaration to save the river dolphins that took place in Colombia in Oct 2023. The University of Maryland has been engaged for the development of a River Health Assessment Report CARD, which marks the first-of-its-kind intervention.

This initiative aims to create tools that local communities and citizens can utilize for monitoring river health. A total of 20 eco-clubs have been established in schools across Districts Ghotki and Kashmore in Sindh, as well as in Muzaffargarh, and DG Khan in Punjab to foster environmental awareness and promote sustainable practices. A one-day eco-tour guide training was conducted in Sukkur for enhancing the skills and capabilities of 12 boatmen to act as eco-tour guides. Engro Foundation was part of a panel in World Water Week that focused on the use of pingers in the conservation of river dolphins. Pingers produce sounds that keep dolphins away from fishing nets and have turned out to be effective in preventing dolphin entanglements. Therefore, one key action was carrying out population surveys and rescue operations, using technology, tags and pingers, to support conservation efforts.

investor relations

Financial Year ended December 31, 2023	
April 17, 2023	Announcement of first Quarter results
July 27, 2023	Announcement of second Quarter results
October 12, 2023	Announcement of third Quarter results
February 15, 2024	Announcement of fourth Quarter results
March 26, 2024	15th Annual General Meeting

Financial Year ending December 31, 2024	
April 16, 2024	Announcement of first Quarter results
July 30, 2024	Announcement of second Quarter results
October 14, 2024	Announcement of third Quarter results
February 14, 2025	Announcement of fourth Quarter results

Trading Performance During the Financial Period	2023
Opening Price	79.8
Closing Price	112.23
Highest Closing Price	114.72
Lowest Closing Price	75.37
Average daily volume traded (million shares)	1.456

Total Shareholder Return*	2023
1 year period (01 January 2023 to 31 December 2023)	69%
3 year period (01 January 2021 to 31 December 2023)	154%
5 year period (01 January 2019 to 31 December 2023)	169%

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

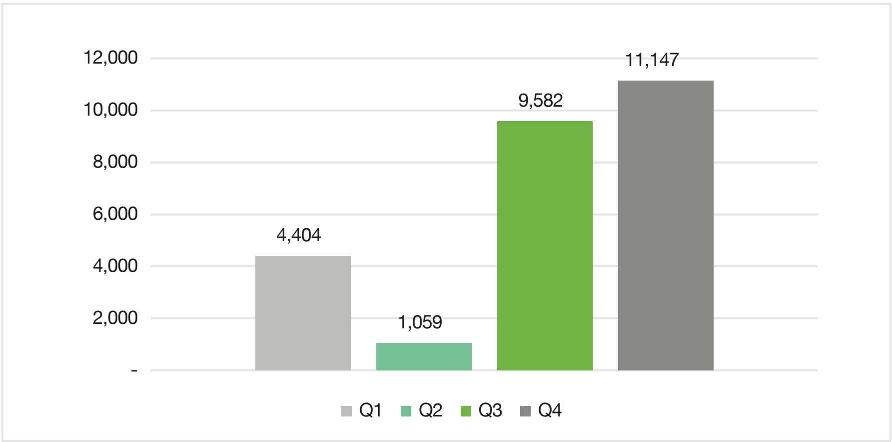
financial performance review

quarterly analysis

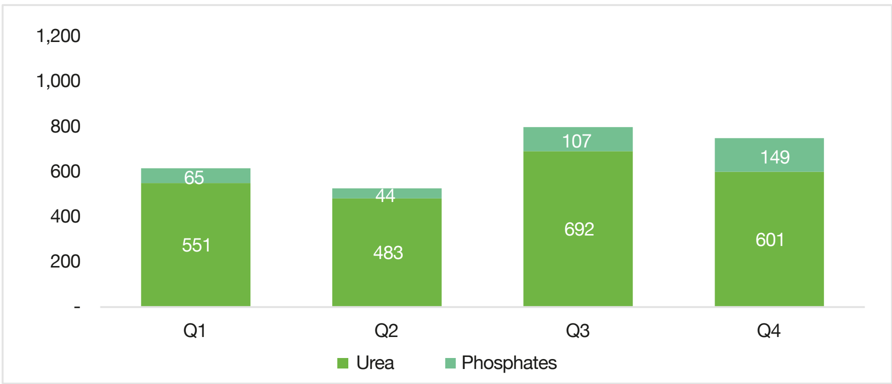
(Rupees in million)

Description	Q1	Q2	Q3	Q4	FY 2023
Net sales	43,991	38,375	66,165	75,174	223,705
Cost of sales	(33,216)	(26,951)	(45,176)	(46,064)	(151,407)
Gross profit	10,775	11,424	20,989	29,110	72,298
Selling and distribution expenses	(2,468)	(2,223)	(3,507)	(4,855)	(13,053)
Administrative expenses	(555)	(820)	(680)	(1,952)	(4,007)
Other income	717	447	737	1,813	3,714
Other operating expenses	(611)	(670)	(1,173)	(1,915)	(4,369)
Finance cost	(435)	(702)	(499)	(275)	(1,911)
Remeasurement (loss) / gain on provision for GIDC	(201)	(256)	(82)	1	(538)
(Loss allowance) / reversal of loss allowance on subsidy receivable from GoP	(432)	(72)	1	(1,937)	(2,440)
Profit before tax	6,790	7,128	15,785	19,990	49,693
Tax	(2,386)	(6,069)	(6,204)	(8,843)	(23,502)
Profit after tax	4,404	1,059	9,581	11,147	26,191
Production (KT)	577	538	600	598	2,313
Urea sales (KT)	551	483	692	601	2,327
EPS	3.30	0.79	7.17	8.35	19.61

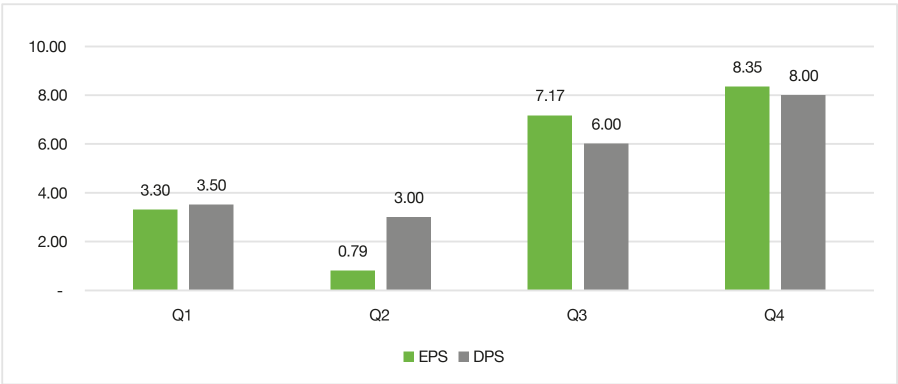
Profit after tax (rupees in million)



Quarter wise sales volumes (KT)



Earnings / Dividend per share



*Final dividend for the year ended December 31, 2023, recommended for approval of members at the Annual General Meeting

detailed quarterly analysis

first quarter

Period	Production	Sales	Net Profit
Q1 2023	577 KT	551 KT	4,404 Mn
Q1 2022	568 KT	549 KT	5,511 Mn

Production:

The Company's urea production in Q1 2023 stood at 577KT compared to 568KT in the corresponding period last year, An increase of 1.58%. This shows consistency with the production in Q1 2022.

Sales Revenue

Urea Sales clocked in at 551 KT compared to 549 KT in Q1 2022, Sales growth is almost consistent with production reflecting an increase of 0.36%. Urea price stood at PKR 2,994/bag as on 31st March 2023 depicting a discount of 37% to international price. The Company's Urea market share was 34% in Q1 2023 which is similar to the market share of Q1 2022. Industry Urea demand decreased by 0.80% in comparison to Q1 2022.

EFERT phosphates (DAP, Zorawar and NP) sales during Q1 2023 stood at 65 KT vs 79 KT last year, a decrease of 17.72% YoY.

Cost of Sales and Other Operational Costs

Gross Profit was recorded at Rs. 10.8 billion for Q1 2023, compared to Rs. 10.9 billion in the same period last year, a decrease of 1% YoY mainly because of increased cost of production.

Profit

The company's consolidated profit stood at Rs. 4.4 billion vs. Rs. 5.5 billion in the corresponding period last year, resulting in EPS of Rs. 3.30 vs. last year's EPS of Rs. 4.13. Profit was lower due to higher taxes in the form of super tax.

second quarter

Period	Production	Sales	Net Profit
Q2 2023	538 KT	483 KT	1,059 Mn
Q2 2022	550 KT	549 KT	(98) Mn

Production

The Company's Urea production in Q2 2023 stood at 538 KT compared to 550 KT in the corresponding period last year. Decrease in production was mainly because of shutdown of Base Plant for 21 days for unscheduled maintenance to address plant vulnerabilities and ensure reliable operation going forward.

Sales

Urea sales during the period clocked in at 483 KT compared to 549 KT in Q2 2022 showing a decrease of 12% Vs Q2 2022. Urea price stood at PKR 2,994/bag as on 30th June 2023 depicting a discount of 41% to international price. Urea demand was fully met through local production without any need for Import during 1H of 2023. Industry Urea demand declined in Q2 2023 by 8.3% Vs Q2 2022.

EFERT phosphates sales during Q2 2023 stood at 44 KT vs 75 KT last year, a decrease of 41% YoY. International DAP price observed declining trend, However, due to rapid devaluation the cost of DAP has not decreased with the same trend. Engro DAP prices stood at PKR 9,838/bag by the end of Q2 2023.

Cost of Sales and Other Operational Costs

Gross Profit of the Company was recorded at Rs. 11.4 billion for Q2 2023, compared to Rs. 11.7 billion in the same period last year, a decrease of 2.56% owing to decline in sales volume by 12% as compared to same period last year.

Profit / (Loss)

The company's consolidated profit stood at Rs. 1.06 billion vs. Rs. (0.1) billion in the corresponding period last year resulting in EPS of Rs. 0.79 Vs. last year's LPS of Rs. (0.07).

Third quarter

Period	Production	Sales	Net Profit
Q3 2023	600 KT	692 KT	9,582 Mn
Q3 2022	450 KT	424 KT	6,409 Mn

Production

The Company's urea production in Q3 2023 clocked in at 600 KT compared to 450 KT in the corresponding period last year mainly because of the low demand in Q3 of 2022 due to heavy monsoon and flood situation in Pakistan.

Sales

Urea sales during the period clocked in at 692 KT compared to 424 KT in Q3 2022, an increase of 63.2% YoY. Urea price stood at PKR 3,411/bag as on 30th September 2023 depicting discount of 54% compared to international prices. Urea demand was fully met through local production without any need for import during Q3 2023. Industry Urea demand increased in Q3 by 21.08% in comparison with Urea demand of Q3 2022.

The Company's phosphates (DAP, Zorawar and NP) sales during Q3 stood at 107 KT vs 58 KT last year, reflecting an increase of 84% in comparison with Q2 2022. DAP international price rebounded during Q3 and stood at USD 603/ton by the end of September 2023. Local market price of DAP also rallied due to surge in international prices. Engro DAP MRP price stood at PKR 12,110/bag by the end of September 2023.

Cost of Sales and Other Operational Costs

Gross Profit of the Company was recorded at Rs. 21 billion for Q3 2023, compared to Rs. 9.7 billion in the same period last year, an increase of 115% mainly due to increase in sales volume as compared to Q3 2022 and increase in sales price as compared to Q3 2022 where sales price stood at Rs. 2,250 per bag.

Profit

The company's consolidated profit stood at Rs. 9.6 billion vs. Rs. 4.18 billion in the corresponding period last year resulting in quarterly EPS of Rs 7.17 Vs last year Q3 EPS of Rs. 3.13

fourth quarter

Period	Production	Sales	Net Profit
Q4 2023	598 KT	601 KT	11,147 Mn
Q4 2022	387 KT	413 KT	6,642 Mn

Production

The Company's urea production in Q4 2023 clocked in at 598 KT compared to 387 KT in Q4 2022 resulting in an increase of 54.5%.

Sales

The Company was able to sell 601 KT of Urea in Q4 2023 as compared to 413 KT in Q4 2022. The Company achieved a historic milestone of highest ever domestic urea sales of 2,327 KT as compared to 1,935 KT in 2022. As a result, overall market share improved to 35% for the year 2023 as compared to 29% in 2022.

The Company's phosphates (DAP, Zorawar and NP) sales during Q4 stood at 149 KT vs 121 KT last year, reflecting a overall increase of 9.6% YoY. Company's market share stood at 18% as compared to 23% for the year 2022.

Cost of Sales and Other Operational Costs

Gross Profit of the Company was recorded at Rs. 29.1 billion for Q4 2023, compared to Rs. 10.7 billion in the same period last year, an increase of 172%. Sales volume in Q4 2023 increased by 45% as compared to Q4 2022 which has resulted in increase in Gross Profit. Furthermore, price revision also resulted in positive impact on Gross profit.

Profit

The company's consolidated profit stood at Rs. 11.1 billion vs. Rs. 6.4 billion in the corresponding period last year. Profitability was led by higher sales volume of Urea, Phosphates and SFB segment along with efficiencies in cost optimization, reduction in financial charges due to effective working capital management. Net profit margin during Q4 stood at 14.83% as compared to 13.8% for the same period during 2022. Quarterly EPS of Rs 8.35 vs last year Q4 EPS of Rs. 4.80.

Analysis of variation in interim accounts with final accounts

The Company's net sales grew from Rs. 82.366 billion in H1 2023 to Rs. 224 billion for Full year 2023. The company's highest quarterly sales were recorded in the last quarter. The Company's market share increased to 35% for FY 2023 as compared to 33% in H1 2023. Further the Company has sold 1,034 KT Urea in H1 2023 whereas it sold 1,293 KT Urea in 2H 2023.

The company's Gross profit stood at Rs. 22.199 billion in H1 2023, which increased to Rs. 72 billion for Full year 2023. The company's highest quarterly gross profit was recorded in Q4 2023 of Rs. 29.110 billion mainly because of the increase in sales volume during H2 2023.

GP% of the company increased from 27% in H1 2023 to 32% for FY 2023

Net profit for the company increased from Rs. 5.463 billion to Rs. 26.191 billion for FY 2023 mainly because of increased sales volume in H2 2023, cost optimization and reduction in finance cost during H2 2023 due to effective working capital management.

horizontal analysis

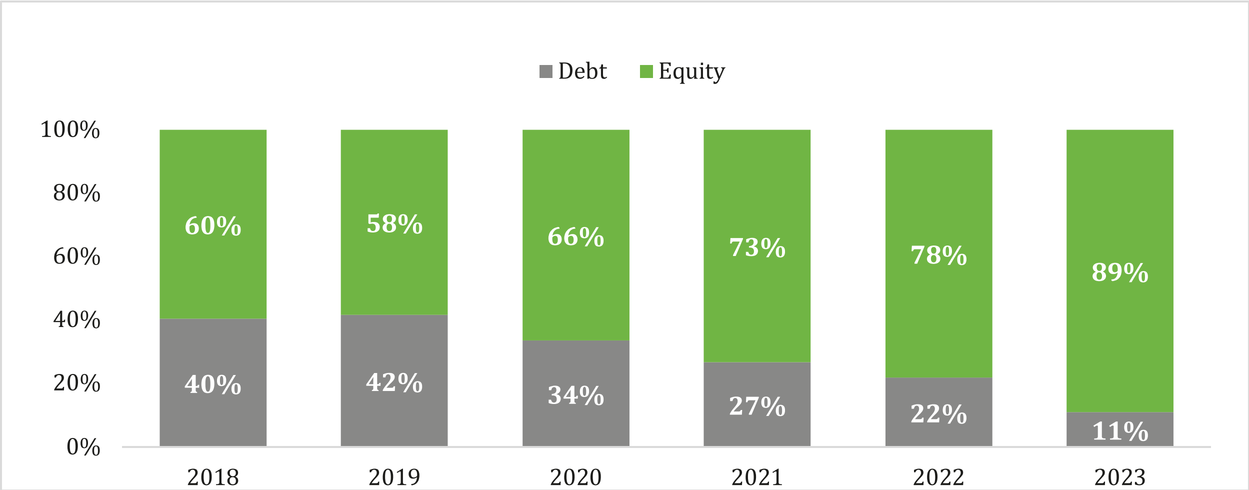
consolidated statement of financial position

(Amounts in millions)

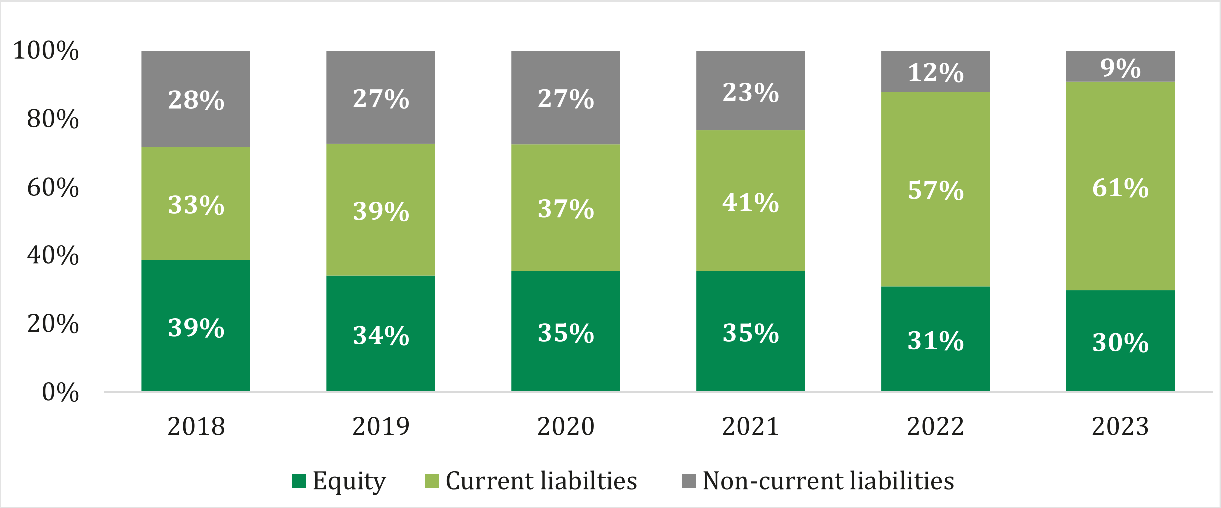
EQUITY AND LIABILITIES	2023 Rs.	23 Vs. 22 %	2022 Rs.	22 Vs. 21 %	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.	19 Vs. 18 %	2018 Rs.
EQUITY											
Share capital	13,353	-	13,353	-	13,353	-	13,353	-	13,353	-	13,353
Share premium	3,385	-	3,385	-	3,385	-	3,385	-	3,385	-	3,385
Exchange revaluation reserves	-	-	-	-	-	-	-	-	-	(100.0)	409
Remeasurement of post employment benefits	(74)	(26.0)	(100)	11.3	(90)	78.3	(50)	(11.0)	(57)	26.6	(45)
Unappropriated profit	31,239	9.9	28,415	(6.6)	30,439	1.3	30,043	13.0	26,598	(6.4)	28,421
Total Equity	**47,903**	6.3	**45,053**	(4.3)	**47,087**	0.8	**46,731**	8.0	**43,279**	(4.9)	**45,523**
NON-CURRENT LIABILITIES											
Borrowings	3,267	(44.1)	5,842	(49.0)	11,460	(15.2)	13,514	(39.1)	22,192	(13.7)	25,715
Deferred taxation	10,402	27.6	8,155	(31.7)	11,943	2.3	11,678	(4.1)	12,183	71.6	7,099
Deferred liabilities	237	0.6	235	1.3	232	(15.0)	273	6.1	257	1.2	254
Provision for GIDC	-	(100.0)	2,315	(63.6)	6,364	(39.5)	10,510	-	-	-	-
Deferred income - Government grant	721	(19.0)	891	(3.7)	925	-	-	-	-	-	-
	14,627	(16.1)	**17,438**	(43.6)	**30,924**	(14.0)	**35,975**	3.9	**34,632**	4.7	**33,068**
CURRENT LIABILITIES											
Trade and other payables	74,096	64.1	45,156	73.5	26,027	(13.9)	30,219	65.79	18,228	(37.35)	29,095
Accrued interest / mark-up	73	(86.0)	520	98.0	262	(0.2)	263	(55.3)	588	38.0	426
Taxation - net	994	(78.0)	4,512	231.5	1,361	100.0	-	-	-	(100.0)	3,408
Current portion of:											
- borrowings	2,715	(60.2)	6,828	18.6	5,756	(42.8)	10,062	14.9	8,760	71.9	5,096
- deferred income - government grant	236	(7.9)	256	65.9	154	100.0	-	-	-	-	-
- deferred liabilities	63	(10.9)	70	10.0	64	17.2	54	(2.8)	56	8.8	51
- provision for GIDC	19,558	17.1	16,705	41.4	11,816	70.6	6,927	(64.40)	19,458	-	-
Short term borrowings	530	(93.2)	7,826	90.1	4,118	868.6	425	(78.6)	1,986	96.6	1,010
Unclaimed dividend	48	(1.9)	49	(0.5)	49	(13.7)	57	(4.5)	60	(8.6)	66
Loan from Holding Company	-	(100.0)	1,000	(80.8)	5,200	420.0	1,000	100.0	-	-	-
	98,313	18.6	**82,922**	51.3	**54,807**	11.8	**49,007**	(0.3)	**49,136**	25.5	**39,152**
Total Liabilities	**112,940**	12.5	**100,360**	17.1	**85,731**	0.9	**84,983**	1.5	**83,768**	16.0	**72,220**
TOTAL EQUITY AND LIABILITIES	**160,843**	10.6	**145,413**	9.5	**132,817**	0.8	**131,713**	3.7	**127,047**	7.9	**117,743**
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	78,440	0.7	77,880	6.6	73,031	11.1	65,734	(0.3)	65,940	(3.3)	68,203
Intangible assets	5,184	(2.0)	5,288	(0.3)	5,301	2.6	5,165	1.9	5,071	13.0	4,488
Long term loans and advances	210	1.6	207	239.7	61	(25.7)	82	(50.0)	164	14.8	143
Long-term investments	202	(90.8)	2,204	-	-		-		-		-
	84,036	**(1.8)**	**85,579**	**9.2**	**78,393**	**10.4**	**70,981**	**(0.3)**	**71,175**	**(2.3)**	**72,834**
CURRENT ASSETS											
Stores, spares and loose tools	8,730	34.4	6,495	1.1	6,427	0.3	6,411	20.9	5,285	(0.5)	5,325
Stock-in-trade	15,356	(9.0)	16,868	25.0	13,490	79.1	7,533	(39.6)	12,478	8.1	11,538
Trade debts	2,912	(22.8)	3,772	22.9	3,070	5.6	2,906	(79.5)	14,175	55.6	9,110
Loans, advances, deposits and prepayments	3,993	42.9	2,796	25.0	2,237	2.2	2,189	(25.8)	2,949	116.3	1,363
Other receivables	16,057	(6.8)	17,226	35.9	12,677	52.7	8,304	(11.8)	9,412	3.8	9,067
Taxation - net	-	-	-	-	-	(100.0)	2,858	12.4	2,542	100.0	-
Accrued income	117	(33.4)	175	806.7	19	(87.8)	158	49.0	106	96.0	54
Short term investments	24,063	148.9	9,669	(36.6)	15,238	(43.1)	26,763	385.6	5,512	(28.6)	7,722
Cash and bank balances	4,054	43.0	2,834	123.7	1,266	(64.9)	3,610	5.8	3,413	367.7	730
Assets classified as held for sale	1,525	100.0	-	-	-	-	-	-	-	-	-
	76,807	28.4	**59,835**	9.9	**54,424**	(10.4)	**60,732**	8.7	**55,872**	24.4	**44,909**
TOTAL ASSETS	**160,843**	10.6	**145,413**	9.5	**132,817**	0.8	**131,713**	3.7	**127,047**	7.9	**117,743**

Horizontal Analysis of Consolidated Statement of Financial Position

Capital Structure



Balance Sheet Analysis (Equity and Liabilities)



Shareholders' Equity

Share capital and share premium stood at par Rs. 13,353 and Rs. 3,385 million during the last six years. Further, reserves have increased due to better profitability and effective reserves retention and payout policies.

Non-current Liabilities

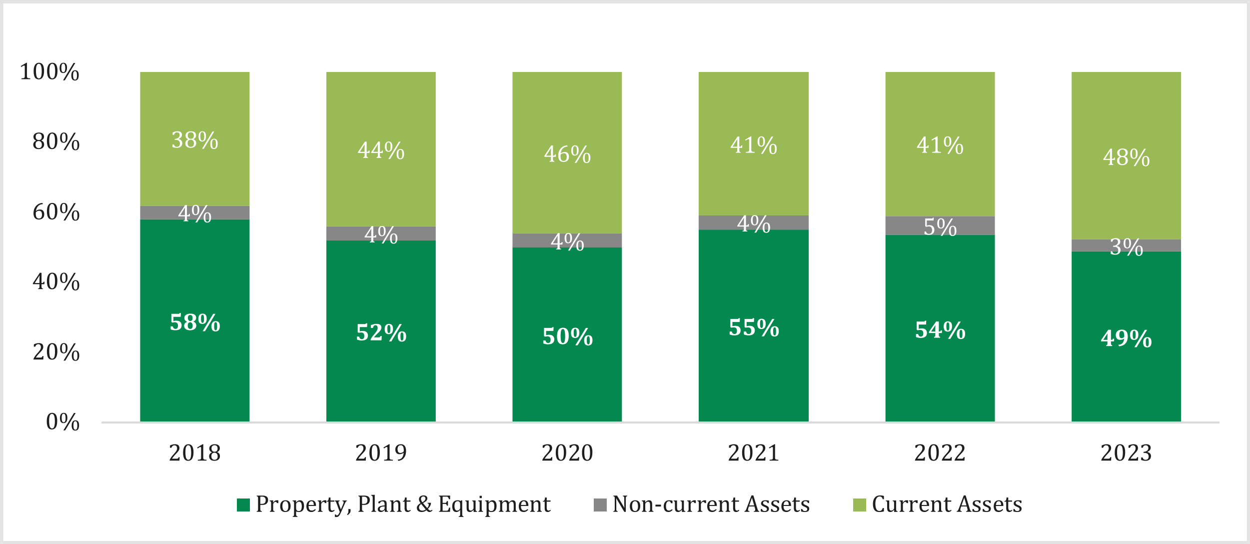
Non-current liabilities majorly comprise Long-Term borrowings from Financial Institutions and Deferred Taxation. Borrowings have decreased from Rs. 25,715 million in 2018 to Rs. 3,267 in 2023, in line with the Company's capital structure strategy and repayments. During the year, long-term loans amounting to Rs. 7.07 bn were repaid. Deferred tax liability has increased from Rs. 7,100 million in 2018 to Rs. 10,402 million in 2023. The increase in Deferred tax liability is due to a change in tax rate from 33% in 2022 to 39% in 2023. It mainly comprises temporary differences due to accelerated depreciation allowance.

Provision for GIDC has been fully classified in the current liability as at Dec 2023.

Current Liabilities

Current liabilities mainly comprise of Trade and other payables, current portion of Long-term Borrowings, taxes payable and provision for GIDC. Trade and other payables have increased to Rs. 74,096 million in 2023 from Rs. 29,095 million in 2018 representing an increase of 155%. The increase is mainly due to increase in advances from customers from Rs. 4,174 million in 2018 to Rs. 18,851 million in 2023 on account of increasing market share and consequently revenue. Further increase is due to higher accrued liabilities from 17,540 million in 2018 to 42,190 million in 2023 representing increased procurement of stock and capital expenditure to sustain operations.

Balance Sheet Analysis (Assets)



Non-current Assets

Non-Current assets mainly comprises of Property Plant & Equipment and Intangible assets. Property plant and equipment have increased by 15% in comparison with 2018. This is mainly due to the major capital investments in debottlenecking and optimization of Base and EnVen Plant netted off by depreciation charge for each financial year. During 2023, property, plant, and equipment increased due to investment in PEF and other plant related capital projects.

Current Assets

Over the past six years, current assets have increased by Rs. 31,897 million. They majorly comprise of short-term investments, Other receivables, cash & bank balances and assets classified as held for sale. Short-term investments have increased due to investment in Mutual Funds. Other Receivables have increased by Rs. 6,990 million due to increasing sales tax receivable.

vertical analysis

consolidated statement of financial position

(Amounts in millions)

EQUITY AND LIABILITIES	2023 Rs.	%	2022 Rs.	%	2021 Rs.	%	2020 Rs.	%	2019 Rs.	%	2018 Rs.	%
EQUITY												
Share capital	13,353	8.3	13,353	9.2	13,353	10.1	13,353	10.1	13,353	10.5	13,353	11.3
Share premium	3,385	2.1	3,385	2.3	3,385	2.5	3,385	2.6	3,385	2.7	3,385	2.9
Exchange revaluation reserves	-	-	-	-	-	-	-	-	-	-	409	0.3
Remeasurement of post employment benefits	(74)	(0.0)	(100)	(0.1)	(90)	(0.1)	(50)	(0.0)	(57)	(0.0)	(45)	(0.0)
Unappropriated profit	31,239	19.4	28,415	19.5	30,439	22.9	30,043	22.8	26,598	20.9	28,421	24.1
Total Equity	**47,903**	29.8	**45,053**	31.0	**47,087**	35.5	**46,731**	35.5	**43,279**	34.1	**45,523**	38.7
NON-CURRENT LIABILITIES												
Borrowings	3,267	2.0	5,842	4.0	11,460	8.6	13,514	10.3	22,192	17.5	25,715	21.8
Deferred taxation	10,402	6.5	8,155	5.6	11,943	9.0	11,678	8.9	12,183	9.6	7,099	6.0
Deferred liabilities	237	0.1	235	0.2	232	0.2	273	0.2	257	0.2	254	0.2
Provision for GIDC	-	-	2,315	1.6	6,364	4.8	10,510	8.0	-	-	-	-
Deferred income - Government grant	721	0.4	891	0.6	925	0.7	-	-	-	-	-	-
	14,627	9.1	**17,438**	12.0	**30,924**	23.3	**35,975**	27.3	**34,632**	27.3	**33,068**	28.1
CURRENT LIABILITIES												
Trade and other payables	74,096	46.1	45,156	31.1	26,027	19.6	30,219	22.9	18,228	16.9	29,095	24.7
Accrued interest / mark-up	73	0.0	520	0.4	262	0.2	263	0.2	588	0.5	426	0.4
Taxation - net	994	0.6	4,512	3.1	1,361	1.0	-	-	-	-	3,408	2.9
Current portion of:												
- borrowings	2,715	1.7	6,828	4.7	5,756	4.3	10,062	7.6	8,760	6.9	5,096	4.3
- deferred income - government grant	236	0.1	256	0.2	154	0.1	-	-	-	-	-	-
- deferred liabilities	63	0.0	70	0.0	64	0.0	54	0.0	56	0.0	51	0.0
- provision for GIDC	19,558	12.2	16,705	11.5	11,816	8.9	6,927	5.3	19,458	15.3	-	-
Short term borrowings	530	0.3	7,826	5.4	4,118	3.1	425	0.3	1,986	1.6	1,010	0.9
Unclaimed dividend	48	0.0	49	0.0	49	0.0	57	0.0	60	0.0	66	0.1
Loan from Holding Company	-	-	1,000	0.7	5,200	3.9	1,000	0.8	-	-	-	-
	98,313	61.1	**82,922**	57.0	**54,807**	41.3	**49,007**	37.2	**49,136**	38.7	**39,152**	33.3
TOTAL EQUITY AND LIABILITIES	**160,843**	100.00	**145,413**	100.0	**132,817**	100.0	**131,713**	100.0	**127,047**	100.0	**117,743**	100.0
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	78,440	48.8	77,880	53.6	73,031	55.0	65,734	49.9	65,940	51.9	68,203	57.9
Intangible assets	5,184	3.2	5,288	3.6	5,301	4.0	5,165	3.9	5,071	4.0	4,488	3.8
Long term loans and advances	210	0.1	207	0.1	61	0.0	82	0.1	164	0.1	143	0.1
Long-term investments	202	0.1	2,204	1.5	-	-	-	-	-	-	-	-
	84,036	52.2	**85,579**	58.9	**78,393**	59.0	**70,981**	53.9	**71,175**	56.0	**72,834**	61.9
CURRENT ASSETS												
Stores, spares and loose tools	8,730	5.4	6,495	4.5	6,427	4.8	6,411	4.9	5,285	4.2	5,325	4.5
Stock-in-trade	15,356	9.5	16,869	11.6	13,490	10.2	7,533	5.7	12,478	9.8	11,538	9.8
Trade debts	2,912	1.8	3,772	2.6	3,070	2.3	2,906	2.2	14,175	11.2	9,110	7.7
Loans, advances, deposits and prepayments	3,993	2.5	2,796	1.9	2,237	1.7	2,189	1.7	2,949	2.3	1,363	1.2
Other receivables	16,057	10.0	17,226	11.8	12,677	9.5	8,304	6.3	9,412	7.4	9,067	7.7
Taxation - net	-	-	-	-	-	-	2,858	2.2	2,542	2.0	-	-
Accrued income	117	0.1	175	0.1	19	0.0	158	0.1	106	0.1	54	0.0
Short term investments	24,063	15.0	9,668	6.6	15,238	11.5	26,763	20.3	5,512	4.3	7,722	6.6
Cash and bank balances	4,054	2.5	2,834	1.9	1,266	1.0	3,610	2.7	3,413	2.7	730	0.6
Assets classified as held for sale	1,525	0.9	-	-	-	-	-	-	-	-	-	-
	76,807	47.8	**59,835**	41.1	**54,424**	41.0	**60,732**	46.1	**55,872**	44.0	**44,909**	38.1
TOTAL ASSETS	**160,843**	100.0	**145,413**	100.0	**132,817**	100.0	**131,713**	100.0	**127,047**	100.0	**117,743**	100.0

vertical analysis of consolidated statement of financial position

Shareholders' Equity

Shareholders' equity stands at 29.8% of total equity and liabilities as compared to 38.7% in 2018. Despite increased profitability and a healthy and consistent dividend payout strategy, the change is mainly due to an increase in total liabilities which have increased by 8.9% from 2018.

Non-current Liabilities

Long term borrowings (including current portion) have significantly reduced from 42.6% of total Liabilities in 2018 to 5.3% in the current year. This is in line with EFERT's long-term debt structure strategy. Deferred taxation as a percentage of total non-current liabilities has increased from 21.47% in 2018 to 71.1% in the current year mainly due to temporary differences by accelerated depreciation allowance accentuated by a change in applicable tax rates promulgated via the Finance Act 2023.

Current Liabilities

Trade and other payables as a percentage of total current liabilities stood at 75.4% at the year-end as against 74.31% in 2018. The current portion of GIDC constitutes 19.9% of total current liabilities as compared to nil in 2018.

Non-current Assets

Property plant and equipment as a percentage of total non-current assets stood at 93% vs 94% in 2018. This is mainly due to steady depreciation charge over the years of our Base and EnVen production facilities partially offset by major capital expenditures during this time primarily on plant efficiency, gas compression facilities, PEF and implementation of new ERP software in the past six years.

Current Assets

Stock-in-trade stood at 20% of total current assets in 2023 vs 25.7% in 2018 due to efficient inventory management. Short term investments have grown to 31.3% in 2023 as compared to 17.2% of the total current assets in 2018 due to attractive returns available over the six years. Other receivables have remained at par and constitute 20.9% of total current assets in 2023 in comparison to 20.2% in 2018. Cash & bank balances have also increased from 1.6% to 5.3% over the period due to increasing sales. Assets classified as held for sale constitute 2% of total current assets.

horizontal and vertical analysis

profit or loss account

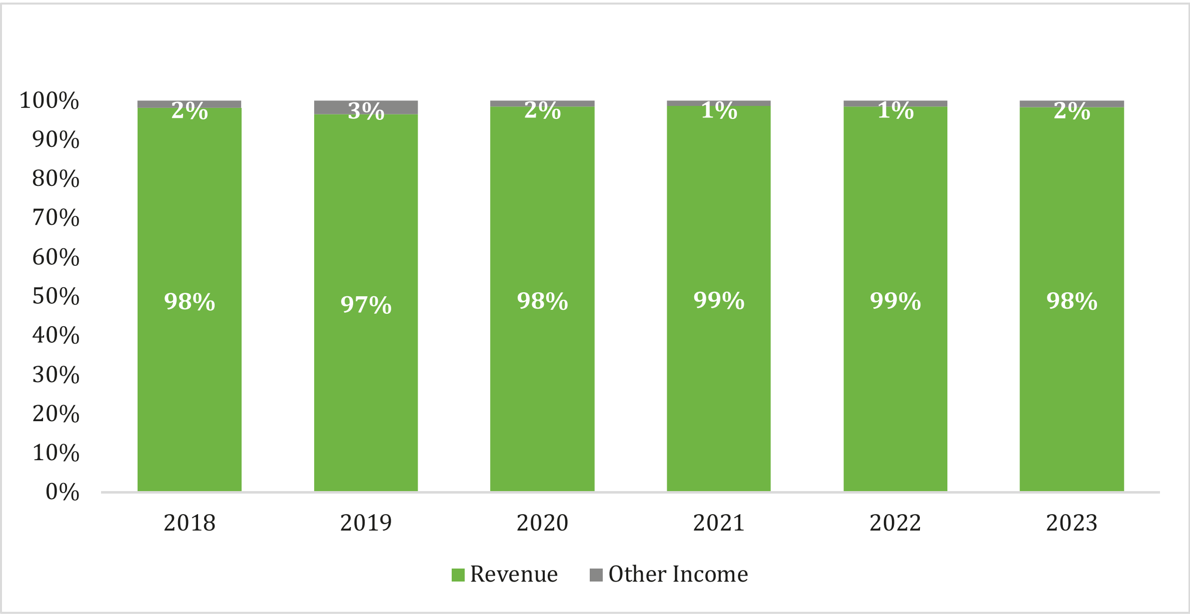
(Amounts in millions)

	2023 Rs.	2023 %	2022 Rs.	2022 %	2021 Rs.	2021 %	2020 Rs.	2020 %	2019 Rs.	2019 %	2018 Rs.	2018 %
HORIZONTAL ANALYSIS												
Net sales	223,704	42.5	157,017	18.6	132,363	25.1	105,846	(12.8)	121,355	11.1	109,196	41.6
Cost of sales	(151,407)	32.6	(114,170)	29.3	(88,289)	23.3	(71,591)	(12.5)	(81,815)	10.7	(73,880)	37.0
Gross profit	**72,297**	68.7	**42,847**	(2.8)	**44,074**	28.7	**34,255**	(13.4)	**39,540**	12.0	**35,316**	52.1
Selling and distribution expenses	(13,053)	32.0	(9,886)	15.9	(8,530)	0.9	(8,457)	(3.2)	(8,736)	9.1	(8,008)	10.5
Administrative expenses	(4,007)	80.7	(2,217)	16.7	(1,900)	(1.0)	(1,919)	53.8	(1,248)	(21.3)	(1,585)	22.6
Other income	3,714	59.7	2,325	29.9	1,790	7.4	1,667	(61.7)	4,352	111.0	2,062	(64.8)
Other operating expenses	(4,369)	73.2	(2,523)	(4.5)	(2,641)	39.4	(1,894)	(27.8)	(2,623)	83.2	(1,432)	16.0
Operating profit	**54,582**	78.7	**30,546**	(6.9)	**32,793**	38.6	**23,652**	(24.4)	**31,285**	18.7	**26,353**	36.5
Finance costs	(1,911)	(27.1)	(2,622)	63.7	(1,602)	(50.5)	(3,236)	(16.7)	(3,887)	87.7	(2,071)	(21.8)
Remeasurement gain / (loss) on provision for GIDC	(538)	(36.0)	(840)	13.1	(743)	(135.0)	2,121	100.0	-		-	
Loss allowance on subsidy receivable from GoP	(2,440)	366.5	(523)	(6.3)	(558)	(55.0)	(1,239)	100.0	-		-	
Profit before taxation	**49,693**	87.1	**26,561**	(11.1)	**29,890**	40.3	**21,298**	(22.3)	**27,398**	12.8	**24,282**	45.7
Taxation	(23,502)	122.6	(10,558)	20.0	(8,797)	177.9	(3,165)	(69.9)	(10,526)	53.3	(6,868)	24.7
Profit for the year	**26,191**	63.7	**16,003**	(24.1)	**21,093**	16.3	**18,133**	7.5	**16,872**	(3.1)	**17,414**	56.1

	2023 Rs.	2023 %	2022 Rs.	2022 %	2021 Rs.	2021 %	2020 Rs.	2020 %	2019 Rs.	2019 %	2018 Rs.	2018 %
VERTICAL ANALYSIS												
Net sales	223,704	100.0	157,017	100.0	132,363	100.0	105,846	100.0	121,355	100	109,196	100
Cost of sales	(151,407)	67.7	(114,170)	72.7	(88,289)	66.7	(71,591)	67.6	(81,815)	67.4	(73,880)	67.7
Gross profit	**72,297**	32.3	**42,847**	27.3	**44,074**	33.3	**34,255**	32.4	**39,540**	32.6	**35,316**	32.3
						-		-				
Selling and distribution expenses	(13,053)	5.8	(9,886)	6.3	(8,530)	6.4	(8,457)	8.0	(8,736)	7.2	(8,008)	7.3
Administrative expenses	(4,007)	1.8	(2,217)	1.4	(1,900)	1.4	(1,919)	1.8	(1,248)	1.0	(1,585)	1.5
Other income	3,714	1.7	2,325	1.5	1,790	1.4	1,667	1.6	4,352	4.0	2,062	1.9
Other operating expenses	(4,369)	2.0	(2,523)	1.6	(2,641)	2.0	(1,894)	1.8	(2,623)	2.2	(1,432)	1.3
Operating profit	**54,582**	24.4	**30,546**	19.5	**32,793**	24.8	**23,652**	22.3	**31,285**	28.6	**26,353**	24.1
Finance costs	(1,911)	0.9	(2,622)	1.7	(1,602)	1.2	(3,236)	3.1	(3,887)	3.2	(2,071)	1.9
Remeasurement gain / (loss) on provision for GIDC	(538)	0.2	(840)	0.5	(743)	0.6	2,121	2.0	-	-	-	-
Loss allowance on subsidy receivable from GoP	(2,440)	1.1	(523)	0.3	(558)	0.4	(1,239)	1.2	-	-	-	-
Profit before taxation	**49,693**	22.2	**26,561**	16.9	**29,890**	22.6	**21,298**	20.1	**27,397**	22.6	**24,282**	22.2
Taxation	(23,502)	10.5	(10,558)	6.7	(8,797)	6.6	(3,165)	3.0	(10,526)	8.7	(6,868)	6.3
Profit for the year	**26,191**	11.7	**16,003**	10.2	**21,093**	15.9	**18,133**	17.1	**16,872**	13.9	**17,414**	15.9

horizontal analysis of consolidated statement of profit or loss

Profit and Loss Analysis (Income)

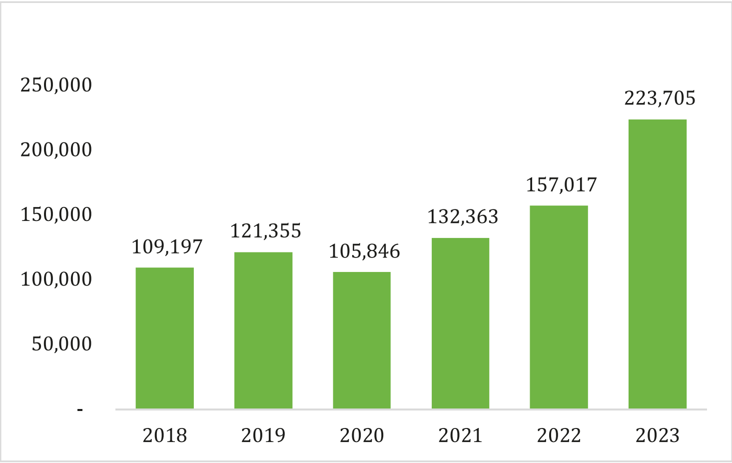


Sales

The primary focus of the Group's sales lies in Urea and Phosphates. In 2018, the Group sold 1,986 KT of urea. However, with a revised strategy and a more aggressive approach aimed at expanding market share, the Group managed to increase sales of urea and phosphates to 2,527 KT in 2019. The upward trend continued into 2021, where there was a notable increase in sales compared to 2020, primarily driven by a higher volume of urea sold, totaling 2,295 KT, marking a historic milestone for the Company. This momentum persisted, with sales experiencing a further 18.6% increase in value in 2022, reaching a record high revenue mark of Rs. 157 billion.

In 2023, the Company achieved another significant milestone with its highest-ever urea sales of 2,327 KT, a 20.3% increase from the previous year's sales of 1,935 KT. This substantial growth can be attributed primarily to the rising demand for local urea. Consequently, the Company's market share saw an improvement, reaching 35% compared to 29% in 2022. The Company also delivered impressive sales revenue of PKR 223.7 billion in 2023, marking a substantial 42.5% increase from the PKR 157 billion recorded in 2022, driven by higher urea volumes sold and a significant increase in imported Phosphate prices.

Sales Revenue year-wise (Rs. in Million)



Cost of Sales

The fluctuations in the cost of sales closely mirror the fluctuations in sales over the past six years. Production from the Urea and NPK plants rose from 2,061 KT in 2018 to 2,409 KT in the current year. In 2020, the Company reached a significant milestone with production hitting 2,391 KT. Factors such as gradual increases in gas prices, the impact of inflation, currency devaluation, and heightened consumption to meet local demand have collectively contributed to the increase of Rs. 77,527 million over the six years.

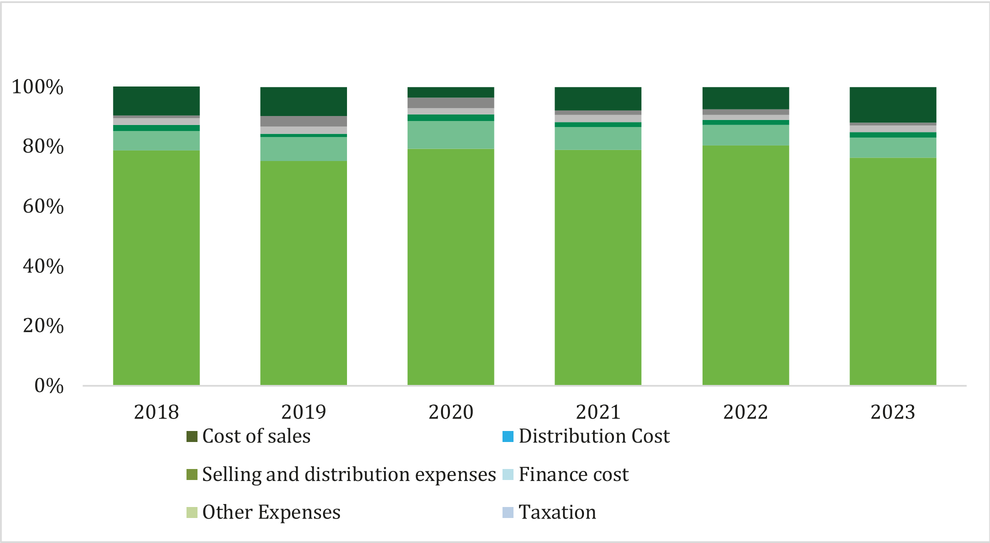
Gross Profit

The Group's gross profit rose to Rs. 72,297 million in 2023 from Rs. 35,316 million in 2018. A notable decline in profitability was experienced in 2020 due to challenging market conditions within the fertilizer industry. However, increased sales in the following years, driven by a focused commercial strategy and stronger agronomic demand, enabled EFERT to recover and achieve a remarkable 105% increase over the six-year period. The higher margins for phosphates and urea contributed to an overall improvement in the gross margin.

Operating profit

The Group's operating profit has surged by Rs. 28,229 million in the past six years primarily because of heightened urea and phosphates volumes during this period, coupled with the uptick in urea prices. Additionally, the ascending KIBOR rates over the timeframe have contributed positively to the operating profit.

Profit and Loss Analysis (Expenses)



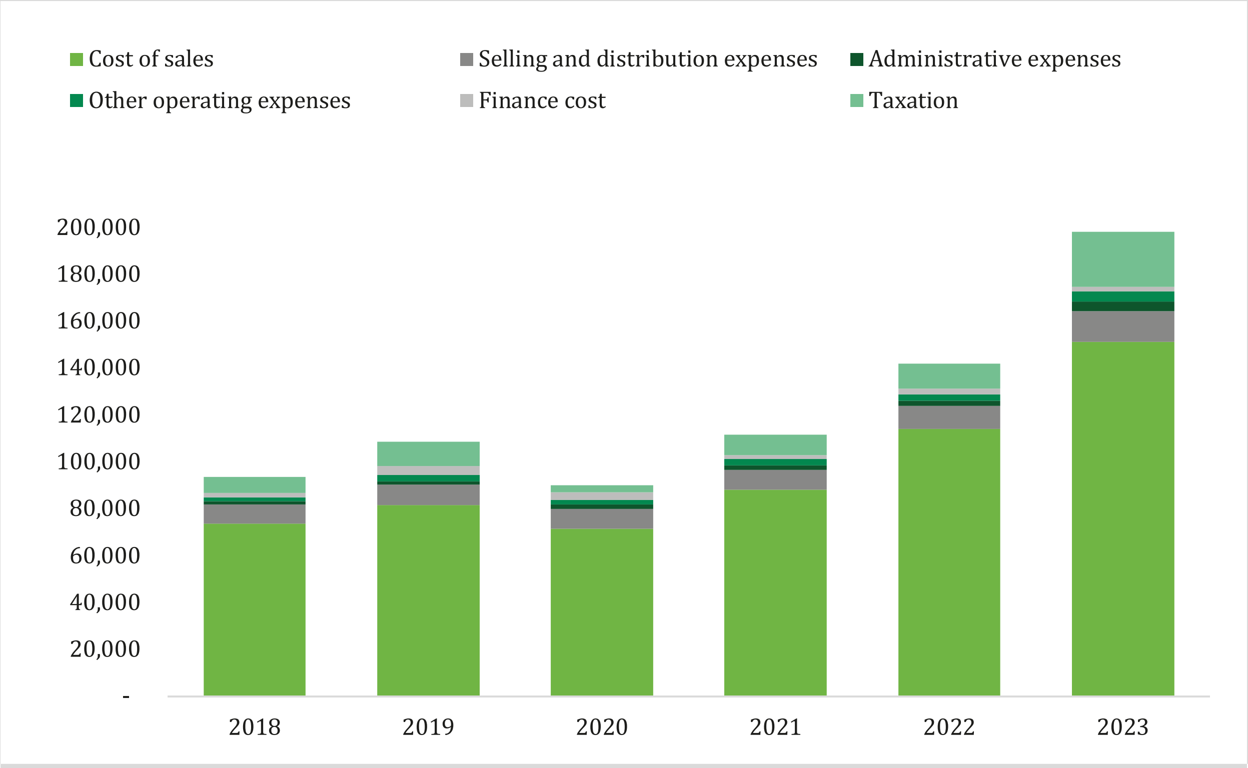
Finance Costs

The finance costs have decreased from Rs. 2,071 million to Rs. 1,911 million over the span of six years. This reduction can be attributed mainly to the gradual repayment of long-term borrowings that were initially acquired for investment in new production facilities. Furthermore, the enhanced liquidity position resulting from increased sales over the years has lessened the necessity for short-term debt.

Taxation

Taxation has increased significantly by Rs. 16,634 million in 2023 as compared to 2018. Besides higher profit before tax, this increase is also due to the super tax impact of 10% in 2023 with an additional 6% impact of 2022.

Cost Analysis (Rs. Million)



Net Profit

The Group's net profit has increased to Rs. 26,191 million from Rs. 17,414 million in 2018. The financial year end 2022 was not a fruitful year as the net profit declined to Rs. 16,003 million from Rs. 21,092 million in 2021 for the company. However, the Company was able to significantly improve its profitability in subsequent financial year through capturing better market share, increase in production levels and increase in sales volume.

vertical analysis of consolidated statement of profit or loss

Gross Profit

The gross profit surged to Rs. 72,297 million in 2023 from Rs. 35,316 million in 2018. A notable decline in gross profit occurred in 2020, dropping to 34,255 from 39,540 in 2019. This decline was primarily due to reduced DAP offtakes and the announcement of lower Urea prices in 2020. Nonetheless, increased sales in the following years, driven by a focused commercial strategy and stronger agronomic demand, enabled the Group to achieve an overall twofold increase over the past six years.

Taxation

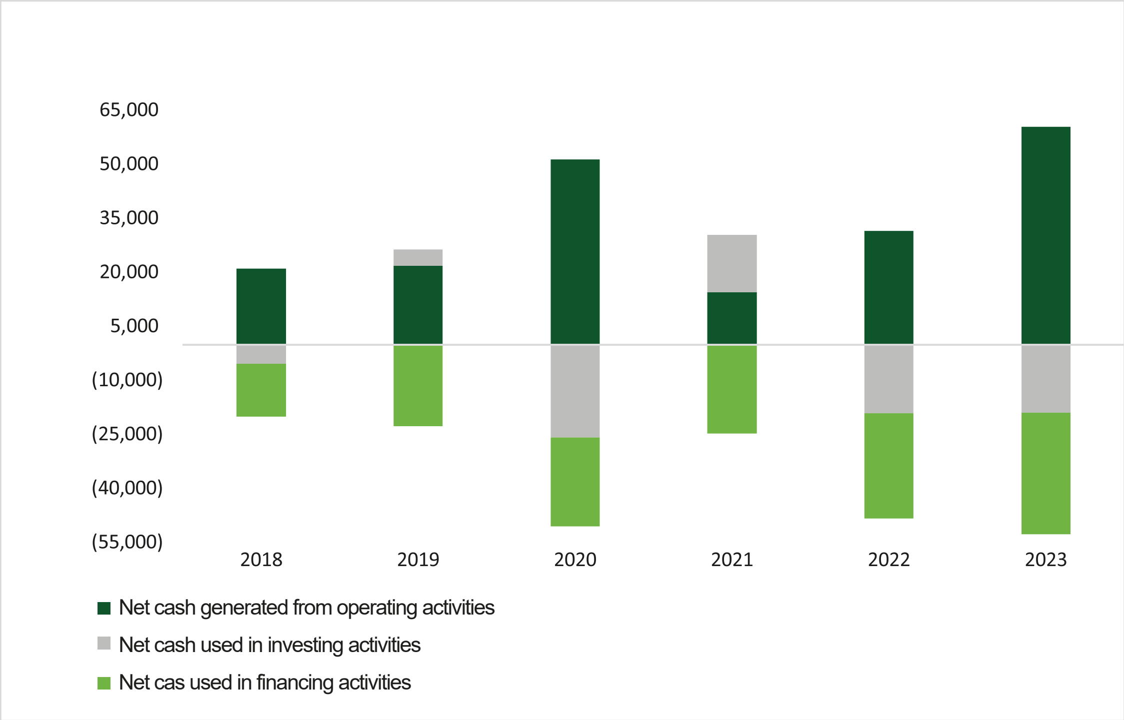
The tax charge as a percentage of turnover rose from 6.3% in 2018 to 10.5% in 2023. This increase is attributed to several factors. Firstly, due to higher profit margins, the trading subsidiary of the Group transitioned from the MTR regime to the NTR regime, compared to previous years. Additionally, this increase includes the effect of the enhanced rate of 10% super tax, which was imposed on the company's profits through the Finance Act 2023. This Act also retrospectively imposed an additional 6% tax on the profits of FY 2022, impacting the taxation for the current year.

Net Profit

The net profit as a percentage of sales was 11.7% in 2023, down from 15.9% in 2018. The higher net profit margin in 2018 was primarily due to a one-off reversal of deferred tax liability following the introduction of a gradual reduction in corporate tax rates through the Finance Act 2018. Additionally, the net profit margin increased to 17.1% in 2020 because the group recognized a remeasurement gain on GIDC provision of PKR 2,121 million.

analysis of consolidated statement of cashflows

Cash Flow Analysis (Rs. in million)



Cashflows from operating activities

Cash flows from operating activities rose from Rs. 23,405 million in 2018 to Rs. 60,555 million in 2023. This increase is primarily attributed to the growth in Profit Before Tax (PBT) amounting to Rs. 49,693 million in 2023 vs Rs. 24,282 million in 2018 and changes in working capital totaling Rs. 26,069 million in 2023. The rise in working capital is mainly due to an increase in trade and other payables by Rs. 28,939 million, partially offset by a decrease in current assets. However, this increase was partially offset by tax payments related to increased profitability and import stage tax payments by its trading subsidiary amounting to Rs. 24,772 million.

Cashflows from investing activities

The cash flows from investing activities primarily involve the acquisition and sale of property, plant, and equipment, as well as short-term and long-term investments. These cash flows have shifted from a negative position of Rs. 6,635 million in 2018 to a negative position of Rs. 18,744 million in 2023. This change is attributed to the Group's net purchase of short and long-term investments totaling Rs. 12,838 million in the current year, alongside additions to property, plant, and equipment amounting to Rs. 6,174 million.

Cashflows from financing activities

The net cash used in financing activities has seen a notable rise, climbing from Rs. 16,981 million in 2018 to Rs. 33,741 million in 2023. This increase primarily stems from the higher net repayment of borrowings, escalating from 0.1 million in 2018 to 8,077 million in 2023. Moreover, significant dividend payments of Rs. 23,369 million in the current year, compared to Rs. 14,647 million in 2018, have further contributed to the increase. However, finance costs have remained relatively consistent.

business rationale of major capital expenditure and projects

Engro Fertilizers Limited strongly believes that continuous improvement is essential for delivering sustainable value to our shareholders. In addition, the nature of the business in which the company operates is such that we experience an ever-changing paradigm of manufacturing and technological enhancements. As a result, disciplined capital allocation acts as an important tool for the company to achieve its strategic objectives. The Company has a comprehensive set of policies and procedures to plan and execute capital expenditure projects, keeping in view the long-term objectives of the Company. Our robust Capital governance framework ensures that safety, critical and business continuity expenditures are prioritized, thus ensuring smooth and safe operations. All this expenditure is spent with utmost transparency and strict Board oversight.

During the year, the company continued making significant major capital expenditures in line with our focus on improving the efficiency and reliability of the Company's manufacturing facilities. In this regard, we spent on various projects of long-term reliability that were initiated by the company in previous years. In the current year, the company has achieved a historic milestone for the highest ever urea production of 2.3 million tons on the back of improved plant efficiency and reliability is testament of continuous investments in our Plant. Plant reliability and efficiency projects are done on basis of a detailed evaluation to determine the cashflow requirements, the business rationale, and payback periods to ensure that we have an end to end picture of the benefits and associated costs of the project.

The Company plans to continue making significant capital expenditures encompassing the replacement of integral equipment at the Company's plants through advance payments to vendors. These projects are expected to continue in FY2024 and will ensure continuation of sustainable plant operations.

Foreign Currency Sensitivity Analysis

The company has significant exposure to foreign currency sensitivity due the substantial raw material and trading products the Company procures. Based on the Company's results for 2023 and the proportion of foreign material procured during the year, a 10% variation in exchange rate would have led to an impact of Rs. 5.6 billion on net profit before tax.

cash flow statement - direct method

(Amounts in thousand)

	2023	2022
	....Rupees....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	231,814,907	163,555,164
Cash paid to supplier / service providers and employees - net	(143,675,804)	(119,074,736)
Payment to Workers Welfare fund	(427,571)	(358,915)
Payment to Workers Profit Participation fund	(2,384,454)	(1,290,846)
Income tax paid	(24,772,397)	(11,196,311)
Net cash generated from operating activities	60,554,681	31,634,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangibles	(6,174,436)	(8,377,514)
Proceeds from disposal of operating assets	268,056	418,378
Purchase of short-term and long-term investments	(200,024,474)	(307,566,500)
Proceeds from sale of short-term and long investments	187,186,841	296,598,771
Net cash utilised in investing activities	(18,744,013)	(18,926,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	993,993
Loan repaid to the Parent Company	(1,000,000)	(4,200,000)
Repayments of long-term borrowings	(7,076,643)	(5,771,083)
Finance cost paid	(2,295,234)	(2,177,382)
Dividends paid	(23,368,651)	(18,026,801)
Net cash utilised in financing activities	(33,740,528)	(29,181,273)
Net increase / (decrease) in cash and cash equivalents	8,070,140	(16,473,782)
Cash and cash equivalents at beginning of the year	(4,096,566)	12,377,216
Cash and cash equivalents at end of the year	3,973,574	(4,096,566)

six years analysis

financial information summary

Amounts in million

	2023	2022	2021	2020	2019	2018
Summary of Consolidated Statement of Financial Position						
Share capital	13,353	13,353	13,353	13,353	13,353	13,353
Reserves	34,550	31,700	33,734	33,378	29,926	32,170
Shareholders equity	47,903	45,053	47,087	46,731	43,279	45,523
Borrowings	5,982	12,670	17,215	23,576	30,952	30,811
Capital employed	53,885	57,723	64,302	70,306	74,232	76,334
Deferred liabilities	10,638	8,390	12,175	11,951	12,440	7,354
Property,plant & equipment	78,440	77,880	73,031	65,734	65,924	68,204
Long term assets	84,036	85,579	78,394	70,981	71,159	72,834
Current assets	76,807	59,835	54,425	60,733	55,888	44,910
Summary of Consolidated Statement of Profit or Loss						
Sales	223,704	157,017	132,363	105,846	121,355	109,196
Gross profit	72,297	42,847	44,074	34,255	39,540	35,316
Operating profit	54,582	30,546	32,793	23,652	31,284	26,353
Profit before tax	49,693	26,561	29,890	21,298	27,397	24,282
Profit after tax	26,191	16,003	21,093	18,133	16,871	17,414
EBITDA	55,691	32,622	34,522	29,878	36,962	31,548
Summary of Consolidated Statement of Cashflows						
Net cash flow from operating activities	60,555	31,634	14,612	51,470	21,989	23,405
Net cash flow from investing activities	(18,744)	(18,927)	16,028	(25,744)	4,503	(6,635)
Net cash flow from financing activities	(33,741)	(29,181)	(23,388)	(24,629)	(22,547)	(16,981)
Changes in cash & cash equivalents	8,070	(16,474)	7,251	1,096	3,944	(211)
Cash & cash equivalents – Year end	3,974	(4,097)	12,377	5,126	4,030	(190)
Summary of Actual Production (units in MT)						
Urea	2,313,448	1,954,528	2,104,722	2,263,806	2,003,035	1,928,080
NPK	96,328	137,075	144,564	127,082	134,784	132,790

financial ratios

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Return on Equity (Profit after tax)	%	56.35	34.74	44.97	40.29	38.00	39.6
Return on Equity (Profit before tax)	%	106.9	57.7	63.7	47.3	61.7	55.2
Return on Capital Employed	%	46.9	26.2	31.3	25.1	22.4	23.3
Return on Shareholders' Funds	%	54.7	35.5	44.8	38.8	39.0	38.3
Shareholders' Funds Ratio	%	29.8	31.0	35.5	35.5	34.1	38.7
Pre tax margin	%	22.2	16.9	22.6	20.1	22.6	22.2
Pre tax margin (Including Subsidy)	%	22.2	16.9	22.6	20.1	22.6	22.0
Profit markup	%	47.8	37.5	49.9	47.8	48.3	47.8
Gross Profit ratio	%	32.3	27.3	33.3	32.4	32.6	32.3
Net Profit to Sales	%	11.7	10.2	15.9	17.1	13.9	15.9
EBITDA	Rs. In million	55,691	32,622	34,522	29,878	36,962	31,548
EBTDA	Rs. In million	53,780	30,000	32,919	26,642	33,075	29,477
Growth in EBITDA	%	70.7	(5.5)	15.5	(19.2)	17.2	29.3
Growth in EBTDA	%	79.3	(8.9)	23.6	(19.4)	12.2	35.5
EBITDA Margin to Sales	%	24.9	20.8	26.1	28.2	30.5	28.9
Operating leverage ratio	Times	1.8	(0.4)	1.1	1.7	1.7	0.9
Return on assets	%	17.1	11.5	15.9	14.0	13.8	15.2
Growth in Operating revenue	%	42.5	18.6	25.1	(12.8)	11.13	41.58
Capital Expenditure to total Assets	%	3.84	5.76	7.96	4.00	3.02	3.68
Liquidity Ratios							
Current ratio	Times	0.8	0.7	1.0	1.2	1.1	1.1
Quick / Acid test ratio	Times	0.5	0.4	0.6	1.0	0.8	0.7
Cash and cash equivalents to Current Liabilities	%	0.0	(0.0)	0.2	0.1	0.1	0.0
Cash flow from Operations to Sales	%	0.3	0.2	0.1	0.5	0.2	0.2
Cash flow to capital expenditure	Times	9.8	3.8	1.4	9.8	5.5	5.2
Cash flow coverage ratio	Times	9.2	1.5	0.7	2.1	0.7	0.7
Long term liabilities / current liabilities	%	15	21	56	73	70	84
Activity / Turnover Ratios							
No. of days Inventory	Days	39	49	43	51	54	47
Inventory turnover	Times	9.4	7.5	8.4	7.2	6.8	7.7
Debtors turnover ratio.	Times	66.9	45.9	44.3	12.4	10.4	15.0
No. of days in receivables	Days	5	8	8	29	35	24
Trade payables turnover ratio	Times	2.5	3.2	3.1	3.0	3.5	2.9
No. of days in payables	Days	144	114	116	123	106	126
Operating cycle	Days	(99)	(57)	(65)	(43)	(17)	(54)
Total Assets turnover ratio	Times	1.46	1.13	1.00	0.82	0.99	0.95
Fixed Assets turnover ratio	Times	2.9	2.0	1.8	1.6	1.8	1.6
Current Assets Turnover	Times	3.27	2.75	2.30	1.82	2.41	2.63
Operating working capital turnover	Times	(10)	(13)	23	11	19	31
Capital employed turnover	Times	4.01	2.57	1.97	1.46	1.61	1.46
Production per employee	Units (KT)	1,983	1,546	1,628	1,755	1,697	1,646
Revenue per employee	Rs. In thousand	184,271	116,051	95,777	77,714	96,313	87,218
Net income per employee	Rs. In thousand	21,574	11,828	15,262	13,314	13,390	13,909

financial ratios

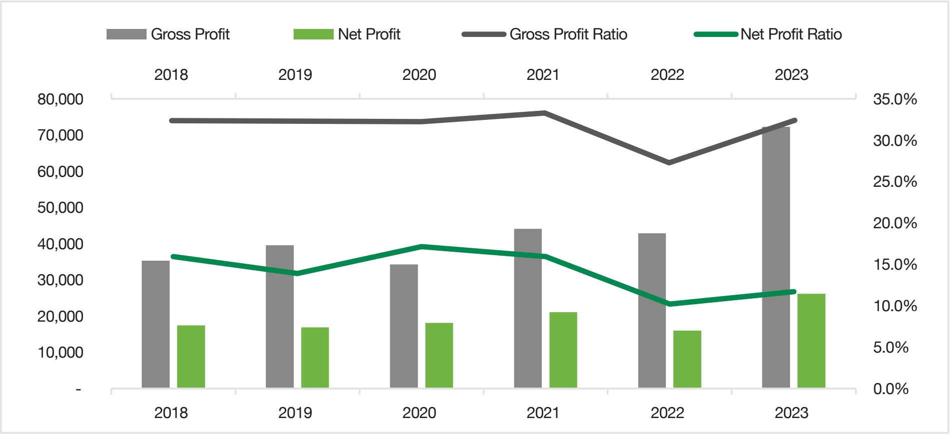
		2023	2022	2021	2020	2019	2018
Investment /Market Ratios							
Earnings per Share - basic	Rs./ share	19.61	11.98	15.8	13.6	12.6	13.0
Earnings per Share - diluted	Rs./ share	19.61	11.98	15.8	13.6	12.6	13.0
Earnings growth (diluted)	%	63.66	(24.13)	16.32	7.44	(3.1)	56.0
Earnings growth (basic)	%	63.66	(24.13)	16.32	7.44	(3.1)	56.0
Market value per share							
- Year end	Rs./ share	112.2	76.9	76.1	63.2	73.4	69.1
- High during the year	Rs./ share	115.4	102.4	79.1	76.0	79.0	83.5
- Low during the year	Rs./ share	75.0	74.6	61.8	49.0	60.4	66.5
Cash dividend per share	Rs./ share	17.5	13.5	15.5	11.0	14.0	11.0
Breakup value per share	Rs./ share	35.9	33.7	35.3	35.0	32.4	34.1
Breakup value per share - incuding surplus on revalation	Rs./ share	35.9	33.7	35.3	35.0	32.4	34.1
Breakup value per share - including investment in related party at market value and surplus on revaluation	Rs./ share	35.9	33.7	35.3	35.0	32.4	34.1
Price earning ratio	Times	5.7	6.4	4.8	4.7	5.8	5.3
Change in market value added	%	77.0	5.7	44.6	(31.2)	17.3	(2.7)
Price to book ratio	Times	3.1	2.3	2.2	1.8	2.3	2.0
Dividend yield ratio	%	15.6	17.6	20.4	17.4	19.1	15.9
Dividend payout ratio	%	89.2	112.6	98.1	81.0	110.8	84.4
Dividend cover ratio	%	112.1	88.8	101.9	123.5	90.3	118.5
Retention (after interim & proposed cash)	%	10.8	(12.6)	1.9	19.0	(10.8)	15.6
Capital Structure Ratios							
Financial leverage ratio	Times	0.1	0.3	0.4	0.5	0.7	0.7
Earning assets to total assets	%	16.4	7.0	11.7	20.8	6.5	6.6
Weighted average cost of deposit	%	18.3	14.3	7.6	8.1	21.6	6.2
Weighted average cost of debt	%	20.5	17.5	7.9	11.9	10.9	6.2
Debt to Equity ratio (as per book)	%	12.5	28.1	36.6	50.5	71.5	67.7
Debt to Equity ratio (as per market value)	%	4.0	12.3	16.9	27.9	31.6	33.4
Interest Cover ratio	Times	27.0	11.1	19.7	7.3	8.0	12.7
Others							
Spares inventory over total assets	%	5	4	5	5	4	5
Maintenance cost over operating expenses	%	2.0	4.6	2.7	1.8	2.1	1.3

analysis of financial ratios

Profitability Ratios

The Company's gross profit margin has increased to 32.3% in comparison with 27.3% in 2022 due to increase in Urea production and sales by 18.3% and 20.3% respectively. As a result, the Company's market share also increased to 35%. Phosphates business also managed volumetric increase in sales volume during 2023 and the Company earned good margins on these sales through efficient procurement and effective sales management. Despite significant increase in tax rates the Company managed to maintain net profit margin at 11.7% as compared to 10.2% in 2022 mainly because of efficiencies through cost optimization and through effective management of working capital requirement which resulted in reduction in finance cost.

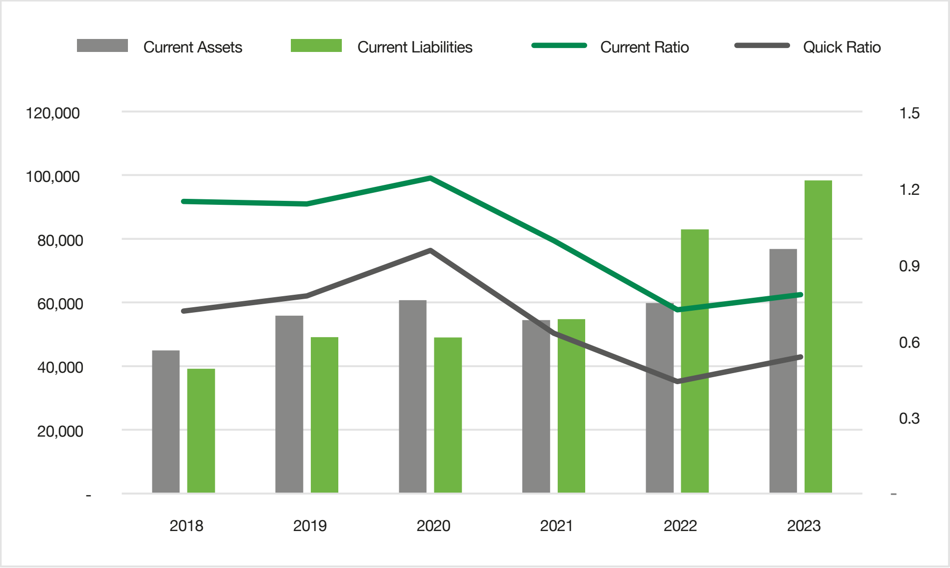
Gross Profit and Net Profit (Rs. in million)



Liquidity Ratios

The Company's current ratio changed to 0.8 times compared to 1.1 times from 2018 mainly because of accumulation of GIDC Liability. Cash flow from operations to sales have been improved to 0.3 times in 2023 in comparison with the ratio of 2018 on account of better working capital management.

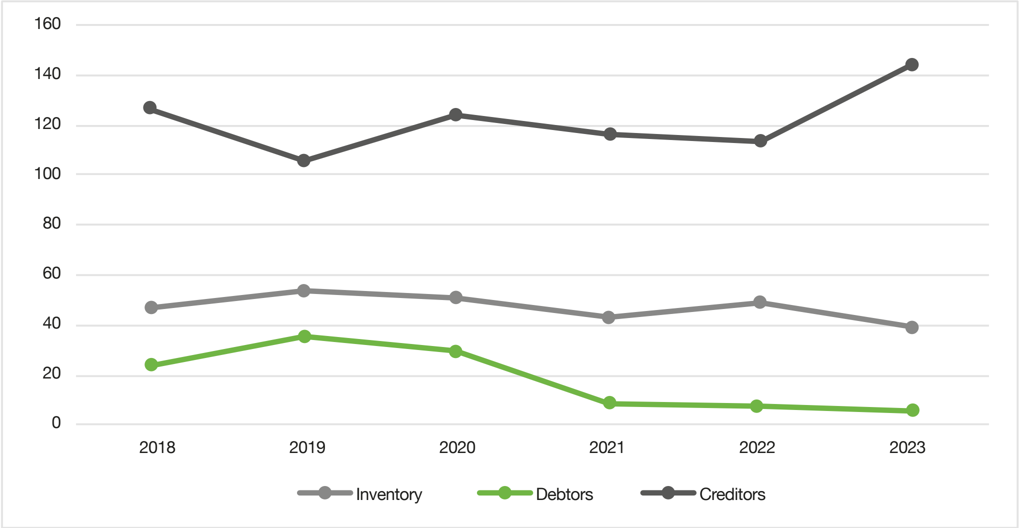
Liquidity Analysis (Rs. in million)



Activity / Turnover Ratios

Company's debtor turnover days is reduced to 5 days compared to six years' average of 18 days since 2018 due to greater sales against advance payment. Inventory turnover is 39 days in comparison with average of 47 days for the period 2018 to 2023 due to higher sales than production. Creditor turnover days has increased to 144 days compared to six years' average of 122 days. The Company's operating cycle was thus recorded at negative 99 days compared to six year average of negative 56 days.

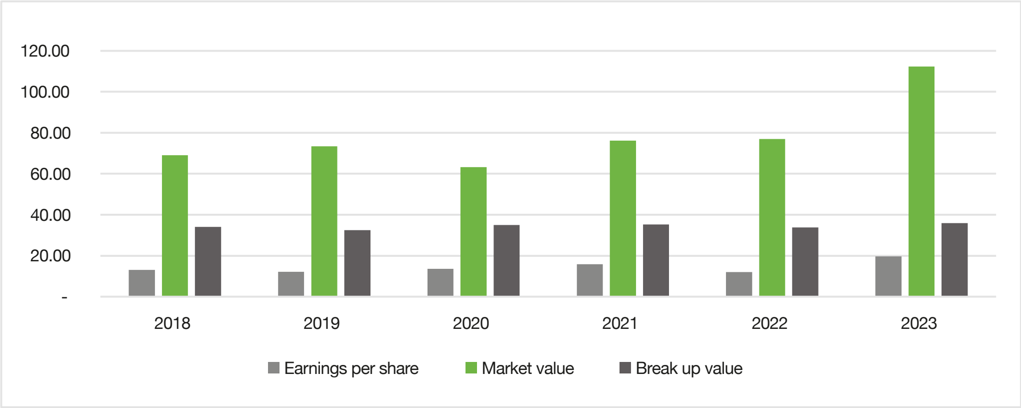
Operating Life Cycle Ratios in Days



Investment / Market Ratios

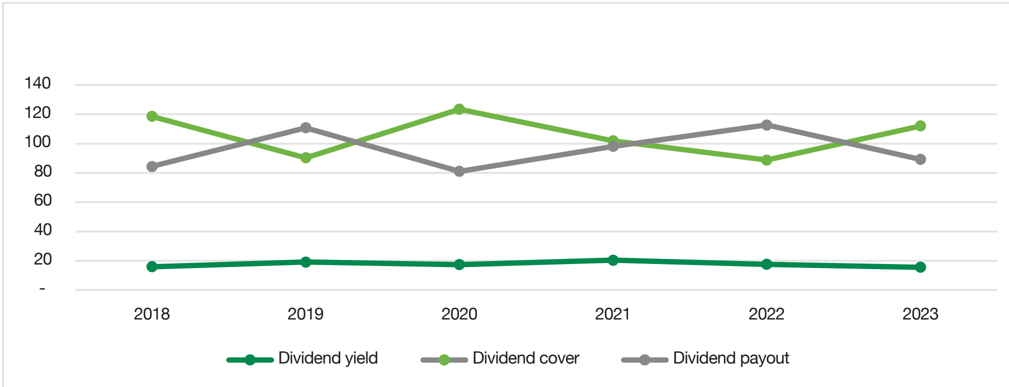
Earnings per share have increased to Rs 19.61 in comparison with 11.98 in 2022 due to higher sales volume in Urea which resulted in an increase in our market share to 35% as compared to 29% in 2022. Phosphates business also registered an increase in sales volume. The Company also managed to earn a good margin on these sales through effective sales management. The Company also managed to reduce its finance costs by 27% despite a significant hike in interest rate through effective working capital management. Despite mixed trends witnessed at the Stock Exchange, the Company's share was traded on PSX between a range of Rs 75 and Rs 115.4, closing at Rs 112.2 at the year-end, relatively higher by Rs 35.34 compared to last year. The price to earnings as at December 31, 2023 is 5.7 compared to 5.3 times in 2018. The breakup value per share of the Company was logged in at Rs. 35.9/share in 2023 increasing from Rs. 34.1/share in 2018.

Earnings, Break up Value & Market Value (in Rs. per share)



Dividend payout ratios during 2023 was 89.2%, against a six years' average total payout of 96.0%.

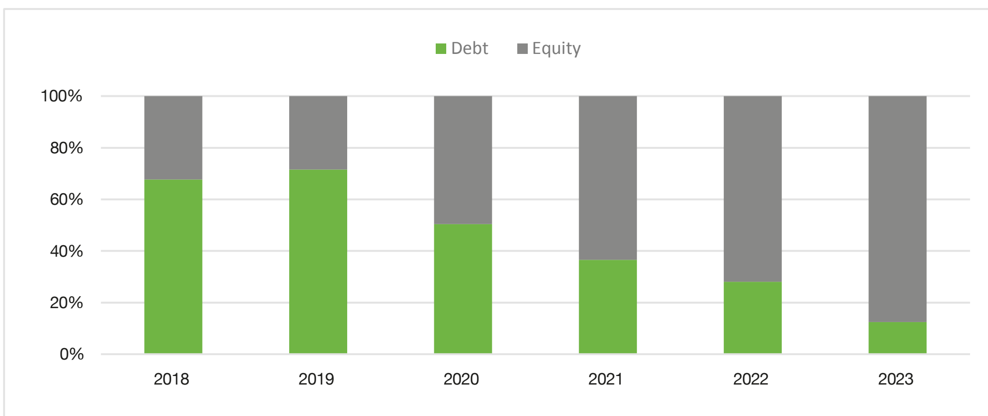
Dividend Ratios (in Percentages)



Capital Structure Ratios

Financial leverage ratio has decreased to 0.1 times compared to six years average ratio of 0.4 times. Debt to equity ratio also changed to 13:87 in comparison of six-year average of 45:55 The company has timely paid all loan repayments during the year. Interest cover ratio was 27 times in 2023 as compared to 14.4 on six years average.

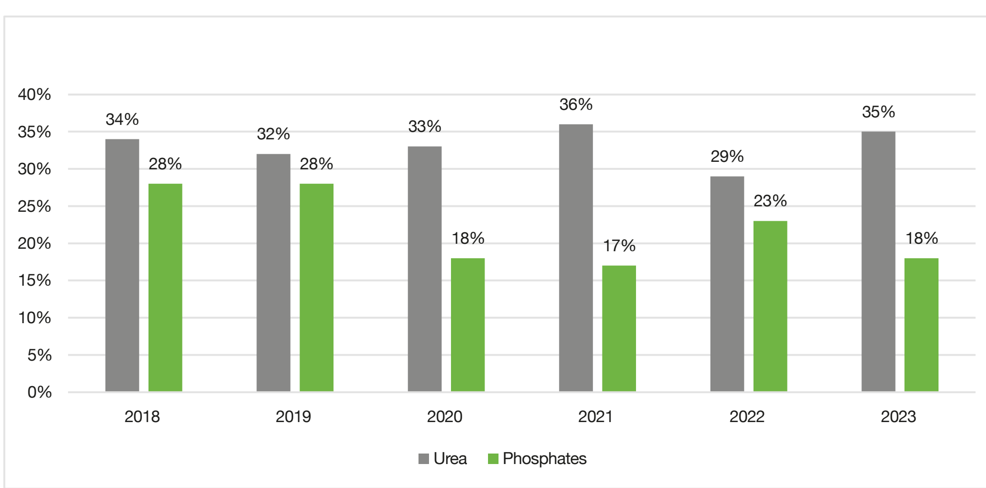
Capital Structure



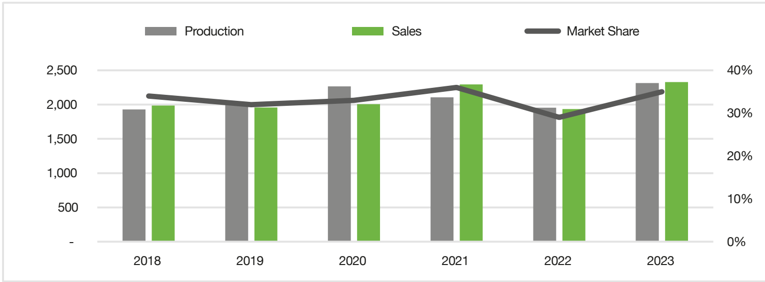
Market share information

Engro Fertilizers has consistently been a key player in the fertilizer industry, providing nutritional support to the agri-landscape of Pakistan. Contributing to sustainable growth and innovative enhancement of the economy's crop yield, EFert's sizeable market share reflects the same.

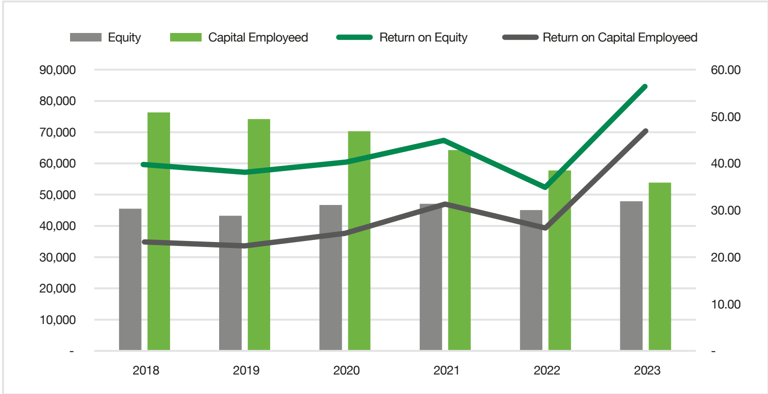
Market Share



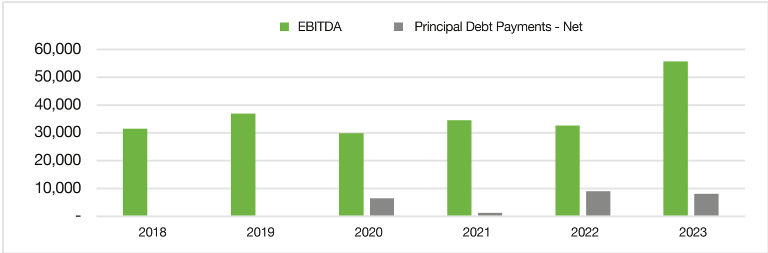
Production and Sales Volume (K Tons)



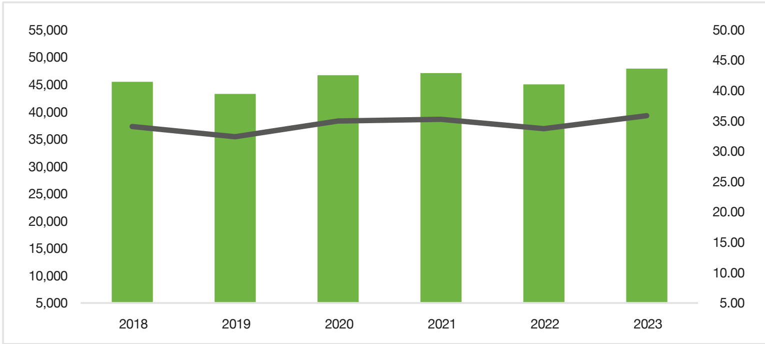
Return on Equity & Capital Employed (Rs. in million & in Percentage)



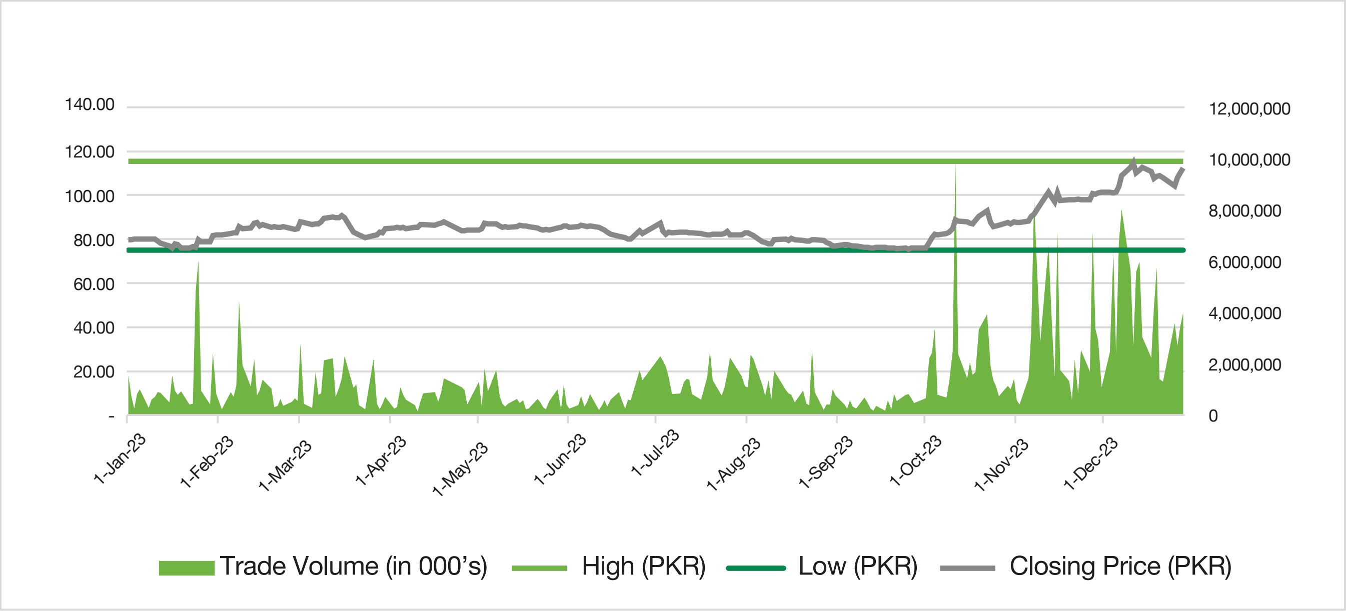
EBITDA and Principal Debt Repayments -Net (Rs. in million)



Equity and Net Assets Per Share



share price sensitivity



Sensitivity Analysis of Share Price of the Holding Company

Engro Fertilizers' share price is affected by internal and external factors. Furthermore, the Company's performance directly impacts its share price. Certain external factors that impact the share price include the economic and political environment of the Country, as well as Governmental regulations, macro-economic indicators as well as stakeholder sentiments. The Company regularly monitors these ever-changing factors and remains vary of their impacts.

Shareholder relations and share price

The company has continued engagement with shareholders as well as potential investors over the last year. The Company has regularly held Security Analysts briefings during the year where extensive information over the operating performance of the Company as well as market outlook and strategy has been shared.

While the company's share price increased from Rs. 79.80 at 1 January 2023 to Rs. 112.23 on 31 December 2023, the maximum share price achieved during the year was Rs. 115.40 . Our shareholder base comprises of companies, individuals, pension and provident funds, insurance companies, banks and investment companies, and other corporate bodies. The shareholding of Engro Corporation Limited as at 31 December 2023 was 56.27%.

Market capitalization sensitivity

As at December 31, 2023, Engro Fertilizers' market capitalization stood at Rs. 149,861 million. A consequent change of 5% in the market price of EFert's share would result in a change of Rs.7,493 million in the market capitalization.

economic value added

Amounts in million

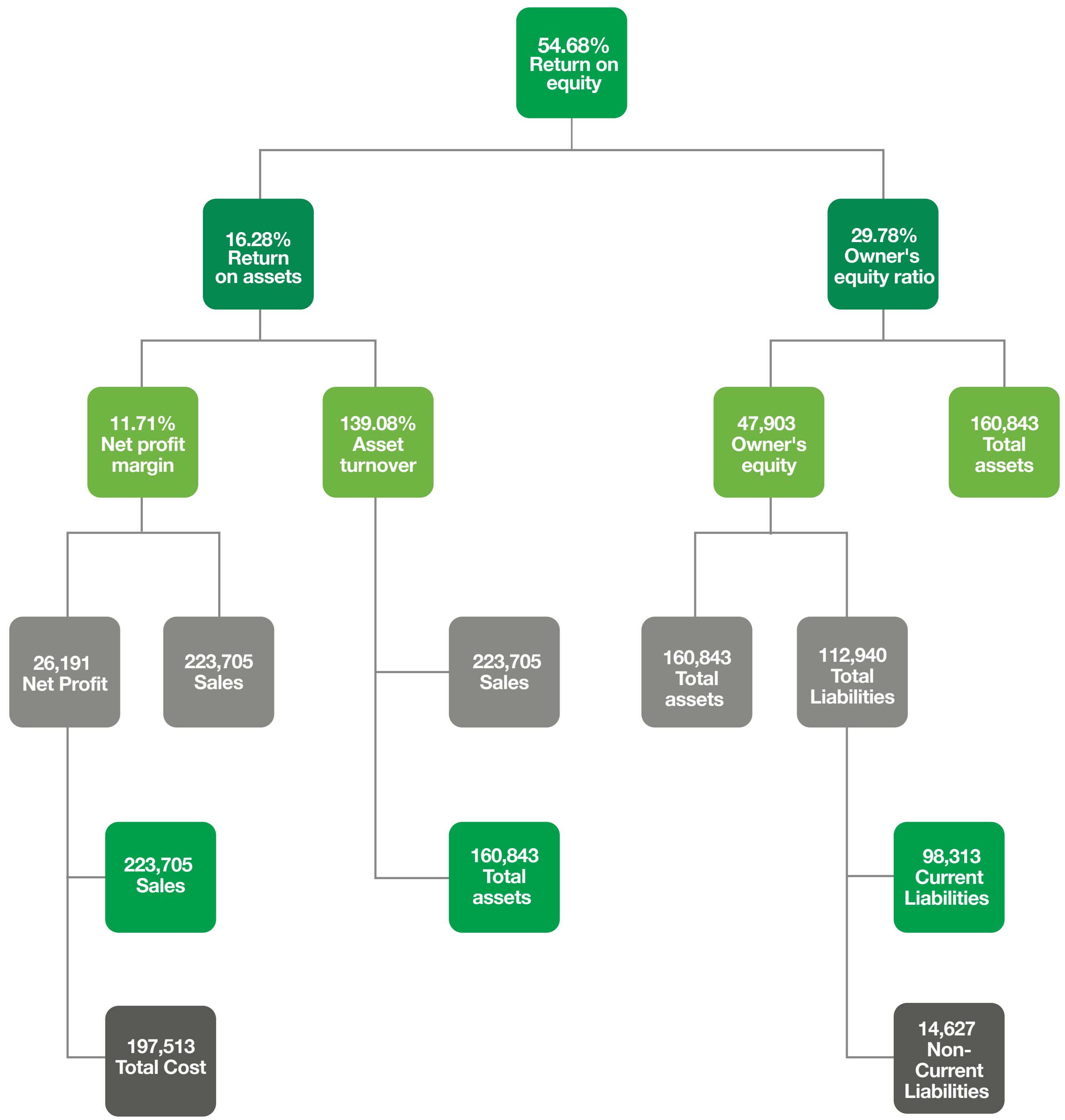
Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on cash basis (NOPAT).

	2023	2022
NOPAT	26,229	16,972
Less: cost of capital	(9,483)	(7,735)
Economic value added	16,746	9,237

FREE CASH FLOWS	2023	2022
Net cash generated from operation	60,555	31,634
Capital expenditure- net	(5,906)	(7,959)
Free cashflows	54,649	23,675
Net repayment of borrowings	(8,077)	(8,977)
Free Cashflow available to equity shareholders	46,572	14,698

Free cash flows to equity shareholders represent the cash a company can generate after required investment to maintain or expand its asset base and net repayment of debt. It is a measurement of a Company's financial performance and health.

dupont analysis



statement of value addition and distribution

Amounts in millions

	2023	2022
Wealth generated		
Total revenue inclusive of sales-tax and other income	237,219	161,053
Bought-in-materials and services	(159,705)	(117,741)
	77,514	43,312
Wealth distributed		
Taxes, duties and development surcharge to Govt. of Pakistan	37,490	14,936
Salaries wages and benefits	7,320	6,216
Dividend to Shareholders	23,368	18,027
Mark-up / interest expense on borrowed money	1,848	2,434
Donation	578	283
Retained for reinvestment & future growth, depreciation, amortisation and retained profit	6,910	1,415
	77,514	43,312

social and relationship capital

year 2023

We aim to go beyond traditional corporate philanthropy and build an inclusive business model in collaboration with the engro foundation that will create positive value for both the company and its communities. We take ownership of the welfare and development of the communities that we engage with and invest in sustainable initiatives that impact the lives of the people around us by inspiring positive change through the social and economic growth of our communities. This commitment is inculcated in all our employees and we are proud of their direct association with these social initiatives.

corporate social responsibility (CSR) initiatives

Our CSR initiatives span a range of categories from environment, education, and livelihood, to healthcare and infrastructural development. Our CSR initiatives ensure we can allocate our resources to supporting and uplifting the areas we operate in, and we seek to maximize the impact of our investment in these communities.

statement of the charity account

During the year, the Company made donations of PKR 578 Mn focused on education, healthcare, environment, infrastructure and general welfare.

engro muhafiz program

As we continue to create value and deliver on our promise to uphold the needs of the community, Engro Fertilizers' Commercial Division took the initiative to launch the Engro Muhafiz Program in 2021. The key objective of the program is to educate and support the community where we operate on Health, Safety, and Environment. A large variety of activities was held with the support of our dealers and Shandar Kissans to educate and help the community improve HSE standards at their homes and workplaces. A total of 506 activities were held across Punjab and Sindh with over 21,000 participants from our local communities. Major activities for the program included free medical camps, blood donation drives, HSE awareness sessions at schools, tree plantation, awareness and precautionary measures during the heat wave, farm safety, etc.

education

Our education initiatives have become a catalyst of change in rural areas and have always been among our top priorities. Engro has worked endlessly to provide quality education to underprivileged communities while consistently improving quality and learning outcomes at these institutions. We currently have 25 schools in our network, out of which 15 are in Katcha area, and 10 are in Daharki. The enrollment at our adopted government schools stands at 1,983 students currently whereas our Katcha school network continues to operate as per plan with 2,074 students.

As part of Engro's Diversity & Inclusion agenda, we have also invested in girls' education in our Katcha areas. These areas do not prefer co-education schools so in order to encourage the villagers to allow their girls to study, we have established our first Katcha Girls' middle school which now has 52 female students.

Pertinent educational sessions at the schools are also held by Engro; we celebrated Global Hand Wash Day at our CAER (Community Awareness and Emergency Response) villages' adopted schools. Primary grade students were engaged in this healthy activity. With the help of a pictorial and practical demonstration, the correct handwash procedure was learnt by students. For the development of our students and their talents, a one-day debating event, "2nd Inter School Engro Debate Competition for Girls 2023", was arranged at the Technical Training Center Daharki. A total of 20 schools participated, with 40 debaters entering the contest. The Prizes were distributed among the winning debaters. Our Senior Vice President Manufacturing, Syed Shahzad Nabi, and Vice President Operations, Bilal Mustafa, graced the occasion along with DC Ghotki, AC Daharki, and officers from the Sindh Education department.

Engro is also training young aspiring members of the community through a 3-year Diploma in Associated Engineering in chemical, electrical and mechanical engineering. Through this program, our Technical Training Institute initiative has helped bolster the careers of many individuals and helped earn a decent livelihood for themselves and their families. The current enrolment in this institute stands at 438. These graduates also regularly attain top positions in the Sindh Technical board exams. In the year 2023, 14 of Diploma in Associate Engineering (DAE) graduates have been placed in Engro Fertilizers in a variety of roles.

livelihood

To help empower differently abled individuals and those in need of a means of gaining income, 10M in financial grants was granted to help individuals set up sustainable small businesses. Through these grants, 12 livelihood projects were awarded that helped sponsor and set up Goat Farming ventures, Grocery Stores and homemade Ice cream businesses, creating sustainable and independent earning opportunities for widows and People with Disabilities.

healthcare

In the realm of Healthcare, Engro provides free-of-cost essential services to the communities through clinics, hearing aid camps, and crucial time-sensitive treatments for snake bite and dog bite patients. Our initiatives on the healthcare front include the Sahara Clinic which treated a total of 8,895 patients this year, while a singular snake-bite treatment facility treated a total of 5819 snake bite patients.

The Base Business North Zone team collaborated with the Fatimid Foundation for a Blood Donation Drive. The team managed to collect and donate 435 pints of blood to the Fatimid Foundation across the North Zone, translating into treatment arrangements for 1,305 patients suffering from Thalassemia and Hemophilia.

In 2022, the region's first free-of-cost limbs facility was established and has since then treated 1331 patients, with 412 patients treated in 2023. We also developed a dog bite facility that treated 1,708 – patients this year. Under the ambit of the Engro Volunteer program, Sahara clinic organized a free-of-cost Skin diseases treatment camp in Daharki. In this three-day camp, free consultation, treatment, and medication were provided free of cost by Sahara Foundation. Aside from patients from Daharki, individuals traveled from neighboring cities—Mirpur Mathelo, Murid Shah, Kandhkot—and even from distant places like Rahimyar Khan, Sadiqabad and Kashmore to avail consultation and treatment at the camp and a total of 625 individuals were treated. Sahara Eye Clinic also provided consultations and treatment to 1,945 patients in 2023.

The North Zone team also held a session on Nutrition and Personal sanitation for 80 children at the Dar Ul Shafqar Islamic Orphanage in Faisalabad, providing necessary care instructions and provisions.

To stop the spread of dengue and malaria, preventative measures were also taken in the form of fogging spray, which covered a population of Engro Fertilizers' CAER villages in its 15-day drive.

Additionally, our teams also ensured that women's health remained a priority. An Awareness session on Women's Health at our CAER villages in collaboration with our Engro Fertilizers Clinic team conducted. Similarly, to promote women's health and wellness in the workplace, the Specialty Fertilizers Business' North team implemented an initiative focused on the provision of feminine hygiene products for field-based women employees of the Specialty Fertilizers Business and Warehousing teams, aimed at creating an inclusive work environment. A similar initiative was taken in EFERT HO with the provisions for access to free-of-cost hygiene products for women made in the office.

infrastructural support

To ensure the uninterrupted supply of clean water to EFERT's CAER villages, Daharki City and Ghotki Railway Station, a total of 12 RO plants have been installed by the Company, mostly running over renewable solar energy and providing approximately 15 million liters of water across 4000+ households and to all the daily train passengers this year.

Sahara Welfare also inaugurated a new block that has magnified Sahara's portfolio by an impressive 25%. This new block signals a milestone for Sahara School, and is set to welcome its first cohort of students in September. With expanded learning facilities, Sahara School will now be able to provide quality education and equal opportunities to an additional 100 students.

environment

2023 also marked the launch of EFERT's "Plant a Tree, Plant a Hope" flagship project, underscoring our dedication to environmental conservation, carbon footprint offsetting, and sustainable practices, Engro Fertilizers' Zarkhez Plant joined hands with WWF (Worldwide Fund for Nature) on May 16th, 2023. With this collaborative effort to address the impact of climate change and preserve coastal ecosystems in Pakistan, they pledged to plant 1,000 mangrove saplings along the coastlines. Thousands of trees were also planted throughout the year under the Environmental campaigns launched in 2023.

As a part of our continued efforts to help the environment, a tree plantation drive has been conducted at Daharki city, EFERT's CAER villages and vicinity schools. Thousands of fruit trees and seasonal trees were planted during a campaign started in the last week of September 2023.

The Base Business North Zone team also launched a Tree Plantation Drive in collaboration with the Forest Department with the tagline "Save Trees – Save Life". During this tree plantation drive, 967 community members participated and 2,900 tree saplings were planted at 17 different schools and colleges.

In the Sahiwal region, a water conservation drive was launched by the Base Business with the tagline "Save Water Save Life" for the purpose of creating water conservation awareness among all our stakeholders and community members. 11 awareness sessions were conducted in schools, colleges, and universities covering 3,500 community members involving teachers, staff, and students.

To minimize our impact on the environment, the Warehouse team also initiated a solarization project across field warehouses to reduce our carbon footprint. As of 2023, we have over 80 warehouses powered via solar power generation of 7.2 kilowatts per day per warehouse.

providing necessary support

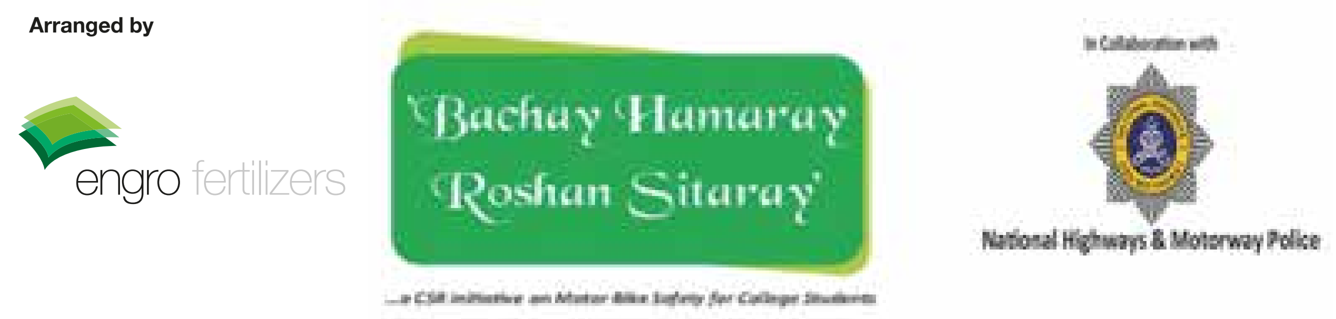
This year in collaboration with Local District Government Engro contributed in Ramzan Bachat Bazar Daharki, where groceries, vegetables, fruits, clothes and other items were sold at subsidized rates for underprivileged people.

Engro provided logistic support in the form of rental vehicles in the noble national cause of bi-monthly Polio vaccination campaigns to Local District Government.

In response to the recent devastating floods that have impacted several areas within Pakistan, including the Bahawalnagar District, the Bahawalnagar Base Business and SFB team in collaboration with the dealer Kissan Dost Corporation organized an Engro Muhafiz Flood Relief Activity. This outreach initiative was specifically targeted at providing support to the flood-affected residents of Moza Sanatteka - Mari Mian Sahib, Bahawalnagar. The team distributed 100 ration packs to flood-affected families.

safety

Base Business' Lahore team launched a CSR Initiative for motorbike safety awareness with the tagline "Bachay Hamaray – Roshan Sitaray". The initiative was held in collaboration with the Education wing of the National Highways & Motorways Police. By educating the most vulnerable drivers on the road, college students, and diversifying the target audience to girls' colleges and universities, this session inculcated necessary safety precautions in young drivers and catered to the growing number of two-wheelers used by girls. A total of 11 awareness sessions were delivered by experts from the Education Wing of NH&MP, reaching an audience of 1,225 community members including students, teachers, and college staff.



The Bahawalnagar Warehousing team arranged a safety session at the local school for differently-abled children, educating them on how to handle emergency situations at home and at school. The team also donated first aid kits to the school, ensuring their access to necessary aid in case of any emergencies.

A comprehensive First Aid Training Session was also held at the Okara Warehouse which was facilitated by Rescue 1122 through the Pakistan Life Savers Program. 25 members attended the session, with representation from various departments within the Marketing Division. Additionally, the attendees also included 3 security guards and 3 employees from Fatima Fertilizer.

manufactured and intellectual capital

technical symposium

In the midst of ever-evolving global industrial landscape and prevailing economic challenges, fostering collaboration within the local industry becomes pivotal in achieving Operational Excellence – a fundamental pillar for success. Acknowledging this critical necessity, Engro Fertilizers – Manufacturing Division initiated Engro's1st Technical Symposium on Operational Excellence at Daharki. The Symposium serves as a platform aiming at nurturing partnership & collaboration enabling a seamless exchange of knowledge, experiences & best practices. Its design facilitates shared learning, emphasizing enhancement of skills both in leadership & functional domains. The overreaching objectives are to bolster Quality Decision Making, cultivate Self-Reliance and in the larger scope, contribute to the development of Pakistan's Economic Landscape. The event witnessed active participation of esteemed Senior Management and distinguished professionals from diverse sectors of Fertilizer, Oil & Gas, Petrochemical and Power, highlighting our collective dedication to Excellence. The topics of presentations delivered covered a wide spectrum of topics ranging from HSE to Plant Reliability, Energy Efficiency, Technological Advancements, Operational Discipline and Sustainability.

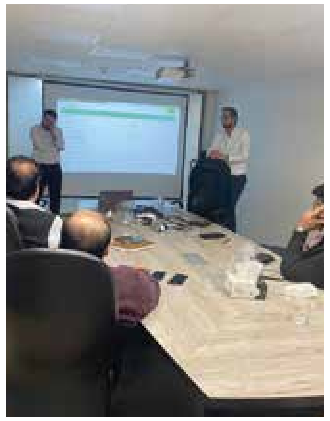
EFERT roadshow

The EFERT Roadshow: Field to Future presented attendees with an immersive experience like no other! By allowing insight into the best-selling products that bolster the agricultural yield of the nation, the team helped illuminate what makes Engro Fertilizers the household name that it is. With sessions attended by subsidiaries across Engro, this allowed us to share what we at EFERT proudly work towards and uphold for the country, community, and company.

learning circle: fostering learning, enabling growth

In continuation of the very successful Learning Circle held in 2022, the Base Business HO team took the trainings a step forward this year by conducting full day in-person sessions for all RSMs and ASMs across our operational zones. With the sessions powered by Engro Eximp FZE and Finance, the trainings focused on enhancing key business knowledge and know-how, giving the field team an edge over their competitors by improving their ability to provide critical insights to our channel partners.

The program delved deep into the major drivers of demand and supply, demystifying the complexities of market occurrences in real time through an analytical view of the macro landscape. Our trainers Sufian Salam, Ali Riaz Cheema, Ali Hanif, Hassan Zafar and Shahrukh Farid ensured the sessions were valuable learning experiences for all attendees.



zabardast urea

Engro Zabardast Urea met the target of an outstanding sales volume of 400 KT, with the achievement signifying a 60% growth in sales volume as compared to the previous year, making Zabardast Urea the second-highest selling product of Engro Fertilizers. The product has experienced a phenomenal growth of 25x in sales volume since its inception in 2018.This achievement is a testament to the product's remarkable market acceptance and exceptional performance.

contribution to the nation's wellbeing

In 2023, Zabardast Urea was used for 5.6 million acres of cereal crops in 2023, leading to healthy and zinc-enriched grain, sufficient to feed 56 million people for a year. In addition, different initiatives like the Hamqadam Program, Shandaar-Kissan Program, and Agriculture Internship Program were employed to put in effort for the training and growth of the farmers and provide them with advisory support.

fertilizer networking forum

Acquiring valuable insights from the achievements and learnings of others is pivotal in establishing engineering excellence and instilling operational discipline. With the intent of establishing Industrial networking and collaboration, EFERT Manufacturing has formed the Fertilizer Networking Forum (FNF) to benchmark operational practices and technical regimes across urea manufacturing sites. Full day FNF meetings were organized with the Technical teams of organizations including Fatima Fertilizers, Fauji Fertilizer, Liberty Power, Foundation Power and EPQL. These sessions made way for a groundbreaking collaborative forum allowing for important dialogue and knowledge sharing within and outside the Fertilizer sector.

marketing innovations

2023 was a year of innovating and building the EFERT brand and presence across the nation as we continued our efforts to grow and prosper.

1. **Zabardast Urea Kharif & Rabi Campaign**
   EFERT Brands executed a 360° Degree Campaign during the 2023 Rabi season across Pakistan, aiming to boost the brand presence of Engro Zabardast Urea. This comprehensive campaign spanned various marketing channels, from television to Mandis, engaging farmers and revitalizing dealer shops. The advertising activities had a significant impact on farming communities, substantially driving sales of Zabardast Urea.

   The key objective of the campaign was to build awareness through TVC and merchandising and to generate product trials through free samples, lucky draws, and dealer incentives.

   This Kharif campaign adopted a multifaceted approach, which included:

- TVC Airing: The airing of Zabardast Urea TVC further amplified the campaign. TVC was broadcasted on major national and regional channels.

- Dealer Shop Branding: Dealers were encouraged to merchandise their shops with visibility tools, including posters, banners, buntings, danglers, and inflatable bags display. Merchandising has been executed on dealer shops across Pakistan for which dealers have been fully motivated to put the best visibility at their shops and won valuable prizes.

- Mandi Branding: This includes branding of Ghalla Mandis with high visibility fixtures including iron frame banners, wall murals, flex banners, and Engro Zabardast Urea's bori on poles.

- Digital Media: The campaign utilized multiple online platforms including TikTok, Facebook, and Youtube to reach farmers and agricultural communities with a total of 292.7 million impressions, an average reach of 20 million, and 28.6 million total views. The campaign effectively leveraged social media advertising to connect with the farming audience.



2. **Zarkhez Tobacco Video:**
   An infomercial for Zarkhez Tobacco grade was developed, showcasing key benefits of the product through aesthetically appealing visuals. The infomercial was shot in the Tobacco fields of KPK. The video explained the functional benefits of products, including balanced nutrition of Nitrogen, Phosphorus, and Potassium in it, resulting in strong and quality end produce of the Tobacco crop.



3. **Engro Zarkhez Mega Farmer Meetings on Citrus and Tobacco**
   EFERT's Brand and Communications team successfully conducted 24 Mega Farmer Meetings on SFB's 2nd highest-selling brand Engro Zarkhez. These meetings were targeted at the two major crops of the season: Citrus and Tobacco. The purpose of these farmer meetings was to educate the farmers about crop nutrition and the benefits of Engro Zarkhez for better yield and quality of crop.

   The mega farmer meetings started on 6th February 2023 and concluded on 27th February 2023 and were attended by around 3600 farmers in 24 different locations.




4. **Engro Zarkhez Mega Farmer Meeting at Joharabad Sugarmill**
   Another Mega Farmer Meeting was successfully conducted for Joharabad Sugarmill in the North zone for the promotion of Engro Zarkhez Plus. This meeting was targeted at the Sugarcane crop, designed to educate the farmers about the crop nutrition and the benefits of Engro Zarkhez for better yield and quality of the crop.



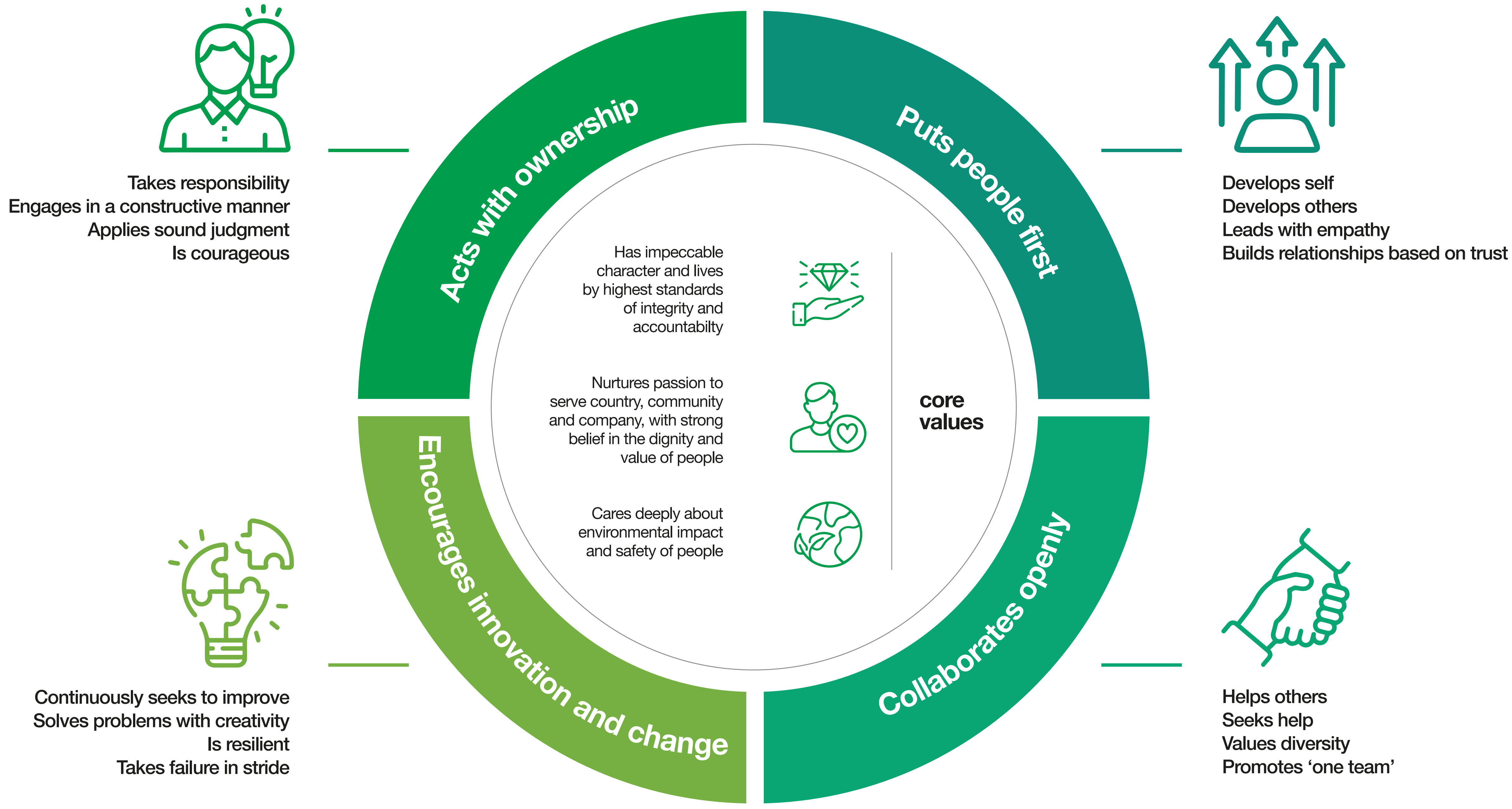

5. **International Seminar on Potassium – For Sustainable Crop Production and Food Security:**
   Engro Fertilizers, in collaboration with Arab Potash and the University of Agriculture, Faisalabad, hosted an international seminar on 29th May 2023, with an emphasis on the usage of balanced fertilizer on crops to ensure food security in Pakistan. The seminar was attended by the chief guest, Dr. Muhammad Akhtar, Chief Scientist, DG Agriculture (Research) Punjab, Professor Dr. Munir Jamil Al-Rusan from Jordan University of Science and Technology, and by General Manager Base Business Awais Mushtaq Paracha.

   The event was hosted at the University of Agriculture, Faisalabad, and attended by international delegates from Jordan, Arab Potash Company, and the academia.



6. **Trial Generation with Product Display Branding**
   For a farmer, seeing the product for himself and hearing genuine praise of a product via word of mouth are very important. Hence, transparent jars for product samples were developed so farmers can feel the grains, powder, and different varieties before making a purchase decision. The brand created a Product-Display unit with 18 jars that showcase the product as granular/powder and have branded covers. These are placed across Pakistan in 500 dealer outlets which facilitate the dealers in showcasing the functional benefits of our straight and value-added fertilizers.


engro leadership competency model



human capital

developing our people

The development of our people remains at the heart of our endeavors as we Enable GROwth for Engro Fertilizers. Upholding the values of Diversity, Equity and Inclusion (DE&I) and ensuring we foster a culture that allows everyone to feel welcome, included and represented, where their efforts receive due recognition, and their development and experience is of utmost importance as they foster success for EFERT. Employee centricity, the highest standards of business ethics and integrity, and world class standards for the workplace is the Engro way.

employee data by location in 2023

total employees 1,214	by gender men 1,138 women 76
by category factory 779 non-factory 435	by age <30 280 30-50 775 >50 159
by location head office 117 daharki 728 faisalabad 49	by location hyderabad 73 lahore 62 multan 103
by location sukkur 31 zarkhez plant 51	by employment type management 734 non-management 480

HR governance process

EFERT recognizes its "People" to be its most valuable asset and therefore People development has always been our priority. We understand that satisfied and highly motivated employees personify the Company's values, ensuring continued excellence is the foundation for a sustainable and growing company. We recognize the importance of human capital and its critical role in creating value creation potential for our businesses and a successful corporate echo system.

Therefore, EFERT'S Board places great importance on people development and related policies and processes which are at the heart of our core values and our People leadership competencies model. To ensure dedicated focus on HR matters, the Board has established the Board People Committee (BPC) that exercises oversight over HR policies and systems and is responsible for the review of performance evaluation, development and succession plans of its People.

There is also a management committee called Board People Committee (BPC) for review and stewardship of all HR matters including compensation, organization training and development of people.

The Company has a clearly documented Human Resource management policy which aims to attract, induct, develop, retain, and motivate high caliber talent who are qualified, capable, and willing to contribute their best towards accomplishment of Company objectives. To complement this policy several other policies have been developed for recruitment, compensation, and organizational development.

EFERT's HR policies encompass the following principles:

equal opportunity

- provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards.
- create a work environment where every employee has an equal opportunity to develop their skills and talents.

training and development

- To meet employee and organizational needs, provide opportunities to employees for acquisition of knowledge for technical and managerial skills through classroom and on-the-job learning.

compensation and benefits

- Rewards policies aligned with best companies in the market that compete for high quality talent.
- Clear linkage of reward policies with performance and potential.

diversity and non-discrimination

- Provide an environment free from all forms of discrimination and harassment at workplace.
- Foster gender diversity at all levels within the Company.
- Policies aimed at creating flexible and conducive working arrangements.

performance management

- Have a transparent and merit-based performance management system in place.
- Have a transparent and well-defined career development and succession planning system.
- Clearly defined system for care progression based on merit and potential.

EFERT's HR policies are approved by the BPC and the Board and are stewarded by MC and the BPC periodically. The most senior management position that is responsible for HR matters is Head of Human resources at company level, who directly reports to the Company's CEO and indirectly reports to Chief Peoples Officer (CPO). Certain People specific policies are also managed at group level by Engro's People division based at the holding company. Furthermore, industrial relations at plant sites is managed by respective Admin Department at the plant.

The HR function was recently re-modelled to improve HR functional services by inducting HR Business Partners in 3 major divisions to enable HR function to serve better and be "Fit for Purpose" in line with its shared vision.

centralization

In 2024, the HR function underwent another remodeling with centralized teams for culture, Learning & Development, Talent Acquisition and Rewards, i.e. the Centres of Excellence (COEs), formed to lend support to the Human Resources departments across all Engro Subsidiaries.

employee remuneration policies and processes

The Company's HR policies ensure competitive and appropriate compensation and remuneration for its employees based on their role, experience, and performance. Employee remuneration for management employees is determined by relevant competitive markets and guided by Company policies. The Company maintains separate funded pension and gratuity schemes for its employees. Employees are eligible for these schemes based on completion of vesting period. Trustees of the Fund are responsible for administering these funds. The annual contributions to gratuity and management staff pension funds are based on actuarial valuation. The benefits are provided to full-time employees including management and staff. These benefits are not offered to contractual employees. The Company contributes to the defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of the basic salary. Additionally, a service incentive plan is also maintained for certain categories of employees to reward them for their service of at least 3 years with the company.

The Company strives to maintain a well-balanced program of employee benefits. Various programs mentioned below are currently in place for our employees.

- Defined benefit gratuity fund
- Contributory provident fund
- EFERT pension fund
- Health Insurance
- Life Insurance

other benefits to permanent employees include:

- Part- Time work policy
- Compensation cars
- Travel and transport benefits
- Hajj policy
- Annual incentive bonus and performance bonus
- Paternity/ maternity leaves and sabbatical leaves
- Medical and dental benefits
- Long service awards
- Loans and advances
- Service incentive plans
- Home ownership assistance
- Club memberships
- Beach Huts and Lodges
- Day Care
- Location specific benefits

Job Evaluation

Engro has initiated a group wide Job Evaluation exercise utilizing the Korn Ferry Hay Method to measure the relative size of its roles, relying on the world's leading method to determine the fair and objective relative value of each role in the organization.

rewards – policy

1. **female transport**
   Engro partnered with Careem in an effort to provide safe and hassle-free mobility solutions for female employees. This collaboration was aimed at easing the commute to and from work for women at Engro as part of the Company's diversity, equity, and inclusion initiatives. This travel policy complements other initiatives introduced by Engro to create a gender-diverse workforce. Some of these initiatives include maternity and paternity leaves, and daycare solutions.

2. **5 year Long Service Awards**
   Beginning this year, the steadfast commitment of our valued employees are presented with the 5-Year Long Service Award to commemorate and celebrate the enduring dedication demonstrated by them.

3. **engro help central**
   Engro Help Central Portal was launched as a one-stop solution for all employee queries such as Salary Slip issuance, Tax related letters, and other Visa and Employment Related letters.

4. **policy roadshow**
To continue creating awareness about HR policies, the Rewards team conducted a series of sessions under "Our Effort for you- Policy awareness campaign". To enlighten and remind employees about all the benefits that they can avail of. Each session has been designed and curated for the specific audience entailing all the benefits they are entitled to. The awareness session not only enables employees to be cognizant of HR policies but also provides a platform where they can voice their opinions and provide feedback.

people & talent development

EFERT's commitment to people development is evident in its core philosophy, emphasizing Talent Management as crucial for organizational sustainability and continuity. By investing in its workforce, EFERT recognizes the value of nurturing its most valuable asset—its people.

The Talent Development Program launched last year at EFERT marked a significant step towards empowering individuals to take charge of their own development within Engro. Built on the foundational principles of truth, trust, and transparency, this program exemplifies the organization's unwavering dedication to creating an environment that nurtures both personal and professional growth. Building upon this foundation, EFERT is proud to introduce EDGE—a pioneering program designed to identify and cultivate the potential future leaders among high-performing individuals within the company. This initiative is particularly targeted towards three key groups: women, individuals on the borderline of the Talent Development Program (TDP) criteria, and members of our junior bands.

Through EDGE, EFERT aims to provide targeted support and resources to these promising talents, equipping them with the tools, skills, and opportunities needed to accelerate their career growth and assume leadership roles within the organization. By fostering diversity, inclusivity, and talent development at all levels, EFERT reaffirms its commitment to unlocking the full potential of its workforce and driving sustainable organizational success.

succession planning

EFERT's commitment to ensuring seamless business continuity is evident through its robust succession planning strategy. By creating a talent pipeline for future leadership positions, EFERT aims to guarantee uninterrupted operations even in times of transition. Central to this approach is the emphasis on skill enhancement tailored to meet current and future business demands, ensuring readiness to navigate dynamic environments. Throughout this process, people development remains at the forefront, with EFERT acknowledging the inevitability of change and prioritizing the growth and development of its workforce. To facilitate career progression and talent development, EFERT has meticulously charted employees' career paths, taking into account factors such as potential, experience, and demonstration of Engro competencies. Each employee is provided with ample opportunities for training and development, alongside the necessary resources and equipment to excel in their respective roles. This holistic approach not only ensures the individual growth and satisfaction of employees but also strengthens EFERT's overall organizational capabilities, positioning it for sustained success in the long run.

learning and development / training and education

	Learning Hours	
	Gender	
Total	22,758	
	Men	Women
	20,663	2,095
Avg	31.2	30.4

time management and communication skills

This comprehensive training program is designed to equip participants with the essential skills for effective time management and clarity in communication. Through this course, attendees delved into practical strategies and engaged in interactive exercises for enhanced efficiency and clarity and impact in communications. These trainings were conducted by our internal trainers and held in Multan, Lahore, Faisalabad, Hyderabad and Daharki, covering 370 employees.

feedback conversations

This training module is tailored to cultivate effective feedback communication skills in our Team and Division leads, enabling collaborative growth and transparency in our appraisal and feedback mechanism. These trainings were conducted in our Head Office and in Daharki by Activ8 Founder and Leadership trainer Umer Khan, covering a total population of 53 Managers and General Managers across the Company.

inter-functional mastery

Inter-functional mastery fosters a culture of collaboration, understanding, and effective communication across different the functions of the organization. It is a valuable skill set that contributes to the overall success and agility of the business. In 2023, EFERT trainers club conducted 4 sessions: IFM- Secret of Sales, IFM- Supply chain fundamentals, IFM- Manufacturing Mantras and IFM- Finance for Non- Finance. This comprehensive training program was attended by 212 participants and recorded highest satisfaction score of 98%.

DEI leadership program

Our commitment to fostering an inclusive culture took a transformative leap through our DE&I Leadership Program and in 2023, we successfully held sensitization trainings for 100% of our employee population. These one-day trainings provided an opportunity to sensitize and educate our employees regarding the standard of conduct required to foster true inclusivity at the workplace.

Performance Enhancement program

The Performance Enhancement Program is designed to create and hone leaders in the organization, equipping them with the essential skills and strategies to perform at a higher level, while fostering a culture that upholds innovation and drives success. We conducted 3 sessions for PEP: Leadership Intent vs Behavior, Finance for Non-Finance, and Digital Agricultural space, covering a total population of 115 employees who gave the series a satisfaction rate of 89%.

impactful persuasion and gravitas

This training seeks to teach employees the art of effective persuasion and communication with intent. By training attendees in effective presentation skills from confident body language and precision while also brushing up their presentation skills, enabling communication and collaboration that creates success. We conducted three sessions at HO and Daharki, successfully training around 80 employees.

collaboration through mentorship

Through our Mentorship Mastery Program, we empower participants to embrace mentorship as a dynamic force for collaboration and professional growth. Session participants develop the skills, insights, and commitment needed to foster a culture of collaboration, knowledge-sharing, and mutual support within the organization.

first time managers

The First-Time Managers Training Module equipped new leaders with essential skills for effective team leadership. Covering communication, decision-making, and team motivation, the module ensured a smooth transition into managerial roles. Participants gained insights into different styles of leadership styles, conflict resolution, and performance management, fostering success in their managerial journey.

PMGM retro trainings

A development mindset is crucial in ensuring the success of the performance management journey. Our group-wide trainings help employees understand the PMGM process end-to-end, which is integral to their self-development and the development of their direct reports. A special focus is placed on any changes in the system so the procedures can be executed with clarity and due diligence. The trainings also enhance awareness of the Engro Leadership Competency Model (LCM) which is an essential part of the PMGM process and a cornerstone of Engro's workplace culture.

employee engagement 2023

We believe our employees remain our enduring advantage and whilst we believe that our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence is what drives our success, after a thorough analysis we identified critical aspects around human capital management that can enhance our people competitiveness.

Engro recognizes that employee engagement is critical for retaining value talent and boost employee experience. Our success is measured by a defined set of engagement perimeters adaptable to our working environment.

Each year, we conduct an employee engagement survey, the results of which are shared with both employees as well as the Board. These results are analyzed and action plans are developed. The survey addresses following dimensions:

• Purpose
• Values
• Puts People First
• Encourages Innovation & Change
• Collaborates Openly
• Acts with Ownership
• Overall Leadership
• Truth, Trust & Transparency
• Diversity & Inclusion
• Wellbeing
• Engagement
• Survey Followup

During 2023, the results of engagement survey for Engro Fertilizers were:

Employee Engagement Score	**86%**	**Response Rate**	**95%**

At Engro, we aim to score above the global average which, according to Qualtrics 2024 Employee Trends report, was 67% in 2023 Over the last few years, we have managed to remain above the target with variation on year to year basis.

These results are analyzed by each division's HRBP to understand the factors that are encouraging as well as factors that need interventions and accordingly plans are designed to improve employee experience in those areas.

Recognizing the significance of fostering a culture of active listening beyond yearly EES surveys, we have endeavored to establish continuous avenues for employee feedback. This year, EFERT proudly introduced its flagship listening program, 'Let's Tune In', designed to empower employees to share feedback through various channels such as vibe checks, idea boxes, and our semi-annual Pulse Survey, aligned with the organization-wide Employee Experience Survey. This program aims to gauge employee sentiments and preferences, enabling us to better cater to their needs.

let's tune in

2023 saw the launch of EFERT's flagship listening Program Let's Tune In, through which we adopted a multi-faceted approach, providing avenues for feedback and dialogue, enhancing employee experience and providing engagement via fun activities in the workplace. Under the ambit of Let's Tune In, HR introduced a number of features. Elected members from across the Company were made Fun Catalysts who were in charge of arranging away days for their respective departments and ensuring the engagement of their departments and participation in other events. Under this ambit, we introduced our Fun Fridays, which included:

snacktastic fridays

monthly birthday celebrations


appreciation hour


friday gamers

friday golfers

friday artists

our fun catalysts also played their role in organizing fun away days

mini sports gala

An eventful family sports day, with all teams from football and volleyball to softball and ladies' cricket holding small tournaments. This also provided an excellent warm up for colleagues to practice and prepare for the Sports Weekend.

sports weekend 2023

Continuing our long standing prized Engro tradition of the Sports Weekend in 2023, we held our largest Sports Weekend ever. From employees and their families to friends and colleagues, everyone was there to celebrate the spirit of sportsmanship and camaraderie.

Whether it was cheering on our colleagues during the games, receiving awards and recognition at the Gala Dinner, dancing the night away at the concert, or simply enjoying the beautiful surroundings with our people, employees took away so much more than just a weekend of fun.

Truly, Daharki Sports Weekend 2023 was not just about sports or entertainment, but about All Engro coming together to celebrate its diversity, creativity and spirit of collaboration. It was a testament to the power of teamwork and the importance of building strong bonds and relationships that go beyond the workplace!




mental health awareness month

We celebrated Mental Health Awareness Month with weekly sessions that helped enhance our employees mental health.

1. **Gut and Mind Connection: Healthy Habits Start with Healthy Choices**
   What we eat affects how we feel! Eating a healthy, balanced diet can help reduce stress levels as there is a strong connection between the gut and the brain, which ultimately impacts your overall mental health and well-being. EFERT held the Gut & Mind Connection talk, an informative nutrition session led by expert nutritionist Nazish Chagla to help everyone learn how mindfulness in our diet can enrich our lives.


2. **Sound Bath Session: Immerse Yourself in Serenity & Renewal**
   EFERT employees experienced the serenity of a sound bath. The immersive experience, complete with tranquil sounds and guided meditation, brought everyone relaxation and inner peace. Everyone left the session refreshed and ready for the day ahead.

3. **Thriving in Uncertain Times: Mastering Financial Wellness**
   Helping us all navigate these uncertain economic times, this workshop equipped employees with the tools and knowledge needed to thrive in uncertain times. An interactive session where employees learned effective strategies and practical tips to take enhance and sustain their financial well-being.

CEO Iftar

In honor of the auspicious month of Ramadan, EFERT CEO Ahsan Zafar Syed hosted an iftar celebration for employees at Do Darya. Employees enjoyed an evening of great food and even better company at the iftar.


tie & dye totes

To celebrate world sustainability day and bring awareness to the importance of adopting the principles of reusable goods and sustainable practices, we organized a tie & dye tote bags activity, that allowed us to unleash our creativity, transforming plain totes into works of art, all while celebrating our beautiful planet.


jamming with joy

EFERT HO celebrated Independence Day with a live jam session that had us all singing our hearts out to ring in Pakistan's 76th anniversary. Celebrating with a tribute to Pakistani music and lightening hearts at the end of a bustling workday.

digital campaigns

in 2024, we also leveraged our digital platforms and engaged employees across Pakistan with fun, interactive competitions for Mothers Day, Fathers Day, World Environment Day, Global Fertilizer Day and World Food Day. With prizes on the line, these brought our employees together with fun competition as they participated in sharing stories, taking photos, rapidly answering quiz questions and cooking up some fun recipes.

scavenger hunt

In a memorable 8-day extravaganza, Engro Fertilizer and Engro Energy united to organize the magnificent Energy-Fertilizer Hunt. Our employees embarked on a thrilling quest as they navigated through the floors of Energy and EFERT, unlocking mysteries, and seeking the coveted green ticket. This engaging event brought our teams together, fostering teamwork and connection throughout the journey.

inspirenect

Through our new flagship leadership connect program for the Manufacturing Division, attendees at the Daharki and Zarkhez plants gain the opportunity to interact with our leaders. With sessions led by Khawaja Bilal Mustafa, Waqas Qureshi, Usman Asif, Mojiz Mansoor, Syed Usman Aslam and Hamid Anjum, with Ahsan Jawed and team moderating. With thought-provoking discussions, insights into the business and an interaction Q&A session, this proved an ideal learning experience for all to gain motivation and knowledge that will continue to guide them in enabling growth for themselves and Engro Fertilizers.

town halls – EFERT live

In 2024, we introduced our newly revamped CEO Town Hall: EFERT Live, moving away from our traditional yearly model to a quarterly one. Through EFERT Live, employees across our 11 locations not only gained facetime and interaction with CEO Ahsan Zafar Syed but were also given important business updates and engaged in a Q&A session with the CEO. But EFERT Live transcended traditional town halls by incorporating fun rapid fire rounds with our Management Committee, engagement skits by talented troupes like Khawatoons and employee recognition for both workplace excellence and the People's Joy Awards, a democratic award system for comedic categories like Laughter Leader, Chai Addict and Fashionista.

chai sessions with the leadership

In 2023 we kicked off our fun inspirational initiative: Chai Sessions with the leadership. With sessions featuring our Senior Vice President Manufacturing Shahzad Nabi, Vice President Business Development Ammar Shah and Vice President Marketing Atif Mohammad Ali. These sessions allow us to amplify our employees' voices and engage in meaningful and candid conversations with the leadership.

CEO Connect: women's breakfast session

Last Friday, EFERT HR held a connect session for our women employees with our CEO Ahsan Zafar Syed. With a delectable live breakfast segueing into a great opportunity to pick our CEO's brains and ask questions about career development, decision-making and motivation, the connect was as fun as it was meaningful. Ahsan delighted and inspired the attendees with tales from his illustrious career at Engro: challenges surmounted, and lessons learned. With the dialogue going two ways, the women of EFERT proudly shared stories of their own careers and experience gained at EFERT.

tuesday touchdowns

EFERT's initiative Tuesday Touchdown, led by VP Business Development Syed Ammar Shah, is an exciting way to connect and strategize far from the office! With literal goals in sight, this allows for some tough yet fun competition and much-needed rejuvenation. Tuesday Touchdown features fun football, badminton and paddle tennis competitions. It's always fun to fight on the field.

forward looking statement

source of information and assumptions used for projections / forecasts

Engro Fertilizers Limited recognizes the importance of proactive planning to ensure sustainable growth. For this, it is essential the company prioritizes the generation and analysis of information to comprehend historical and current trends, thereby enabling accurate forecasting of future events. Key factors that significantly contribute to our annual and future forecasting processes include economic indicators, market perspectives, global projections, regulatory frameworks, political landscapes, and internal developments.

The company has established comprehensive systems and models for analyzing current trends and formulating future projections. The incorporation of detailed information in our projections enhances our ability to foresee the future with a reasonable degree of accuracy. However, given the dynamic nature of the macro environment, we continuously reassess and adjust the company's operational strategy to align with evolving market dynamics.

Internally, our organizational framework comprises functional divisions such as Manufacturing, Agronomy, Commercial, Supply Chain, Finance & Accounting, and Human Resources. These divisions collaborate to compile information and data essential for financial projections. Our approach involves leveraging internal data and expertise alongside secondary market information, ensuring a robust foundation for information compilation and assessment.

analysis of last year's forward-looking statement / status of projects

Economic turbulence remained the main theme for 2023 with several economic wild cards including uncertain geo-political conditions, economic challenges, elevated commodity prices and political turbulence casting a shadow on the domestic economy. The impact of these challenges was further compounded by existing structural weaknesses, a significant trade and fiscal imbalance and dwindling foreign exchange reserves. As a result, Inflationary pressures in tandem with a widening fiscal gap dampened GDP growth and recovery efforts. Through significant effort of the management and employees, and under the guidance of the Board, EFERT successfully managed to navigate the challenges presented by the year 2023.

Our unwavering commitment to operational excellence and continuous investment in our manufacturing facilities yielded substantial rewards as we progressed further in our growth journey, attaining several noteworthy milestones. These achievements stand as a testament to the substantial collective efforts exerted by the company, aimed at delivering high yet sustainable returns for our shareholders. During the fiscal year, the Company achieved its highest-ever profit after tax, reaching PKR 26.2 billion, reflecting a commendable 64% growth compared to the previous year.

Throughout the year, our Agri expansion continued, leveraging our competitive advantages, including a robust trade network, understanding of farmer economics, and a diverse product portfolio. Record urea sales of 2,327 KT were achieved, surpassing the previous year's sales of 1,935 KT by 20.3%. Our commitment to maximizing farmer productivity is also evident from the rapid growth exhibited by our Zabardast Urea and Specialty Fertilizer portfolio.

These record-breaking sales not only positioned the Company as a key player in the agriculture sector but also played a pivotal role in mitigating the current account deficit. The value addition amounted to approximately US$ 835 million through import substitution of 2,313 KT of urea sold in the country by Engro Fertilizers Limited. Additionally, the Company contributed nearly PKR 34.7Bn towards the National Exchequer by way of Government taxes, duties, and levies, compared to PKR 11.6Bn in 2022. The contribution has increased significantly versus last year due to imposition of super tax on the Company through Finance Act 2023.

The outgoing year witnessed improved crop economics, leading to higher earnings per acre for farmers across major crops. However, the escalating cost of fertilizer inputs remained a prominent concern.

On suits filed for GIDC and end of concessionary gas period, the stay orders are in place. In 2022, the Government of Pakistan filed a response setting out their stance in the suit filed for GIDC on concessionary gas. The Company drafted a rejoinder to the stance submitted by the Government and has submitted the same before the Sindh High Court in due course.

looking towards FY 2024

Engro Fertilizers Limited is cognizant the pivotal role the fertilizer sector plays for the national economy and for ensuring food security by facilitating import substitution, at a substantial discount to international prices, and yield improvement. Presently, MRP of urea stands at PKR 3,596/bag at year end, at a discount of ~40% to international. Through ongoing efforts to enhance the efficiency and reliability of our plant, we aim to create opportunities for exporting excess urea supply, contributing to valuable foreign currency earnings and alleviating the country's current account deficit.

Our commitment to our shareholders involves delivering consistent growth by prioritizing operational excellence and cultivating a sustainable business model. We actively contribute to farmer education, utilizing technological and social capital to raise awareness, introduce comprehensive solutions, advocate best practices, and promote responsible use of scarce water resources.

Furthermore, recognizing the potential impact of government policies and regulations, we remain engaged with governmental bodies and stakeholders at various levels. This ongoing dialogue enables us to share insights into business dynamics and industry challenges, playing a crucial role in shaping sustainable and progressive agricultural policies in the country.

Over time, our company has developed a streamlined organizational structure, boasting efficient manufacturing capabilities, a robust trade network, deep understanding of farmer economics, and strong focus on corporate governance and compliance. With a diverse product portfolio addressing a wide range of farmer needs, coupled with the capacity to integrate synergies and adopt advanced technology, we are well-positioned for sustainable long-term growth. Our strategic focus includes introducing new products, providing value-added solutions, and promoting import substitution for the ultimate benefit of all our stakeholders.

Embracing the ethos of doing good while prospering, we remain committed to investing in corporate social responsibility (CSR) activities. Our emphasis lies in infrastructure development, education, livelihood, health, and environmental initiatives, with the aim of creating a brighter future for the communities surrounding our manufacturing facilities and for Pakistan as a whole.

Looking ahead, Engro Fertilizers Limited eagerly anticipates its continued role in enhancing agricultural yields and improving farmers' living standards in the region.

response framework for future challenges and uncertainties

Engro Fertilizers Limited is equipped with a highly efficient response framework designed to address forthcoming challenges and uncertainties. One significant challenge on the horizon involves the depletion of allocated gas fields, potentially impacting urea production. It is pertinent to mention here, that to address the decline in gas pressure at Mari Petroleum Company Limited's (MPCL) Habib Rahi Limestone (HRL) Reservoir, EFERT and other fertilizer manufacturers have entered into an agreement with MPCL to invest in the establishment of Pressure Enhancement Facilities (PEF) at MPCL's delivery node. The project is expected to have a significant capital outlay and will ensure sustained gas supplies from HRL reservoir to fertilizer manufacturers (at required pressure levels).

Concurrently, the organization is also actively exploring alternative sources of gas and energy. The company's robust investment pipeline is also poised to diversify the product portfolio and introduce new verticals, ultimately bolstering profitability.

To continually maximize shareholder wealth, the company has adopted a sustainable resource allocation framework, ensuring the efficient utilization of capital resources to achieve strategic objectives.

Externally, the prevalent reliance of farmers on urea and resistance to balanced nutrient usage for 'P' and 'K' variants poses a potential challenge. Engro Fertilizers Limited is proactively addressing this by consistently promoting the benefits of balanced fertilizer usage through engagements, product trials, and pilots. As part of a long-term strategy, the company plans to collaborate with the government to implement subsidy plans encouraging farmers to invest in 'P,' 'K,' and other value-added variants. Additionally, discussions with the government on smart subsidy mechanisms are underway, as they prove effective in influencing buying patterns and promoting balanced fertilizer usage.

The company acknowledges the adverse impact of foreign exchange and interest rate fluctuations on profitability. Engro Fertilizers Limited's treasury function actively monitors market rates and open positions to mitigate potential risks.

Guided by comprehensive and coherent strategic guidelines, coupled with vigilant monitoring of changes in the operating, economic, political, and social landscape, Engro Fertilizers Limited positions itself for organic growth. This approach not only contributes to the company's profitability growth but also aligns with the broader economic success of the country.

success beyond numbers

financial statements

report of the audit committee
for the year ended december 31, 2023

composition
The Committee is appointed by the Board and at the year-end it comprised of two Independent Directors:

Category	Category
a. Independent directors	Mr. Asad Said Jafar – Chairman Mr. Asim Murtaza Khan - Member
b. Non-executive directors	Mr. Javed Akbar – Member
c. Secretary	Ms. Mehreen Khalid – Head of Internal Audit

The detailed profiles of the Audit Committee members are given on the Director Profile section of the Annual Report 2023.

Two of the Committee members are qualified finance professionals and the committee, as a whole, possesses significant economic, financial, and business acumen.

The Head of Internal Audit of the Company functions as the Secretary to the Committee. The Chief Financial Officer of the Company attends the meetings by invitation, internal auditors are present in all committee meetings whereas external auditors are invited to the meetings on a requirement basis.

charter of the committee
The terms of reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- To recommend to the Board the appointment and removal of external auditors;
- To review quarterly, half-yearly, and annual financial statements;
- To review the internal control systems and internal audit function;
- To monitor compliance with complaints received through the Speak Out – Whistle Blower Policy; and
- To monitor compliance with statutory requirements.

role of the committee
The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, and internal and external audit functions of the Company.

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board which included principally the items mentioned below and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board performance, which also included members of the Audit Committee was carried out separately and is detailed in the Annual Report.

The Committee has concluded its annual review of the operations of the Company for the year ended December 31, 2023 and reports that:

- The Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board;
- The standalone and consolidated financial statements of the Company for the year ended December 31, 2023 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company and its subsidiary for the year under review.
- Appropriate accounting policies have been consistently applied and all applicable accounting standards were followed in preparation of the financial statements for the year ended December 31, 2023;
- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the standalone and consolidated financial statements of the Company, while the Directors' Report is signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- Proper, accurate and adequate accounting records have been maintained by the Company;
- The Company's system of internal control is sound in design and is continuously evaluated for effectiveness and adequacy;
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured;
- The Committee has reviewed all related party transactions and recommended them for approval of the Board;
- Reviewed and investigated whistleblower complaints received during the year, details of which can be found in Internal Audit, Ethics & Compliance section of the Annual Report.

risk management and internal control

- The Company has developed a sound mechanism for identification of key risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit department is responsible to provide independent opinion on whether the Company's risk management, governance and internal controls processes are operating effectively.

internal audit

- The Audit Committee has ensured achievement of objectives relating to internal controls systems including operational controls, compliance, risk management, financial reporting and determination of appropriate measures to safeguard the Company's assets
- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

external audit

- The statutory auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's consolidated and standalone financial statements and the statement of compliance with the Code of Corporate Governance for the year ended December 31, 2023 and shall retire on the conclusion of the 15th Annual General Meeting;
- The Committee has reviewed and discussed audit observations with the external auditors. A meeting was also held with the external auditors in the absence of management;
- The external auditors have direct access to the Committee and Internal Audit Department, hereby ensuring the effectiveness, independence and objectivity of the audit process;
- A.F Ferguson & Co., Chartered Accountants also provides taxation and secondment services to the Company. The objectivity and independence of the auditor is safeguarded through separate engagement partners for the non-audit services and the firm's internal process to ensure independence, as confirmed by them through their engagement letter. The firm has no financial or other relationship of any kind with the Company except that of External Auditor, Taxation Consultant, and other services as disclosed in the financial statements.

- The performance, cost and independence of the external auditors is reviewed annually by the Committee. The Audit Committee obtained confirmation from the external auditors in its meeting that the engagement team, other partners and staff in the firm, and the firm have complied with the applicable requirements regarding independence.
- The Committee is satisfied with performance of the External Auditors. The engagement partner on the audit was Mr. Salman Hussain. Being eligible for reappointment under the Code of Corporate Governance, the Committee has recommended to the Board, reappointment of A.F. Ferguson and Co., Chartered Accountants for the year 2024. A resolution to this effect has been proposed at the 15th Annual General Meeting.

annual report 2023

- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year and future prospects to various stakeholders of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2023 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

Asad Said Jafar
Chairman, Audit Committee

statement of compliance with listed companies (code of corporate governance) regulations, 2019

Engro Fertilizers Limited
For The Year Ended December 31, 2023

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

1. The total number of directors are Seven* (7) in the following manner:

   a. Male*: 6
   b. Female: 1

*Including the CEO, who is a Deemed Director.

2. The composition of the Board is as follows:

Category	Name
Independent Director	Mr. Asim Murtaza Khan Mr. Asad Said Jafar
Independent Director - Woman	Ms. Danish Zuberi
Non-Executive Directors	Mr. Ghias Khan Mr. Javed Akbar Mr. Ismail Mahmud
Executive Director / CEO	Mr. Ahsan Zafar Syed

Ms. Danish Zuberi was appointed on November 1, 2023 in place of Dr. Shamshad Akhtar who resigned as a Director on August 23, 2023.

3. The directors have confirmed that none of them are serving as a director of no more than seven (7) listed companies, including this Company.

4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company, along with its supporting policies and procedures.

5. The Board has formulated a vision / mission statement, overall corporate strategy, and significant policies of the Company. Additionally, the Board has ensured that the Company maintains a comprehensive record of significant policies, including the date of their approval or updating.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose, the Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. All directors are duly certified or exempted from the Directors' Training Program. Furthermore, the company had arranged a Directors' Training Program for Mr. Syed Shahzad Nabi, SVP Manufacturing and Ms. Mehreen Khalid, Chief Internal Auditor.

10. The Board approved the appointment of the Chief Financial Officer and Head of Internal Audit including with their remuneration, terms, and conditions of employment, and compiled with the Regulations. The Board has also reviewed the remuneration of the existing Chief Executive Officer and Company Secretary and terms and conditions of employment.

11. The Chief Executive Officer and Chief Financial Officer duly endorsed the Company's standalone and consolidated financial statements, which were subsequently presented to the Board Audit Committee and the Board for approval.

12. The Board has formed committees comprising of members given below:

a) Board Audit Committee	Mr. Asad Said Jafar - Chairman Mr. Asim Murtaza Khan Mr. Javed Akbar
b) Board People Committee, i.e. HR and Remuneration Committee	Mr. Asim Murtaza Khan – Chairman Mr. Javed Akbar Ms. Ghias Khan

13. The terms of reference of the aforementioned committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as follows:
a) Board Audit Committee – 5 meetings held during the year;
b) Board People Committee – 4 meetings held during the year;

15. The Board has established a system of sound internal audit controls, which is effectively implemented at all levels within the Company comprising individuals who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

1. Nomination Committee and Risk Management Committee (Regulation 29 and 30)
The responsibilities of the Risk Management Committee and the Nomination Committee are currently fulfilled by Board Audit Committee and the Board respectively. Therefore, establishing a separate committee for Risk Management and Nomination is not required.

Mr. Ghias Khan
Chairman

Mr. Ahsan Zafar Syed
CEO

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Fertilizers Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Fertilizers Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

Chartered Accountants
Karachi

Date: March 5, 2024

UDIN: CR202310113r1KIVPD5Y

consolidated financials statements

for the year ended december 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Fertilizers Limited

Opinion

We have audited the annexed consolidated financial statements of Engro Fertilizers Limited (the Holding Company) and its subsidiary (together the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

KARACHI ▪ LAHORE ▪ ISLAMABAD

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Income tax and Sales tax provisions and contingencies** (Refer notes 26.2, 26.3, 26.7 to 26.11 and 35 to the consolidated financial statements) The Group has recognised provisions and has disclosed contingent liabilities in respect of certain income tax and sales tax matters, which are pending adjudication before various appellate and legal forums. Provisions and contingencies require management of the Group to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for recognition and measurement of any provision and disclosure in respect of such provisions and contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters, legal forums at which these are currently pending and use of significant judgements and estimates to assess the same including related financial impacts, which may change over time as new facts emerge and matters progress, we have considered income tax and sales tax provisions and contingencies as a key audit matter.	Our audit procedures, amongst others, included the following: - obtained and examined details of the documentation relating to pending tax matters and discussed the same with the Group's management; - circularised confirmations to the Group's external legal and tax advisors for their views on matters being handled by them; - involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors engaged by the Group; - checked correspondence of the Group with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - checked the mathematical accuracy of the calculations underlying the provisions; and - assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the applicable accounting and reporting standards.

Information Other than the Financial Statements and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chartered Accountants
Karachi

Date: March 5, 2024

UDIN: AR202310113dnj96TWKr

consolidated statement of financial position

as at december 31, 2023

(Amounts in thousand)	Note	2023 ....Rupees....	2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	78,440,081	77,879,522
Intangible assets	5	5,184,192	5,287,980
Long-term investments	6	202,134	2,204,759
Long-term loans, advances and deposits	7	209,806	206,531
		84,036,213	85,578,792
Current assets			
Stores, spares and loose tools	8	8,729,523	6,495,230
Stock-in-trade	9	15,355,755	16,868,436
Trade debts	10	2,912,495	3,772,128
Other receivables	11	16,056,950	17,226,238
Loans, advances, deposits and prepayments	12	3,993,197	2,795,316
Accrued income		116,629	175,078
Short-term investments	13	24,062,828	9,668,016
Cash and bank balances	14	4,053,684	2,834,098
		75,281,061	59,834,540
Assets classified as held for sale	15	1,525,396	-
TOTAL ASSETS		160,842,670	145,413,332

(Amounts in thousand)	Note	2023 ....Rupees....	2022
EQUITY & LIABILITIES			
Equity			
Share capital	16	13,352,993	13,352,993
Reserves			
Share premium	17	3,384,904	3,384,904
Remeasurement of post employment benefits	17	(74,030)	(99,994)
Unappropriated profit	17	31,238,888	28,415,525
		34,549,762	31,700,435
TOTAL EQUITY		47,902,755	45,053,428
Liabilities			
Non-current liabilities			
Borrowings	18	3,267,427	5,841,898
Government grant	19	721,334	890,939
Deferred taxation	20	10,401,710	8,154,634
Deferred liabilities	21	236,702	235,241
Provision for Gas Infrastructure Development Cess (GIDC)	22	-	2,315,163
		14,627,173	17,437,875
Current liabilities			
Trade and other payables	23	74,095,829	45,156,293
Accrued interest / mark-up		72,814	520,010
Taxation - net		994,344	4,511,651
Current portion of:			
- borrowings	18	2,715,014	6,827,730
- government grant	19	235,755	255,874
- deferred liabilities	21	62,546	70,193
- provision for GIDC	22	19,558,031	16,704,957
Short-term borrowings	24	530,110	7,826,110
Loan from Parent Company	25	-	1,000,000
Unclaimed dividend		48,299	49,211
		98,312,742	82,922,029
TOTAL LIABILITIES		112,939,915	100,359,904
Contingencies and Commitments	26		
TOTAL EQUITY & LIABILITIES		160,842,670	145,413,332

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Ali Rathore	Ahsan Zafar Syed	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

consolidated statement of profit or loss

for the year ended december 31, 2023

(Amounts in thousand except for earnings per share)	Note	2023	....Rupees.... 2022
Net sales	27	223,704,592	157,016,930
Cost of sales	28	(151,407,364)	(114,169,791)
Gross profit		72,297,228	42,847,139
Selling and distribution expenses	29	(13,053,158)	(9,885,983)
Administrative expenses	30	(4,006,506)	(2,216,597)
		55,237,564	30,744,559
Other income	31	3,714,027	2,325,361
Other operating expenses	32	(4,369,431)	(2,523,538)
Finance cost	33	(1,910,830)	(2,621,808)
Other losses:			
- Remeasurement loss on provision for GIDC	22	(537,911)	(839,935)
- Loss allowance on subsidy receivable from GoP	11.3	(2,440,151)	(522,936)
		(2,978,062)	(1,362,871)
Profit before taxation		49,693,268	26,561,703
Taxation	35	(23,502,166)	(10,558,414)
Profit for the year		26,191,102	16,003,289
Earnings per share - basic and diluted	36	19.61	11.98

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Ali Rathore
Chief Financial Officer

Ahsan Zafar Syed
Chief Executive Officer

Ghias Khan
Chairman

consolidated statement of comprehensive income

for the year ended december 31, 2023

(Amounts in thousand)	2023	....Rupees.... 2022
Profit for the year	26,191,102	16,003,289
Other comprehensive income / (loss):		
Items not potentially re-classifiable to profit or loss		
- Remeasurement of post employment benefits obligation	42,564	(14,265)
- Tax relating to remeasurement of post employment benefits obligation	(16,600)	4,137
	25,964	(10,128)
Total comprehensive income for the year	26,217,066	15,993,161

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Ali Rathore
Chief Financial Officer

Ahsan Zafar Syed
Chief Executive Officer

Ghias Khan
Chairman

consolidated statement of cash flows

for the year ended december 31, 2023

(Amounts in thousand)	Note	2023 ....Rupees....	2022
Cash flows from operating activities			
Cash generated from operations	40	81,979,011	41,291,071
Retirement and other service benefits paid		(52,846)	(76,037)
Taxes paid		(24,772,397)	(11,196,311)
Long-term loans, advances and deposits		(3,275)	(67,030)
Income on deposits / other financial assets		3,404,188	1,682,663
Net cash generated from operating activities		60,554,681	31,634,356
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(6,174,436)	(8,377,514)
Proceeds from disposal of operating assets	4.3	268,056	418,378
Purchase of short-term and long-term investments		(200,024,474)	(307,566,500)
Proceeds from sale of short-term and long investments		187,186,841	296,598,771
Net cash utilised in investing activities		(18,744,013)	(18,926,865)
Cash flows from financing activities			
Proceeds from long-term borrowings	18.4	-	993,993
Loan repaid to the Parent Company	25	(1,000,000)	(4,200,000)
Repayments of long-term borrowings	18.4	(7,076,643)	(5,771,083)
Finance cost paid		(2,295,234)	(2,177,382)
Dividends paid		(23,368,651)	(18,026,801)
Net cash utilised in financing activities		(33,740,528)	(29,181,273)
Net increase / (decrease) in cash and cash equivalents		8,070,140	(16,473,782)
Cash and cash equivalents at beginning of the year		(4,096,566)	12,377,216
Cash and cash equivalents at end of the year	41	3,973,574	(4,096,566)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Ali Rathore
Chief Financial Officer

Ahsan Zafar Syed
Chief Executive Officer

Ghias Khan
Chairman

consolidated statement of changes in equity

for the year ended december 31, 2023

(Amounts in thousand)		Reserves			
		Capital	Revenue		
	Share capital	Share premium	Remeasurement of post employment benefits	Unappropriated profit	Total
	----------	----------	Rupees	----------	----------
Balance as at January 1, 2023	13,352,993	3,384,904	(99,994)	28,415,525	45,053,428
Transactions with owners					
Dividends:					
- Final 2022: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2023: Rs. 3.5 per share	-	-	-	(4,673,548)	(4,673,548)
- 2nd interim 2023: Rs. 3 per share	-	-	-	(4,005,898)	(4,005,898)
- 3rd interim 2023: Rs. 6 per share	-	-	-	(8,011,796)	(8,011,796)
	-	-	-	(23,367,739)	(23,367,739)
Total comprehensive income for the year ended December 31, 2023					
Profit for the year	-	-	-	26,191,102	26,191,102
Other comprehensive income:					
- remeasurements, net of tax	-	-	25,964	-	25,964
	-	-	25,964	26,191,102	26,217,066
Balance as at December 31, 2023	13,352,993	3,384,904	(74,030)	31,238,888	47,902,755
Balance as at January 1, 2022	13,352,993	3,384,904	(89,866)	30,438,777	47,086,808
Transactions with owners					
Dividends:					
- Final 2021: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2022: Rs. 5.50 per share	-	-	-	(7,344,146)	(7,344,146)
- 2nd interim 2022: Rs. 3.00 per share	-	-	-	(4,005,898)	(4,005,898)
	-	-	-	(18,026,541)	(18,026,541)
Total comprehensive income for the year ended ended December 31, 2022					
Profit for the year	-	-	-	16,003,289	16,003,289
Other comprehensive loss:					
- remeasurements, net of tax	-	-	(10,128)	-	(10,128)
	-	-	(10,128)	16,003,289	15,993,161
Balance as at December 31, 2022	13,352,993	3,384,904	(99,994)	28,415,525	45,053,428

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Ali Rathore
Chief Financial Officer

Ahsan Zafar Syed
Chief Executive Officer

Ghias Khan
Chairman

notes to the consolidated financial statements
for the year ended december 31, 2023

(Amounts in thousand)

1. legal status and operations

Engro Fertilizers Limited (the Holding Company) is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Parent Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Holding Company is listed on Pakistan Stock Exchange Limited (PSX). As at December 31, 2023, the Parent Company holds 56.27% share capital of the Holding Company.

The Holding Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pestisides and providing logistics services. The business units of the Holding Company include the following:

Business unit	Geographical location
Head / Registered Office	7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
Engro Daharki Plant	District Ghotki, Sindh.
Engro Zarkhez Plant	EZ / 1 / P – 1 – II Eastern Zone, Port Qasim, Karachi.

1.1 The 'Group' consists of:

Holding Company: Engro Fertilizers Limited

Subsidiary Company: EFERT Agritrade (Private) Limited (EAPL), which is a wholly owned subsidiary of the Holding Company.

1.1.1 EFERT Agritrade (Private) Limited

EFERT Agritrade (Private) Limited (EAPL) was incorporated on July 6, 2017, as a wholly owned subsidiary of the Holding Company to carry out business of trading and distribution of imported fertilizer. As part of the business reorganisation in 2017, the Holding Company transferred its business of trading and distribution of imported fertilizer to the new subsidiary and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

(Amounts in thousand)

2. material accounting policy information

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

2.1 Basis of preparation

2.1.1 These consolidated financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value and recognition of certain staff retirement benefits at present value.

2.1.2 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the requirements of IFRSs, the provisions of and directives issued under the Act have been followed for the preparation and presentation of these consolidated financial statements.

2.1.3 The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.4 Initial application of standards, amendment or an interpretation to existing standards

a) Amendments or improvements to approved accounting and reporting standards that became effective during the year

There are certain amendments or improvements to approved accounting and reporting standards that are effective for the first time for the financial year begining on January 1, 2023; however, these are considered not to have a significant impact on the Group's financial reporting and operations, therefore, have not been presented in these consolidated financial statements, except for the following:

i) **Amendment to IAS 1 "Presentation of financial statements" and IFRS Practice Statement 2:**

This recent amendment provides guidance and examples to help entities apply materiality judgements in order to determine accounting policy information which should be disclosed. This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about the accounting policy disclosures. This amendment only had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these consolidated financial statements.

b) **Standard, amendments or improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Group**

There is a standard and certain other amendments or improvements to approved accounting and reporting standards that are not yet effective for the period beginning on January 1, 2023 and have not been early adopted by the Group. These are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and, therefore, have not been presented in these consolidated financial statements.

2.1.5 Basis of consolidation

i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognised from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2 Property, plant and equipment

2.2.1 Owned assets

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Disposal of asset is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within 'Other operating expenses / income' in the consolidated statement of profit or loss in the financial year of disposal.

Depreciation is charged to the consolidated statement of profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value, if significant, is depreciated over its useful life. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

Depreciation method, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

2.3 Intangible assets

a) Computer software and licenses

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

Following initial recognition, computer software and licenses are carried at cost less accumulated amortisation and impairment losses, if any.

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

Computer software and license cost treated as intangible assets are amortised from the date the software is put to use on a straight-line basis over a period of 4 years, except for the Group's investment in its ERP i.e. OneSAP which is amortised over a period of 8 years.

b) Rights for future gas utilization

Rights for future gas utilisation represent premium paid to the GoP for allocation of 100 MMSCFD natural gas for a period of 20 years for the Holding Company's Enven plant. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

c) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Holding Company's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

d) Right to use the brand

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

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is tested for impairment atleast once a year and other intangibles with indefinite useful life are tested for impairment at each reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to the consolidated statement of profit or loss.

Impairment is reversed only if there have been changes in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had there been no recognition of impairment, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

2.5 Joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Group classifies a joint arrangement as joint operation when the Group has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group classifies a joint arrangement as a joint venture when the Group has the rights to the net assets of the arrangement.

In respect of an interest in a joint operation, the Group recognises its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

(Amounts in thousand)

2.6 Financial assets

2.6.1 Classification, initial recognition and measurement

Financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The management determines the classification of financial assets into appropriate categories based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

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

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date; the date on which the Group commits to purchase or sell the financial asset. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the consolidated statement of profit or loss. Financial assets carried at fair value through other comprehensive income are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair values of the financial assets held at fair value through profit or loss are included in the consolidated statement of profit or loss in the period in which they arise.

2.6.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss and other comprehensive income (as the case may be).

2.6.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group measures ECL of a financial instrument in a way that reflects:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b) the time value of money; and

c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

A default on a financial asset is considered when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there are no reasonable expectation of recovery. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the balance due. Where recoveries are made, these are recognised in the consolidated statement of profit or loss.

2.7 Financial liabilities

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

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

2.8 Offsetting financial instruments

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

2.9 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realisable value. The Group reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as major spare parts and stand-by equipment under property, plant and equipment.

2.10 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined using weighted average method except for raw materials in transit which are stated at cost (invoice value) plus other charges incurred thereon till the reporting date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make the sales.

2.11 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. The amount of provision is charged to the consolidated statement of profit or loss.

Trade debts and other receivables considered irrecoverable are written-off.

2.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows include cash in hand, balances with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities in the consolidated statement of financial position.

2.13 Share capital

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

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest rate method.

(Amounts in thousand)

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

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.16 Income tax

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

Current

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

Deferred

Deferred tax is recognised using the balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.17 Employee benefits

2.17.1 Defined contribution plans

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

The Group contributes to:

- defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate of 10% of basic salary;

- defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund as explained in note 2.17.3. Monthly contributions are made by the Group to the fund at rates ranging from 12.5% to 13.75% of basic salary; and

- defined contribution gratuity fund for the benefit of those management employees who have selected to opt out of defined benefit gratuity fund and defined contribution pension plans as more fully explained in note 2.17.3. Monthly contributions are made by the Group to the fund at the rate of 8.33% of basic salary.

All of the aforementioned funds are managed by the Parent Company.

2.17.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit Method, related details of which are given in note 39 to the consolidated financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognised directly in equity through other comprehensive income.

(Amounts in thousand)

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Group also contributes to:

- defined benefit funded pension scheme for its management employees.

- defined benefit funded gratuity schemes for its management and non-management employees.

The pension scheme provides life time pension to retired employees or their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme.

2.17.3 In June 2011, the Group gave a one time irrevocable option to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employees' Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

2.17.4 Service incentive plan

The Group recognises provision under a service incentive plan for certain category of experienced employees to continue in the Group’s employment.

2.17.5 Employees' compensated absences

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

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.19 Foreign currency transactions and translation

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. Amounts presented in these consolidated financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the consolidated statement of profit or loss.

2.20 Revenue recognition

The Group manufactures and sells urea and other Fertilizers products in the market. Revenue from sale of goods is recognised when control of the products is transferred i.e. when the product is dispatched / delivered to the customer. The payment terms in contracts with customers for sale of goods range from 30 to 180 days from invoice date.

The Group also provides transportation / logistics services to industrial customers. Performance obligation for transportation / logistics services is satisfied upon the goods reaching the designated destination. Revenue from providing such services is recognised in the accounting period in which the services are rendered. The payment terms in contracts with customers for services range from 30 to 120 days from invoice date.

Revenue is measured at fair value of the consideration received or receivable (which is generally equal to invoice amount), excluding discounts, rebates and government levies.

2.21 Other income

Income on deposits and other financial assets is recognised on accrual basis.

Commission and sub-licensing income is recognised on accrual basis in accordance with the substance of the relevant agreement.

Dividend income on equity investments is recognised when the Group's right to receive the dividend is established.

2.22 Earnings per share

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

(Amounts in thousand)

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Holding Company that makes strategic decisions.

2.24 Dividend and appropriation to reserves

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

3. critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Income taxes

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

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depends on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 39.

(Amounts in thousand)

3.4 Impairment of goodwill and right to use the brand

Determining the recoverable value of goodwill and right to use the brand involves use of significant estimates and assumptions. In making the aforementioned fair valuation estimates, discounted cash flow approach is used. The underlying assumptions used for such valuation are disclosed in note 5.1.

3.5 Contingencies and provisions

Significant estimates and judgements are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

3.6 Impairment of financial assets

Significant estimates are involved in the assessment of the correlation between historical observed default rates and the projection of cashflows, forecast economic conditions and ECL. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions.

4. property, plant and equipment

	2023	2022
	....Rupees....	
Operating assets at net book value (note 4.1)	69,424,498	68,564,208
Capital work in progress (CWIP) (note 4.5)	7,734,005	7,793,135
Major spare parts and stand-by equipment	1,281,578	1,522,179
	78,440,081	77,879,522

(Amounts in thousand)

4.1 Operating assets

	Land		Building on		Plant and machinery	Gas pipeline	Catalyst	Office equipment	Aircraft	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land							
	-----	-----	-----	-----	-----	Rupees	-----	-----	-----	-----	-----
As at January 1, 2022											
Cost	194,914	97,284	3,108,404	449,341	104,041,061	2,664,029	1,982,247	1,330,117	624,228	3,247,211	117,738,836
Accumulated depreciation	-	(43,052)	(1,536,058)	(190,309)	(50,527,156)	(1,157,485)	(1,707,181)	(897,683)	(43,473)	(1,035,357)	(57,137,754)
Net book value	194,914	54,232	1,572,346	259,032	53,513,905	1,506,544	275,066	432,434	580,755	2,211,854	60,601,082
Year ended December 31, 2022											
Net book value - January 1, 2022	194,914	54,232	1,572,346	259,032	53,513,905	1,506,544	275,066	432,434	580,755	2,211,854	60,601,082
Transfers from CWIP (note 4.5.2)	-	-	100,911	-	7,695,780	967	402,520	128,317	2,634,870	360,763	11,324,128
Disposals / write offs (note 4.3)											
Cost	-	-	-	-	(1,428,760)	-	-	(11,787)	-	(120,459)	(1,561,006)
Accumulated depreciation	-	-	-	-	1,401,415	-	-	10,075	-	44,925	1,456,415
	-	-	-	-	(27,345)	-	-	(1,712)	-	(75,534)	(104,591)
Depreciation charge (note 4.2)	-	(1,674)	(78,345)	(10,865)	(2,225,266)	(63,403)	(222,384)	(155,540)	(152,073)	(346,861)	(3,256,411)
Net book value	194,914	52,558	1,594,912	248,167	58,957,074	1,444,108	455,202	403,499	3,063,552	2,150,222	68,564,208
As at January 1, 2023											
Cost	194,914	97,284	3,209,315	449,341	110,308,081	2,664,996	2,384,767	1,446,647	3,259,098	3,487,515	127,501,958
Accumulated depreciation	-	(44,726)	(1,614,403)	(201,174)	(51,351,007)	(1,220,888)	(1,929,565)	(1,043,148)	(195,546)	(1,337,293)	(58,937,750)
Net book value	194,914	52,558	1,594,912	248,167	58,957,074	1,444,108	455,202	403,499	3,063,552	2,150,222	68,564,208
Year ended December 31, 2023											
Net book value - January 1, 2023	194,914	52,558	1,594,912	248,167	58,957,074	1,444,108	455,202	403,499	3,063,552	2,150,222	68,564,208
Additions including ransfers from CWIP (notes 4.1.1 and 4.5.2)	-	-	205,338	90	3,638,893	-	886,638	287,483	595,314	760,499	6,374,255
Disposals / write offs (note 4.3)											
Cost	-	-	(121)	-	(92,228)	-	-	(30,960)	-	(250,573)	(373,882)
Accumulated depreciation	-	-	121	-	73,483	-	-	30,148	-	164,972	268,724
	-	-	-	-	(18,745)	-	-	(812)	-	(85,601)	(105,158)
Depreciation charge (note 4.2)	-	(1,674)	(91,592)	(10,865)	(2,619,875)	(63,423)	(365,542)	(176,740)	(201,606)	(352,094)	(3,883,411)
Assets classified as held for sale (note 15)	-	-	-	-	-	-	-	-	-	(1,525,396)	(1,525,396)
Net book value	194,914	50,884	1,708,658	237,392	59,957,347	1,380,685	976,298	513,430	3,457,260	947,630	69,424,498
As at December 31, 2023											
Cost	194,914	97,284	3,414,532	449,431	113,854,746	2,664,996	3,271,405	1,703,170	3,854,412	3,997,441	133,502,331
Accumulated depreciation	-	(46,400)	(1,705,874)	(212,039)	(53,897,399)	(1,284,311)	(2,295,107)	(1,189,740)	(397,152)	(1,524,415)	(62,552,437)
Assets classified as held for sale (note 15)	-	-	-	-	-	-	-	-	-	(1,525,396)	(1,525,396)
Net book value	194,914	50,884	1,708,658	237,392	59,957,347	1,380,685	976,298	513,430	3,457,260	947,630	69,424,498
Annual rate of depreciation (%)	-	2 to 5	2.5 to 10	2.5	3 to 10	2 to 6	No. of production days	10 to 25	14.3	10 to 25	

4.1.1 Includes Rs. 302,556 (2022: Nil) transferred from major spare parts and standby equipment.

(Amounts in thousand)

4.2 Depreciation charge for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of sales (note 28)	3,468,521	2,928,488
Selling and distribution expenses (note 29)	139,614	142,659
Administrative expenses (note 30)	275,276	185,264
	3,883,411	3,256,411

4.3 The details of operating assets disposed / written off during the year are as follows:

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) (note 31)
		---Rupees---				
Items having net book value of Rs. 500 each or more Vehicle to employees						
As per company policy	Muhammad Imran Idris	4,249	-	4,249	3,663	(586)
As per company policy	Nida Fatima Hashmi	5,472	1,628	3,844	4,081	237
As per company policy	Arshad Naveed	4,194	773	3,421	3,749	328
As per company policy	Shaban Zafar Ali	5,520	2,346	3,174	3,857	683
As per company policy	Asad Aleem	4,187	1,068	3,119	3,126	7
As per company policy	Anoosha Naushad	3,453	538	2,915	3,191	276
As per company policy	Muhammad Waqas Quraishi	3,532	801	2,731	3,149	418
As per company policy	Muhammad Ali	3,044	474	2,570	2,834	264
As per company policy	Kassim Motiwalla	4,396	1,931	2,465	4,002	1,537
As per company policy	Rohail Hussain Khilji	3,463	1,030	2,433	2,879	446
As per company policy	Nadeem Ahmad	5,443	3,084	2,359	2,403	44
As per company policy	Somia Manzoor Khan	3,462	1,324	2,138	2,146	8
As per company policy	Mojiz Mansoor	3,397	1,300	2,097	2,142	45
As per company policy	Muhammad Tariq Sheikh	3,315	1,268	2,047	2,846	799
As per company policy	Ali Muhammad	3,403	1,398	2,005	2,390	385
As per company policy	Usman Asif	3,184	1,398	1,786	2,388	602
As per company policy	Syed Shahab Shahid	3,184	1,419	1,765	2,277	512
As per company policy	Hasnain Raza	2,665	976	1,689	2,164	475
As per company policy	Muhammad Arif Saeed	3,251	1,566	1,685	1,799	114
As per company policy	Muhammad Humza Awais	2,654	1,015	1,639	2,052	413
As per company policy	Waqas Saeed	2,649	1,014	1,635	1,672	37
As per company policy	Asim Jamil	3,205	1,589	1,616	2,013	397
As per company policy	Mahvish Siddique	2,773	1,179	1,594	1,652	58
As per company policy	Muhammad Asif Ali	3,184	1,597	1,587	1,965	378
As per company policy	Nisar Ahmed Channa	2,593	1,102	1,491	1,621	130
As per company policy	Waqas Iqbal	2,648	1,179	1,469	1,600	131
As per company policy	Tariq Zafar	2,592	1,138	1,454	1,840	386
As per company policy	Adnan Maqsood Siddiqui	2,555	1,187	1,368	-	(1,368)
As per company policy	Saad Ahmed Qureshi	2,578	1,242	1,336	2,211	875
As per company policy	Danish Moin	2,654	1,342	1,312	1,751	439
As per company policy	Nadeem Ismat	2,992	1,780	1,212	1,733	521
As per company policy	Abdur Rehman Choudhary	2,592	1,395	1,197	1,471	274
As per company policy	Waqas Khan	2,659	1,506	1,153	1,416	263
As per company policy	Mutahir Rasool	2,537	1,408	1,129	1,351	222
		113,679	43,995	69,684	79,434	9,750

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) (note 31)
		---Rupees---				
Items having net book value of Rs. 500 each or more						
Vehicles						
Bidding	Shahrukh Zahid	1,897	1,109	788	1,856	1,068
Bidding	Roshaan Ahmed Khan	1,892	1,107	785	2,324	1,539
Bidding	Sana U Haq	1,889	1,105	784	1,391	607
		5,678	3,321	2,357	5,571	3,214
Plant and machinery						
Bidding	AA Enterprise	57,603	45,284	12,319	8,745	(3,574)
Bidding	Syed Mansoor Ali	5,051	1,479	3,572	4,247	675
Bidding	Non Ferrous Metal Work	10,165	7,991	2,174	1,827	(347)
		72,819	54,754	18,065	14,819	(3,246)
Items having net book value less than Rs. 500 each						
Operating assets	Various	181,706	166,654	15,052	168,232	153,180
Year ended December 31, 2023		373,882	268,724	105,158	268,056	162,898
Year ended December 31, 2022		1,561,006	1,456,415	104,591	418,378	313,787

4.4 Particulars of immovable properties i.e. land and building which are in the name of the Holding Company are as follows:

Location	Total Area (Acreage)
Daharki plant & colony	734
Zarkhez plant land at Port Qasim	112.5

4.5 Capital work in progress

	2023	2022
	....Rupees....	
Plant and machinery	6,100,844	5,127,846
Building and civil works including gas pipeline	346,447	98,842
Furniture, fixtures and equipment	616,010	163,911
Advances to suppliers	595,477	2,331,258
Others	75,227	71,278
	7,734,005	7,793,135

(Amounts in thousand)

4.5.1 Includes Rs. 1,299,378 (2022: Rs. 636,268) which represents the Holding Company's share in respect of a joint operation related to Pressure Enhancement Facility (PEF), as disclosed in note 50 to the consolidated financial statements.

	2023	2022
	....Rupees....	
4.5.2 Balance as at January 1	7,793,135	11,031,660
Additions during the year	6,112,481	8,254,083
Transferred to:		
- operating assets (note 4.1)	(6,071,699)	(11,324,128)
- intangible assets (note 5)	(99,912)	(168,480)
Balance as at December 31	7,734,005	7,793,135

5. intangible assets

	Goodwill	Right to use the brand (note 5.1)	Software and licenses (note 5.2)	Rights for future gas utilisation	Total
			----Rupees----		
As at January 1, 2022					
Cost	183,806	4,170,995	1,492,304	102,312	5,949,417
Accumulated amortisation	-	-	(594,245)	(53,763)	(648,008)
Net book value	183,806	4,170,995	898,059	48,549	5,301,409
Year ended December 31, 2022					
Net book value - January 1, 2022	183,806	4,170,995	898,059	48,549	5,301,409
Transfers from CWIP (note 4.5.2)	-	-	168,480	-	168,480
Amortisation (note 5.3)	-	-	(176,799)	(5,110)	(181,909)
Net book value	183,806	4,170,995	889,740	43,439	5,287,980
As at January 1, 2023					
Cost	183,806	4,170,995	1,660,784	102,312	6,117,897
Accumulated amortisation	-	-	(771,044)	(58,873)	(829,917)
Net book value	183,806	4,170,995	889,740	43,439	5,287,980

(Amounts in thousand)

	Goodwill	Right to use the brand (note 5.1)	Software and licenses (note 5.2)	Rights for future gas utilisation	Total
			----Rupees----		
Year ended December 31, 2023					
Net book value - January 1, 2023	183,806	4,170,995	889,740	43,439	5,287,980
Transfers from CWIP (note 4.5.2)	-	-	99,912	-	99,912
Write off					
Cost	-	-	(38,854)	-	(38,854)
Accumulated amortisation	-	-	38,854	-	38,854
	-	-	-	-	-
Amortisation (note 5.3)	-	-	(198,590)	(5,110)	(203,700)
Net book value	183,806	4,170,995	791,062	38,329	5,184,192
As at December 31, 2023					
Cost	183,806	4,170,995	1,721,842	102,312	6,178,955
Accumulated amortisation	-	-	(930,780)	(63,983)	(994,763)
Net book value	183,806	4,170,995	791,062	38,329	5,184,192
Annual rate of amortisation (%)	-	-	12.5 - 25	5	

5.1 Goodwill and Right to use the brand

Goodwill and right to use the brand represent amounts recognised on amalgamation of Engro Eximp (Private) Limited with the Holding Company, being the difference between the fair values of net assets at the time of amalgamation and the amount of consideration given.

Goodwill and right to use the brand have been allocated to the single Cash Generating Unit (CGU) having an indefinite life, till the time the related CGU is disposed / derecognised. The recoverable amount of cash generating unit is the higher of value in use or fair value less costs to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit to which the asset belongs, discounted at risk-adjusted discount rate.

Details relating to the discounted cash flow model used to determine the value in use of goodwill and right to use the brand are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information and past performance. Cost reflects past experience, adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	2.5%
Period of specific projected cash flows	5 years
Discount rate	22%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in impairment of related goodwill and right to use the brand.

5.1.1 Right to use the brand is in respect of selling Phosphate fertilizers, acquired under an agreement with the Parent Company, that has been valued at initial recognition using Relief from Royalty Method and is considered to have an indefinite life.

5.2 Primarily relates to cost incurred on implementation of new ERP i.e. OneSAP, which is being amortised over a period of 8 years.

5.3 Amortisation for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of sales (note 28)	18,763	15,157
Selling and distribution expenses (note 29)	9,158	4,371
Administrative expenses (note 30)	175,779	162,381
	203,700	181,909

(Amounts in thousand)

6. long-term investments

	2023	2022
	....Rupees....	
At amortised cost		
Pakistan Investment Bonds (note 6.1)	202,134	2,204,759

6.1 These bonds carry interest at the rate of 13.04% (2022: ranging between 13.04% to 17.57%) per annum and have maturity in four years (2022: two to five years).

7. long-term loans, advances and deposits - considered good

	2023	2022
	....Rupees....	
Loans and advances to:		
- Executives (notes 7.1, 7.2, 7.3, 7.5 and 7.6)	65,076	48,215
- Other employees (notes 7.4 and 7.6)	15,343	42,408
- Deposits to suppliers	201,246	190,062
	281,665	280,685
Less: Current portion shown under current assets (note 12)	(71,859)	(74,154)
	209,806	206,531

7.1 Reconciliation of the carrying amount of loans and advances to executives

	2023	2022
Balance as at January 1	48,215	98,446
Disbursements	99,841	86,929
Repayments / amortisation	(82,980)	(137,160)
Balance as at December 31	65,076	48,215

7.2 Details of loans and advances to executives

	2023	2022
Service incentive loans	1,141	200
Advances in respect of:		
- Car earn out assistance	2,663	208
- House rent	1,961	5,403
- Salary	30,637	25,815
- Others	28,674	16,589
	65,076	48,215

(Amounts in thousand)

7.3 The maximum amount outstanding from executives at the end of any month during the year aggregated to Rs. 64,847 (2022: Rs. 52,700).

7.4 Includes interest free loans given to workers pursuant to Collective Labour Agreement.

7.5 Represents loans granted to employees according to the Group's policy. These loans are interest free, are repayable within 1 to 4 years and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees.

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

8. stores, spares and loose tools

	2023	2022
	....Rupees....	
Consumable stores, spares and loose tools (note 8.2)	9,701,353	7,403,162
Less: Provision for surplus and slow moving items (note 8.1)	(971,830)	(907,932)
	8,729,523	6,495,230

8.1 Provision for surplus and slow moving items

	2023	2022
Balance as at January 1	907,932	857,923
Charge for the year	324,181	140,055
Reversal during the year	(260,176)	(61,587)
Written off during the year	(107)	(28,459)
Balance as at December 31	971,830	907,932

8.2 During the year, the Group has directly written off stores, spares and loose tools amounting to Rs. 4,844 (2022: Rs. 11,751).

9. stock-in-trade

	2023	2022
	....Rupees....	
Raw materials (note 9.4)	3,322,973	1,636,382
Packing materials	1,168,432	411,964
Work in process	279,974	133,161
	4,771,379	2,181,507
Finished goods:		
- manufactured products (note 9.1)	740,739	5,581,621
- purchased and packaged products (notes 9.1 and 9.5)	9,880,978	9,313,718
	10,621,717	14,895,339
Less: Provision for impairment against stock-in-trade (note 9.2)	(37,341)	(208,410)
	15,355,755	16,868,436

9.1 Includes stock-in-trade costing Nil (2022: Rs. 4,079,147) carried at net realisable value, amounting to Nil (2022: Rs. 3,651,147).

9.2 Provision for impairment against stock-in-trade

	2023	2022
	....Rupees....	
Balance as at January 1	208,410	146,194
Charge for the year	327,389	173,758
Reversal during the year	-	(93,450)
Written off during the year	(498,458)	(18,092)
Balance as at December 31	37,341	208,410

9.3 During the year, the Group has directly written off stock-in-trade amounting to Rs. 52,038 (2022: Rs. 218,945).

9.4 Includes stock-in-transit amounting to Rs. 643,764 (2022: Nil).

9.5 Includes stock-in-transit amounting to Rs. 9,655,519 (2022: Nil).

10. trade debts

	2023	2022
	....Rupees....	
Considered good		
- Secured (note 10.1)	2,265,511	3,018,421
- Unsecured	646,984	753,707
	2,912,495	3,772,128
Considered doubtful (note 10.3)	111,560	81,188
	3,024,055	3,853,316
Less: Provision for impairment against trade debts (note 10.3)	(111,560)	(81,188)
	2,912,495	3,772,128

10.1 These debts are secured by way of bank guarantee.

10.2 During the year, the Group has directly written off trade debts amounting to Nil (2022: Rs. 2,204).

(Amounts in thousand)

10.3 Provision for impairment against trade debts

	2023	2022
	....Rupees....	
Balance as at January 1	81,188	69,126
Charge for the year (note 32)	91,290	12,426
Written-off during the year	(60,918)	(364)
Balance as at December 31	111,560	81,188

11. other receivables

	2023	2022
Subsidy receivable from the Government of Pakistan - net (notes 11.1 and 11.2)	1,608,667	4,048,818
Sales tax receivable (notes 11.8 and 11.9)	11,188,833	11,055,088
Due from Associated Companies:		
- Engro Polymer and Chemicals Limited	182,890	135,898
- Engro Powergen Qadirpur Limited	9,056	6,482
- Engro Energy Limited	477,983	138,736
- Engro Eximp Agriproducts (Private) Limited	7,533	4,670
- Engro Elengy Terminal (Private) Limited	123,729	20,850
- Sindh Engro Coal Mining Company Limited	7,347	1,161
- Think PVC (Private) Limited	20	7
- Engro Peroxide (Private) Limited	31	4
- Engro Powergen Thar (Private) Limited	-	941
- Elengy Terminal Pakistan Limited	9	-
- Engro Plasticizer (Private) Limited	6	-
- Engro Infiniti (Private) Limited	70	-
- Engro Energy Services Limited	147	117
- Engro Enfrashare (Private) Limited	1,589	1
- Engro Digital Limited	-	69
- Engro Eximp FZE	-	967,731
- Engro Vopak Terminal Limited	5,830	2,990
Receivable from Defined Benefit Gratuity Fund - MPT (note 39.2.1)	25,988	22,604
Workers' profits participation fund (note 11.4)	393,056	374,563
Claims receivable - net (note 11.5)	62,190	365,825
Others (note 11.10)	1,961,976	79,683
	16,056,950	17,226,238

(Amounts in thousand)

11.1 In FY 2015, the Government of Pakistan (GoP) notified payment of subsidy on sold products at the rate of Rs. 500 per 50 kg bag of Di Ammonia Phosphate (DAP) and Rs. 217 per 50 kg bag of Nitrophos (N) and NPK fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

In FY 2016, a new subsidy scheme was announced by the GoP, effective June 25, 2016 whereby subsidy was payable on sold products at the rate of Rs. 156 per 50 kg bag of Urea and Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and NPK fertilizers (based on phosphorus content).

In FY 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs. 100 per 50 kg bag for Urea only. This subsidy scheme was effective till June 30, 2018. In line with the notification issued for the said scheme, Ministry of National Food Security and Research has appointed third party auditors for verification of subsidy claims which is underway.

11.2 Subsidy receivable from the Government of Pakistan - net

	2023	2022
	....Rupees....	
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (note 11.3)	(4,759,699)	(2,319,548)
	1,608,667	4,048,818

11.3 The movement in loss allowance on subsidy receivable from the GoP is as follows:

	2023	2022
	....Rupees....	
Balance as at January 1	2,319,548	1,796,612
Loss allowance for the year (note 33)	2,440,151	522,936
Balance as at December 31	4,759,699	2,319,548

11.3.1 As required under IFRS 9, an entity is required to assess changes in credit risk by taking into account the time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognise expected credit loss, if any. Based on this, the Group has recomputed expected credit loss amounting to Rs. 4,759,699 (2022: Rs. 2,319,548) on subsidy receivable from the GoP giving due consideration to the time value of money based on expected recovery of the subsidy receivable. The Group, however, is confident of full recovery of the subsidy amount from the GoP.

(Amounts in thousand)

	2023 ....Rupees....	2022
11.4 Workers' profits participation fund		
Balance as at January 1	374,563	209,154
Charge for the year (note 32)	(2,365,961)	(1,125,437)
Payments during the year	2,384,454	1,290,846
Balance as at December 31	393,056	374,563
11.5 Claims receivable - net		
Gross claims receivable	138,840	442,475
Less: Provision against claims receivable (note 11.6)	(76,650)	(76,650)
	62,190	365,825
11.6 Provision against claims receivable		
Balance as at January 1	76,650	-
Charge for the year	-	76,650
Balance as at December 31	76,650	76,650

(Amounts in thousand)

11.7 The maximum amount due from the Parent Company and associated companies at the end of any month during the year is as follows:

	Maximum aggregate amount outstanding at the end of any month	Not Yet Due	Past Due 1-90 days	Past Due 91-180 days	Past Due More than 180 days	Total 2023
Parent Company	577,251	-	-	-	-	-
Associated Companies						
- FrieslandCampina Engro Pakistan Limited	473	-	-	-	-	-
- Engro Powergen Qadirpur Limited	9,056	359	895	137	7,665	9,056
- Sindh Engro Coal Mining Company Limited	7,347	-	1,278	1,170	4,899	7,347
- Engro Polymer and Chemicals Limited	337,699	9,393	(56,873)	130,924	99,446	182,890
- Engro Energy Limited	477,983	106,684	89,636	145,959	135,704	477,983
- Engro Powergen Thar (Private) Limited	915	-	-	-	-	-
- Engro Energy Services Limited	147	-	3	9	135	147
- Engro Vopak Terminal Limited	6,835	(632)	594	1,719	4,149	5,830
- Elengy Terminal Pakistan Limited	9	-	9	-	-	9
- Think PVC (Private) Limited	20	-	20	-	-	20
- Engro Peroxide (Private) Limited	31	-	8	12	11	31
- Engro Plasticizer (Private) Limited	6	-	-	6	-	6
- Engro Elengy Terminal (Private) Limited	153,670	(28,040)	47,377	27,457	76,935	123,729
- Engro Infiniti (Private) Limited	70	-	-	70	-	70
- Engro Digital Limited	69	-	-	-	-	-
- Engro Eximp Agriproducts (Private) Limited	9,708	239	404	921	5,969	7,533
- Engro Foundation	8,940	-	-	-	-	-
- Engro Enfrashare (Private) Limited	1,589	1,355	(378)	(300)	912	1,589
- Engro Eximp FZE	2,537,185	-	-	-	-	-
		89,358	82,973	308,084	335,825	816,240

	Maximum aggregate amount outstanding at the end of any month	Not Yet Due	Past Due 1-90 days	Past Due 91-180 days	Past Due More than 180 days	Total 2022
Parent Company	588,982	-	-	-	-	-
Associated Companies						
- Engro Powergen Qadirpur Limited	6,832	495	(154)	190	5,951	6,482
- Sindh Engro Coal Mining Company Limited	5,185	(1,191)	2,352	(16)	16	1,161
- Engro Polymer and Chemicals Limited	151,588	45,120	59,995	(4,991)	35,774	135,898
- Engro Energy Limited	174,730	40,838	98,187	33	(322)	138,736
- Engro Powergen Thar (Private) Limited	941	(339)	174	157	949	941
- Engro Energy Services Limited	117	17	41	30	29	117
- Engro Vopak Terminal Limited	33,441	(43)	995	55	1,983	2,990
- Think PVC (Private) Limited	7	3	-	4	-	7
- Engro Peroxide (Private) Limited	4	3	-	1	-	4
- Engro Elengy Terminal (Private) Limited	76,363	(23,591)	43,627	28	786	20,850
- Engro Eximp Agriproducts (Private) Limited	14,264	-	1,404	8	3,258	4,670
- Engro Digital Limited	69	-	-	-	69	69
- Engro Foundation	85,073	-	-	-	-	-
- Engro Enfrashare (Private) Limited	154	-	-	1	-	1
- Engro Eximp FZE	967,731	857,423	-	(831)	111,139	967,731
		918,735	206,621	(5,331)	159,632	1,279,657

(Amounts in thousand)

11.8 In 2021, after conducting a sales tax refund audit, the Deputy Commissioner Inland Revenue (DCIR) issued an order disallowing input tax claimed amounting to Rs. 386,739 in respect of 12 months period ended December 31, 2018. On appeal filed by the Subsidiary Company against the order of DCIR, Commissioner Inland Revenue – Appeals (CIRA), in his order dated March 30, 2023, deleted disallowances amounting to Rs. 164,102 and remanded back the disallowances amounting to Rs. 113,882. The Subsidiary Company did not press the disallowance amounting to Rs. 2,085 and also agreed to adjust the duplicate claims filed amounting to Rs. 106,670 against the outstanding refund. The DCIR has filed an appeal against the order with Appellate Tribunal Inland Revenue which is yet to be fixed for hearing.

11.9 Sales tax receivable is net-off provision for input tax disallowance amounting to Rs. 196,600 (2022: Rs. 196,600).

11.10 This includes Rs. 1,936,432 (2022: Nil) paid to a gas supplier pursuant to an arrangement under which the Holding Company has committed to fulfill certain obligations in case of default by another gas company. The gas supplier will return the amount so paid once another gas company settles its outstanding amount.

12. loans, advances, deposits and prepayments - considered good

	2023	2022
	....Rupees....	
Current portion of long term loans and advances to executives and other employees (note 7)	71,859	74,154
Advances and deposits	3,375,511	1,696,913
Prepayments		
- Insurance	514,554	319,746
- Freight	19,041	164,876
- Others	12,232	539,627
	3,993,197	2,795,316

13. short-term investments

	2023	2022
	....Rupees....	
At fair value through profit or loss		
- Investment in units of mutual funds (notes 13.1 and 13.4)	21,848,356	1,650,000
At amortised cost		
- Pakistan Investment Bonds (note 13.2)	1,764,472	2,524,976
- Treasury Bills	-	5,034,590
- Term Deposit Receipts (note 13.3)	450,000	458,450
	2,214,472	8,018,016
	24,062,828	9,668,016

13.1 This respresents investment in 423,230,988 units (2022: 15,505,920 units) of Mutual Funds having cost amounting to Rs. 21,772,717 (2022: Rs. 1,650,000).

13.2 These bonds carry interest at the rates ranging between 17.57% to 21.50% (2022: 14.84% to 17.66%) per annum and maturing in 9 months (2022: maturity ranging between 8 to 12 months).

13.3 Term Deposit Receipts carry interest at the rate of 19.50% (2022: 14.75% and 15%) per annum and maturing in one to ten months.

13.4 This includes investment in 56,515,267 units (2022: Nil) of Shariah Compliant mutual funds amounting to Rs. 5,986,850 (2022: Nil) having cost amounting to Rs. 5,977,286 (2022: Nil).

14. cash and bank balances

	2023	2022
	....Rupees....	
Cash at banks in:		
- deposit accounts (notes 14.1 and 14.4)	2,369,498	481,955
- currrent accounts (notes 14.2 and 14.5)	1,672,573	2,340,930
	4,042,071	2,822,885
Cash in hand	11,613	11,213
	4,053,684	2,834,098

14.1 Deposit accounts carry return at the rates ranging from 14.50% to 20.50% (2022: 8.25% to 14.50%) per annum.

14.2 Includes Rs. 644,279 (2022: Rs. 402,089) held in foreign currency bank accounts.

14.3 The Subsidiary Company has a T-Call account with Bank Al Habib Limited having balance of Rs. 730 (2022: Rs. 77,877) as at December 31, 2023 and carried returns during the year ranging from 14.5% to 20.5% (2022: 8.5% to 14.5%).

14.4 Includes Shariah Compliant bank balances amounting to Rs. 623,640 (2022: Rs. 115,156) and carries profit at the rate of 20% (2022: 12%).

14.5 Includes Shariah Compliant bank balances amounting to Rs. 349,019 (2022: Rs. 303,575).

15. assets classified as held for sale

Certain assets have been classified as held for sale due to the decision of the directors of the Holding Company to sell its existing E-Logistics business (previously classified under vehicles in operating assets - note 4.1). There are several interested buyers and the Holding Company is in the process of finalization of deal. The management is committed in its plan to sell this business and expects the sale to be completed within 12 months from the reporting date. Therefore, the assets have been classified at lower of their carrying amount and fair value less cost to sell as recognised under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

(Amounts in thousand)

16. share capital

	2023	2022
	....Rupees....	
Authorised capital		
1,400,000,000 (2022: 1,400,000,000) Ordinary shares of Rs. 10 each	14,000,000	14,000,000
Issued, subscribed and paid-up capital		
258,132,299 (2022: 258,132,299) Ordinary shares of Rs. 10 each, fully paid in cash	2,581,323	2,581,323
9,999,993 (2022: 9,999,993) Ordinary shares of Rs. 10 each issued as at January 1, 2010 on transfer of fertilizer undertaking	100,000	100,000
1,062,800,000 (2022: 1,062,800,000) Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	10,628,000	10,628,000
4,367,083 (2022: 4,367,083) Ordinary shares of Rs. 10 each issued upon exercise of conversion option by International Finance Corporation (IFC)	43,670	43,670
	13,352,993	13,352,993

16.1 As at reporting date, the Parent Company held 56.27% (2022: 56.27%) of the share capital of the Holding Company.

16.2 These fully paid ordinary shares carry one vote per share and right to dividend.

17. reserves

	2023	2022
	....Rupees....	
Capital reserves		
Share premium	3,384,904	3,384,904
Revenue reserves		
Remeasurement of post employment benefits	(74,030)	(99,994)
Unappropriated profit	31,238,888	28,415,525
	31,164,858	28,315,531
	34,549,762	31,700,435

(Amounts in thousand)

18. borrowings - secured (non-participatory)

	Note	Mark - up rate per annum	Installments		2023	2022
			Number	Commenced / Commencing from	....Rupees....	
Long term finance utilised under mark-up arrangements:						
Senior Lenders						
Allied Bank Limited	18.2 and 18.4	3 months KIBOR + 0.35%	6 half yearly	June 21, 2023	666,667	1,000,000
Allied Bank Limited	18.2 and 18.4	3 months KIBOR + 0.35%	12 quarterly	March 30, 2023	176,521	264,781
Allied Bank Limited	18.2 and 18.4	3 months KIBOR + 0.35%	6 half yearly	June 30, 2023	31,550	47,261
Allied Bank Limited	18.2 and 18.4	6 months KIBOR + 0.20%	4 half yearly	June 30, 2022	-	1,050,000
Allied Bank Limited	18.2 and 18.4	3 months KIBOR + 0.20%	6 half yearly	June 16, 2022	833,333	1,666,667
Deutsche Investitions und Entwicklungsgesellschaft	18.2 and 18.4	6 months LIBOR + 3.75%	9 half yearly	December 15, 2019	-	755,646
MCB Bank Limited	18.2 and 18.4	6 months KIBOR + 0.20%	4 half yearly	December 25, 2021	-	1,500,000
MCB Bank Limited	18.2 and 18.4	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	833,333	2,083,333
National Bank of Pakistan	18.2, 18.4 and 18.5	6 months KIBOR + 0.20%	4 half yearly	June 30, 2022	-	500,000
					2,541,404	8,867,688
TERF Loans						
Allied Bank Limited	18.3 and 18.4	1.50%	Various	March 30, 2023	630,664	676,310
Habib Bank Limited	18.3 and18.4	2.00%	Various	January 29, 2022	729,898	799,841
MCB Bank Limited	18.3 and 18.4	1.50%	Various	January 13, 2023	3,037,564	3,472,602
					4,398,126	4,948,753
Less: Fair value adjustment for loan at below market rate	19				(957,089)	(1,146,813)
					3,441,037	3,801,940
					5,982,441	12,669,628
Less: Current portion shown under current liabilities					(2,715,014)	(6,827,730)
					3,267,427	5,841,898

18.1 All senior debts are secured by an equitable mortgage upon immovable property of the Holding Company and equitable charge over current and future operating assets excluding immovable property of the Holding Company.

18.2 During the year, the Holding Company 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. 2,750,000, Rs. 2,320,638, Rs. 500,000 and Rs. 955,378 (including exchange loss), respectively.

18.3 During the year, the Holding Company repaid TERF loan to Habib Bank Limited, Allied Bank Limited and MCB Bank Limited amounting to Rs. 69,943, Rs. 45,646 and Rs. 435,038 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 2022.

In accordance with IFRS 9 Financial Instruments, the Holding Company has recognised these loans at their fair value and the differential markup as deferred government grant income, as mentioned in note 19 to the consolidated financial statements, which will be amortised and set off against finance cost over the period of the facilities.

18.4 Following are the changes in long-term borrowings for which cash flows have been classified as financing activities in the consolidated statement of cash flows:

	2023	2022
	....Rupees....	
Balance as at January 1	12,669,628	17,215,345
Borrowings availed during the year	-	993,993
Repayment of borrowings	(7,076,643)	(5,771,083)
Fair value adjustment for below market rate -net (note 19)	189,724	(67,110)
Exchange loss (note 40)	199,732	298,483
Balance as at December 31	5,982,441	12,669,628

18.5 This represents loan obtained under Islamic mode of financing.

19. government grant

	2023	2022
	....Rupees....	
Balance as at January 1	1,146,813	1,079,703
Grant recognised on loan at below market interest rate	-	434,767
Less: released to the consolidated statement of profit or loss (note 33.1)	(189,724)	(367,657)
	957,089	1,146,813
Current portion	(235,755)	(255,874)
	721,334	890,939

19.1 The Holding Company recognised government grant on loan received at below market interest rate (notes 18.3 and 18.4) in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance'.

20. deferred taxation

	2023	2022
	....Rupees....	
Credit / (debit) balances arising on account of:		
- Accelerated depreciation allowance	18,594,963	15,078,826
- Provisions (note 20.1)	(8,209,853)	(6,928,899)
- Staff retirement benefits	16,600	4,707
	10,401,710	8,154,634

(Amounts in thousand)

20.1 This includes an amount of Rs. 7,631,070 (2022: Rs. 6,457,059) relating to disallowance of GIDC provision by the income tax department on account of non-payment.

21. deferred liabilities

	2023	2022
	....Rupees....	
Deferred income (note 21.1)	42,194	46,059
Service benefit obligations	257,054	259,375
Less: Current portion shown under current liabilities	(62,546)	(70,193)
	194,508	189,182
	236,702	235,241

21.1 This represents Rs. 96,627 received from Engro Powergen Qadirpur Limited (EPQL), an associated company, for the right to use the Holding Company's infrastructure facilities at Daharki Plant by the employees of EPQL for a period of twenty five years. The amount is being amortised over such period.

22. provision for gas infrastructure development cess

The Honorable Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 (Judgment) declared that the levy imposed under the Gas Infrastructure Development Cess (GIDC) Act, 2015 (the Act) is valid and in accordance with the provisions of the Constitution of Pakistan 1973 (the Constitution). The SCP in its Judgment stated that the Government has already collected Rs. 295 million and this amount combined with the outstanding amount would be in the vicinity of Rs. 700 million. The SCP, therefore, issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the Act;

- As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020, and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge (LPS); and

- In case, no work is carried out on the gas infrastructure pipelines in the manner and / or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

Pursuant to the Judgement, the gas suppliers began invoicing the GIDC installments for recovery with effect from August 01, 2020.

Aggrieved by the Judgment, the Holding Company filed a review petition before the SCP, which was dismissed by the SCP on November 02, 2020 (Review Decision). However, the Review Decision (i) noted that the Government of Pakistan (GoP) is agreeable to recover the unpaid arrears in 48 monthly installments instead of 24 monthly installments provided the time period for the projects was extended to 12 months from 6 months; and (ii) upheld the validity of Section 8(2) of the Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the provision to Section 8(2) of the Act.

Subsequent to the Review Decision, the Holding Company filed a rectification application before the SCP seeking a clarification regarding the increase in number of installments.

The Holding Company also filed a suit before the Sindh High Court (SHC) on December 17, 2020 against collection of GIDC on non-concessionary feed gas supplied under the non-fixed price contracts and the fuel gas, on the basis of relief available under section 8(2) of the Act and on the grounds that factual determination of the GIDC passed-on is to be carried out. The SHC granted the Holding Company an interim stay restraining the impleaded gas companies from taking coercive action against the Holding Company for non-payment of GIDC installments.

Further, against the GIDC installment invoice received from SNGPL on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11, 2007 (GSPA), the Holding Company approached the SHC to challenge this imposition. The Holding Company has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive against the Holding Company on collecting GIDC on feed stock gas supplied to the Holding Company under the GSPA. The management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence no provision on account of GIDC has been recorded by the Holding Company in these consolidated financial statements in respect of feed gas received under the GSPA.

Considering the events and developments in GIDC case the Institute of Chartered Accountants of Pakistan (ICAP) released “Guidance on Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021, which specifies the requirements for recognition, measurement and presentation of GIDC.

Keeping in view the financial reporting guidance of ICAP, the Holding Company has applied IAS 37 – “Provisions, Contingent Liabilities and Contingent Assets” and re-measured its previously undiscounted provision at its present value using the risk free rate, giving due consideration to the latest available information and the expected timing of the settlement i.e. 48 monthly installments, as also referred to in the Review Decision.

22.1 The movement in provision for GIDC is as follows:

	2023	2022
	....Rupees....	
Balance as at January 1	19,020,120	18,180,185
Remeasurement loss on provision for GIDC	537,911	839,935
Balance as at December 31	19,558,031	19,020,120
Less: Current portion of provision for GIDC	(19,558,031)	(16,704,957)
	-	2,315,163

23. trade and other payables

	2023	2022
	....Rupees....	
Creditors	2,272,404	4,976,897
Accrued liabilities (notes 23.1 to 23.3)	42,189,804	26,382,389
Advances from customers, contract liabilities	18,851,279	11,509,307
Payable to:		
- FrieslandCampina Engro Pakistan Limited	1,020	361
- Engro Corporation Limited	670,916	179,170
- Engro Foundation	247,760	127,927
- Engro Powergen Thar (Private) Limited	1,225	-
- Engro Eximp FZE	7,697,587	-
- Defined Contribution Provident Fund	1,222	35,960
- Defined Contribution Provident Fund - NMPT	43	6,326
- Defined Contribution Gratuity Fund - MPT	4,583	16,561
- Defined Contribution Pension Fund	16,674	984
- Defined Benefit Gratuity Fund - NMPT	136,157	127,063
Deposits / Retention from dealers and contractors (note 23.4)	348,949	307,664
Workers' welfare fund	1,508,416	939,941
Witholding tax payable	87,670	233,479
Others	60,120	312,264
	74,095,829	45,156,293

23.1 On June 4, 2021, the SHC through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. The Group maintains adequate provision in these consolidated financial statements and has filed Civil Petition for Leave to Appeal (CPLA) before SCP to challenge the SHC Judgement. On September 01, 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. The Group carries a provision of Rs. 3,854,204 (2022: Rs. 3,236,065) in this respect.

(Amounts in thousand)

23.2 On June 10, 2021, the Holding Company filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipelines Limited (SNGPL) be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale and Purchase Agreement (GSPA) and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Group, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 16,736,935 (2022: Rs. 6,706,128) in these consolidated financial statements.

23.3 In 2022, the Holding Company received a letter from one of its gas supplier, which indicated that the pricing of gas supplied to the Holding Company from the gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority ("OGRA") for the fertilizer sector and such charge shall be applicable from the date of execution of the Gas Sale and Purchase Agreement (GSPA).

In this regard, the Holding Company has submitted a formal response to the gas supplier. Without prejudice to the foregoing and any admission of liability, the Group has on prudent basis recorded a provision amounting to Rs. 2,380,450 (2022: Rs. 2,380,450) in these consolidated financial statements.

23.4 The amount is kept in separate term deposits account as per the terms of agreements and is not utilised for the purpose of the business of the Group.

24. short term borrowings

Holding Company

The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 20,930,000 (2022: Rs. 14,225,000) along with non-funded facilities of Rs. 18,432,000 (2022: 5,100,000) for bank guarantees. The rates of mark-up on funded bank overdraft facilities ranged from 0.2% to 0.65% (2022: 0.2% to 0.5%) per annum over 1-month and 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 322,899 (2022: Rs. 7,826,110) from funded facilities and Rs. 6,278,418 (2022: Rs. 7,366,087) from non-funded facilities as at the reporting date.

Subsidiary Company

The facilities for short-term running finances, available from various banks, aggregate to Rs. 11,525,000 (2022: Rs. 14,225,000). The rates of mark-up on the funded bank overdraft facilities ranged from 0.2% to 0.5% per annum (2022: 0.2% to 0.5%) over 1-month & 3-months KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores, and spares, and other merchandise and on all present and future book debts, outstanding monies, receivable claims, and bills of the Holding Company. As at December 31, 2023, the Subsidiary Company has utilised Rs. 207,211 (2022: Nil) out of the aforementioned facilities.

25. loan from parent company

Represents subordinated loan from the Parent Company amounting to Nil (2022: Rs. 1,000,000) for a period of eleven months. The mark-up was payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (2022: 3 months KIBOR + 0.1%) per annum.

26. contingencies and commitments

Contingencies

26.1 As at December 31, 2023, bank guarantees of Rs. 8,444,554 (2022: Rs. 9,117,070) have been issued in favour of third parties.

26.2 In 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of the Holding Company u/s 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directives issued by Federal Board of Revenue (FBR). As such, the Holding Company received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. The Holding Company had filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against all amendment orders.

In 2022, the decision of the CIR(A) was received for all these years where legal objections interalia taken up on the selection / conduct of audit in this manner were upheld. In these orders, favorable decisions were made on majority of the matters, certain issues were remanded back for verification while inadmissibility of certain expenses and disallowance of WPPF were maintained, aggregating to Rs. 581,898. The Holding Company has filed an appeal before ATIR against the unfavorable decisions of CIR(A) which is currently pending.

Subsequently, the tax department issued appeal effect orders based on favorable CIR(A)'s decision, where tax department again decided some of the remanded back issues against the Holding Company resulting in tax liability of Rs. 194,148. Appeal before CIR(A) had been filed against these appeal effect orders. During the year, CIR(A)'s order on aforesaid appeal has been received in favour of the Holding Company.

In respect of sales tax audits, in 2021, the tax department only issued a Show Cause Notice (SCN) for TY 2017. The Holding Company filed Constitutional Petitions before the SHC challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 13, 2021, the SHC granted ad-interim orders in favour of the Holding Company for all three tax years.

Management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

26.3 In 2022, in respect of TY 2018, the Holding Company received an order from the Assistant Commissioner Inland Revenue (ACIR) restricting brought forward losses having a tax impact of Rs. 580,910. This disallowance has been made in the assessment orders relating to prior years which are pending in appeals. Certain errors have been made in relation to allowance of credits which are being taken up in rectification.

The Holding Company's management, based on the tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

26.4 The Holding Company filed a constitutional petition in the SHC against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and SNGPL for continuous supply of 100 mmscfd gas per day to the Holding Company's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. Through its order dated October 18, 2011, the SHC ordered that SNGPL should supply 100 mmscfd gas per day to the Holding Company's new plant. However, five petitions have been filed in the SCP against the aforementioned order of the SHC by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited alongwith twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. The Holding Company's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be low.

Further, the Holding Company upon continual curtailment of gas after the aforementioned decision of the SHC has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. The Holding Company, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the Holding Company's plant despite the judgment of the SHC in the Holding Company's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the SHC. The application is pending for hearing and no orders have yet been passed in this regard.

26.5 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to the Holding Company's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 between the Holding Company and SNGPL be declared void ab initio because the output of Qadirpur gas field has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. The Holding Company has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to the Holding Company through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the Holding Company's new plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (iii) both the Holding Company and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in the SCP. However, the Holding Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be low.

26.6 In 2013, the Holding Company, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 (2010 Act) in relation to alleged unreasonable increase in fertilizer prices. The Holding Company has responded in detail that factors resulting in such increase were mainly due to imposition of infrastructure cess, sales tax and gas curtailment. The CCP issued an order in March 2013, whereby it held that the Holding Company has a dominant position in the urea market and that it has abused the same by unreasonable increases in urea prices during the period December 2010 to December 2011. The CCP also held another major fertilizer company to be responsible for abusing its dominant position. Moreover, the CCP imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on the Holding Company and the other fertilizer company, respectively. An appeal has been filed before the Competition Appellate Tribunal (CAT) and a writ has been filed in the SHC wherein stay has been granted in favour of the Holding Company restraining CCP and Federation of Pakistan (i.e. Respondents) from taking any coercive action.

In case of the other fertilizer company, the CAT has transferred the case back to the CCP for reassessment. The Holding Company has also challenged the composition of the CAT before the SHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against the Holding Company during the pendency of the petition. The Holding Company's management believes that the chances of ultimate success are strong and, hence, no provision has been made in this respect.

26.7 In 2015, the Holding Company received a sales tax order from the tax department for the tax periods January 01, 2013 to December 31, 2013, pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on the presumption that output tax liability is not being discharged by the Holding Company on advances received from dealers amounting to Rs. 1,844,075. The Holding Company filed an appeal thereagainst, with the CIR(A) which decided the matters in favour of the Holding Company. The department thereafter challenged the decision of the CIR(A) with the ATIR, which is pending to be heard. No provision has been made by the Holding Company in this respect.

26.8 In 2018, the tax department [i.e. Large Taxpayers Unit (LTU)] issued an order for the period June 2016 to July 2017 with a demand of Rs. 1,006,000 mainly on account of further sales tax to be charged on fertilizers sales to unregistered persons. The Holding Company filed an appeal before the CIR(A) who disposed off the appeal in favour of the tax department. Thereafter, the Holding Company filed an appeal before the ATIR, and it also decided the same in favour of the tax department. The Holding Company challenged the ATIR Order, to the extent of its ruling in relation to exemption from further sales tax, before the SHC by filing Sales Tax Reference Application. On October 11, 2021, the SHC granted an ad-interim order restraining the tax department from taking coercive action against the Company in respect of the recovery of the impugned demand. The Hodling Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.

26.9 In accordance with section 4C 'Super tax on high earning persons' introduced in the Ordinance through the Finance Act, 2022, a super tax at ten percent has been imposed on the specified sectors (including the fertilizer sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. The Holding Company filed a petition against the imposition of super tax before the SHC where through an interim order, relief was granted conditional on submission of equivalent bank guarantees. The SHC in its judgement dated December 22, 2022, declared that "the super tax levy shall only be applicable from the tax year 2023 and the imposition of higher rate on the specified sectors as discriminatory.

The SHC decision was challenged by FBR in Supreme Court, where vide an interim order, Supreme Court directed the Nazir SHC to encash the bank guarantees furnished by taxpayers up to the extent of 4%.

The Holding Company's management has recorded provision of super tax at the rate of four percent for TY 2022 amounting to Rs. 1,187,098 on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent for TY 2022 amounting to Rs. 1,780,647 are remote and therefore no provision is recorded thereagainst in these consolidated financial statements.

(Amounts in thousand)

26.10 During the year, the Holding Company received an amendment order in respect of TY 2021, creating disallowances having a tax impact of Rs. 916,584. The disallowances mainly pertain to disallowance of provision for WPPF and on account of disallowance of minimum tax on opening stock-in-trade. The Holding Company has filed an appeal before the CIR(A) in respect of this order, which is pending to be heard.

The Holding Company's management considers, based on the tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

26.11 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with the Holding Company, all pending tax issues of EXIMP have been transferred to the Holding Company. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 796,000. The tax department had not accepted the said treatment for tax year 2013; however, the matter was decided in favor of the Holding Company by the Commissioner Income Tax Appeals (CIT(A)), against which the tax department has filed an appeal with the Income Tax Appellate Tribunal (ITAT). However, the department had given appeal effect order to the aforementioned favourable decision of the CIT(A) for tax year 2013.

In 2019, in respect of tax year 2013, the matter was decided by the ITAT in favor of the Holding Company and the department's appeal in this respect was rejected. The management is confident of a favorable outcome on this case.

26.12 For tax matters, refer note 35 to these consolidated financial statements.

	2023	....Rupees.... 2022
26.13 Commitments in respect of capital expenditure and other operational items	46,344,052	14,239,254

26.14 Commitment in respect of gas supply arrangement amounting to Rs. 7,776,485 (2022: Rs. 2,763,202) (note 11.10).

27. net sales

	2023	....Rupees.... 2022
Gross sales:		
- manufactured products	165,154,292	96,214,160
- purchased and packaged products	67,909,965	62,178,947
- services	954,355	811,756
	234,018,612	159,204,863
Less: Trade discounts	(513,302)	(477,561)
Less: Sales tax	(9,800,718)	(1,710,372)
	223,704,592	157,016,930

(Amounts in thousand)

27.1 All revenue earned by the Group is Shariah Compliant.

28. cost of sales

	2023	....Rupees.... 2022
Cost of sales - Manufactured products		
Raw materials consumed	57,865,977	40,419,382
Salaries, wages and staff welfare (note 28.1)	3,184,626	2,918,123
Fuel and power	22,141,024	13,720,734
Repairs and maintenance	3,221,193	5,814,393
Depreciation (note 4.2)	3,468,521	2,928,488
Amortisation (note 5.3)	18,763	15,157
Consumable stores	2,328,649	1,619,742
Training, HSE and other related expenses	1,266,610	906,447
Purchased services	1,503,380	1,090,080
Travelling	149,302	186,566
Communication, stationery and other office expenses	20,985	42,253
Insurance	1,378,236	854,863
Rent, rates and taxes	98,352	101,534
Other expenses	61,527	47,789
Manufacturing cost	96,707,145	70,665,551
Add: Opening stock of work in process	133,161	121,854
Less: Closing stock of work in process (note 9)	(279,974)	(133,161)
Cost of goods manufactured	96,560,332	70,654,244
Add: Opening stock of finished goods	5,581,621	1,893,084
Less: Closing stock of finished goods (note 9)	(740,739)	(5,581,621)
	101,401,214	66,965,707
Cost of sales - Purchased and packaged products		
Opening stock - net of provision	9,284,272	8,814,363
Add: Purchases during the year	50,713,213	47,673,993
Less: Closing stock - net of provision	(9,991,335)	(9,284,272)
	50,006,150	47,204,084
	151,407,364	114,169,791

(Amounts in thousand)

28.1 Salaries, wages and staff welfare includes Rs. 209,982 (2022: Rs. 218,923) in respect of staff retirement benefits.

29. selling and distribution expenses

	2023	2022
	....Rupees....	
Salaries, wages and staff welfare (note 29.1)	1,265,076	1,423,316
Training, HSE and other related expenses	181,638	196,958
Product transportation and handling	7,362,077	5,267,193
Royalty (note 29.2)	2,599,958	1,412,096
Repairs and maintenance	20,346	19,223
Advertising and marketing	540,568	489,963
Rent, rates and taxes	595,417	542,182
Communication, stationery and other office expenses	23,484	22,203
Travelling	155,498	240,640
Depreciation (note 4.2)	139,614	142,659
Amortisation (note 5.3)	9,158	4,371
Purchased services	118,764	90,664
Insurance	18,153	9,274
Others	23,407	25,241
	13,053,158	9,885,983

29.1 Salaries, wages and staff welfare includes Rs. 103,143 (2022: Rs. 121,112) in respect of staff retirement benefits.

29.2 Royalty is paid to the Parent Company which has its registered office at 8th floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

30. administrative expenses

	2023	2022
	....Rupees....	
Salaries, wages and staff welfare (note 30.1)	1,335,660	720,692
Training, HSE and other related expenses	86,403	50,792
Repairs and maintenance	50,862	17,145
Rent, rates and taxes	287,852	154,551
Communication, stationery and other office expenses	15,548	10,962
Travelling	54,509	40,335
Depreciation (note 4.2)	275,276	185,264
Amortisation (note 5.3)	175,779	162,381
Purchased services	2,058,990	1,168,528
Aircraft operating expense (note 30.2)	(392,277)	(327,607)
Insurance	3,796	20,660
Other expenses	54,108	12,894
	4,006,506	2,216,597

30.1 Salaries, wages and staff welfare includes Rs. 47,241 (2022: Rs. 51,556) in respect of staff retirement benefits.

30.2 This is net of recoveries from group companies.

31. other income

	2023	2022
	....Rupees....	
On financial assets		
Income on Government securities, Term Deposit receipts, mutual fund units and bank deposits (note 31.1)	3,345,739	1,838,431
On non-financial assets		
Gain on disposal of operating assets (note 4.3)	162,898	313,787
Scrap sales	117,095	124,733
Others	88,295	48,410
	368,288	486,930
	3,714,027	2,325,361

31.1 It includes profit earned on shariah compliant bank deposit and units of shariah compliant mutual funds amounting to Rs. 98,766 (2022: Rs. 21,829).

32. other operating expenses

	2023	2022
	....Rupees....	
Workers' profits participation fund (note 11.4)	2,365,961	1,125,437
Workers' welfare fund	996,046	246,218
Donation (notes 32.1 and 32.1.1)	577,510	282,891
Legal and professional	130,867	129,922
Provision for impairment against trade debts (note 10.3)	91,290	12,426
Trade debt written off	-	2,204
Directors' fees	22,736	18,378
Auditors' remuneration (note 32.2)	16,050	42,590
Exchange loss	-	644,492
Others	168,971	18,980
	4,369,431	2,523,538

(Amounts in thousand)

32.1 During the year, the Holding Company made donations to Engro Foundation amounting to Rs. 430,000 (2022: Rs. 253,000). Mr. Ghias Khan, the Chairman of the Board, and Mr. Ahsan Zafar Syed, the Chief Executive Officer of the Holding Company, are also the trustees of Engro Foundation.

32.1.1 This also includes an amount of Rs. 45,449 (2022: Rs. 27,373) recharged by the Parent Company for operational expenditure of Engro Foundation.

32.2 Auditor's remuneration

	2023	2022
	....Rupees....	
Fee for:		
- audit of annual financial statements	4,252	3,819
- review of half yearly financial information	1,011	820
- review of compliance with the Code of Corporate Governance	98	60
- certifications, secondments and other advisory services	2,299	13,477
- taxation services	7,279	22,300
Reimbursement of expenses	1,111	2,114
	16,050	42,590

33. finance cost

	2023	2022
	....Rupees....	
Interest / mark-up / return on:		
- long-term borrowings under:		
- interest / mark up arrangements (note 33.1)	1,237,172	1,493,247
- Shariah permissible arrangements	71,340	113,483
	1,308,512	1,606,730
- short-term borrowings under:		
- interest / mark up arrangements (note 33.2)	340,176	789,634
- Shariah permissible arrangements	199,350	38,457
	539,526	828,091
Foreign exchange loss - net	62,792	186,987
	1,910,830	2,621,808

33.1 This is net of government grant income on TERF loans amounting to Rs. 189,724 (2022: Rs. 367,657) (note 19).

33.2 This is net of interest income earned on credit facilities offered to customers.

(Amounts in thousand)

34. loss allowance on subsidy receivable from GoP

This represents loss allowance recognised on 'Subsidy receivable from the GoP' (note 12.3) in accordance with the 'Expected Credit Loss' model under IFRS 9, giving consideration to the time value of money based on expected recovery of subsidy receivable. The Holding Company, however, is confident of full recovery of the subsidy amount from the GoP.

35. taxation

	2023	2022
	....Rupees....	
Current		
- for the year (notes 35.1 and 35.2)	19,326,666	7,807,730
- for prior years (notes 35.1 and 35.9)	1,945,024	6,539,049
	21,271,690	14,346,779
Deferred (note 35.2)	2,230,476	(3,788,365)
	23,502,166	10,558,414

The Group continually evaluates its tax position based on amendments by the taxation authorities and developments thereon. Adequate provision in this respect is being maintained in these consolidated financial statements without prejudice to the tax proceedings before any appellate / judicial forum and admission of any liability in this respect. Matters where there is a difference between the position taken by taxation authorities and the Group's own position based on its assessment of law and in accordance with its legal / tax consultant's opinion, such matters are being reported as contingent liabilities. Please refer note 26 in this respect.

35.1 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 (i:e financial year December 31, 2022) onwards. In the previous year, the Group had already recognised super tax provision for tax year 2023 at 4% being the rate then applicable. During the current year, the Group has increased this provision to 10% which has resulted in additional provision of Rs. 1,406,069, for tax year 2023 recorded in prior year tax charge. The Group has filed a petition against the retrospective imposition of 6% additional super tax before the Islamabad High Court (IHC) which has granted stay till the matter is heard. Further, this also includes super tax provision recognised at 10% for tax year 2024, amounting to Rs. 5,027,326.

35.2 Includes impact of higher deferred tax expense at the rate of 39% (including 10% super tax as explained in note 35.1 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.

35.3 In 2020, the income tax department amended the assessment filed by the Holding Company for tax year 2019. The Holding Company filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs. 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

In 2022, the appeal was heard by CIR(A) and favorable decision was passed mainly pertaining to proration of expenses to exempt income, tax credit on investment in plant and machinery, and disallowance of deductible allowances for WWF and WPPF, hence, reducing the aggregate demand to Rs. 294,586. The Holding Company has filed an appeal before the ATIR against the unfavorable decision of CIR(A).

Subsequently, the tax department passed an appeal effect order based on favourable CIRA's decision and has maintained disallowance on deductible allowance for WPPF having tax impact of Rs. 269,435. Appeal before CIR(A) has been filed against this matter.

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

35.4 In 2015, the income tax department amended the assessment filed by the Holding Company for tax year 2014. The Holding Company filed an appeal before the CIR(A) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B the Ordinance resulting in demand of Rs. 1,231,201 (additions to taxable income of Rs. 3,191,963). In addition, the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which the Company specifically obtained a stay order. The matter was heard by the CIR(A) and favorable decision was made in respect of exchange gain and loss and acceptance of tax refunds of prior years, whilst other additions made by the tax department in respect of ACT, loss on derivatives and group relief under section 59B were maintained in the order. The Holding Company has filed an appeal against the order of CIR(A) before the ITAT which is pending to be heard.

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

35.5 In 2019, the income tax department amended the assessment filed by the Holding Company for the tax years 2015, 2016 and 2017. The Holding Company filed appeals before the CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Ordinance resulting in cumulative demand of Rs. 1,980,698 (cumulative additions of Rs. 16,173,826 to taxable income) for these tax years. Subsequently, the CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by the taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. The Holding Company, as well as the tax department, filed appeals against the CIR(A)'s order before the ATIR.

Through order dated February 26, 2020, ATIR decided the amendment orders for Tax year 2015 and 2016 mainly in favor of the Holding Company, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 01, 2020, the tax department filed reference application before the SHC for questions of law arising out of the ATIR order.

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

35.6 In 2014, the income tax department amended the assessment filed by the Holding Company for TY 2010 and 2011. The Holding Company filed appeals thereagainst before the ATIR against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included charge in respect of exchange gain and loss incurred for TY 2010 and TY 2011, and loss on derivative for TY 2011 raising a demand in respect of these years in aggregate of Rs. 1,075,466. The Holding Company had challenged the said decision before the SHC. In the year 2020, the matter was heard, and is reserved for judgement.

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

35.7 During the year, the Holding Company received an order from the Assistant Commissioner Inland Revenue (ACIR) disallowing amortisation on intangibles amounting to Rs. 293,480 for tax year 2017, having a tax impact of Rs. 90,978. Further, the order incorporated other amendments, thereby creating a demand of Rs. 494,108. The Holding Company has filed an appeal before the CIR(A) and hearing is yet to be held.

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

35.8 In 2018, the Holding Company received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the Ordinance for TY 2018. The Holding Company filed a Constitutional Petition before the SHC challenging the notice as well as the vires of Section 4B of the Ordinance. An interim order was granted in favour of the Holding Company. On July 21, 2020, the SHC held that Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, the Holding Company filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by the Holding Company only in relation to TY 2018 i.e. the year which was challenged before the SHC as well.

Pursuant to the SHC Judgement, the tax department passed orders to the Holding Company for tax years 2015 to 2019 in relation to recovery of Super Tax aggregating to Rs. 2,110,491. The Holding Company filed appeals against the orders before the CIR(A).

On November 26, 2020, the SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Holding Company) subject to them depositing 50% of the impugned outstanding tax amount. The Holding Company has till date paid Super Tax amounting to Rs. 1,573,528 against the relevant tax years. Adequate provision for the remaining amount related to Super Tax for the respective tax years is being maintained in these consolidated financial statements.

35.9 During the year, the Holding Company received an order from the Deputy Commissioner Inland Revenue (DCIR), in respect of tax year 2022, amending the Group return filed along with the subsidiary company 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 the Ordinance amortisation 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 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. The Holding Company has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) against this order.

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

35.10 As a result of demerger in the year 2009, all pending tax issues of the then Parent Company, Engro Chemical Pakistan Limited had been transferred to the Holding Company. Major issues pending before the taxation authorities are described below.

In previous years, the taxation department had filed reference applications in the SHC against the below-mentioned ATIR's decisions in the Holding Company's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

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

(Amounts in thousand)

35.11 Relationship between tax expense and accounting profit

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

	2023	2022
	....Rupees....	
Profit before taxation	49,693,268	26,561,703
Tax calculated at the rate of 29% (2022: 29%)	14,411,048	7,702,894
Tax effect of:		
- Expenses not allowed for tax	618,006	168,464
- Change in tax rate	1,663,630	1,316,053
- Final / Special Tax Regime and exempt income	(162,868)	9,206
Super Tax	5,027,326	2,132,692
Effect of prior year tax charge / (reversal) (note 35.12)	1,945,024	(770,895)
Tax charge for the year	23,502,166	10,558,414

35.12 This is net of the corresponding deferred tax impact.

36. earnings per share (eps)

36.1 Basic EPS has been calculated by dividing the profit attributable to equity holders of the Holding Company by weighted average number of ordinary shares in issue during the year.

36.2 As at December 31, 2023, there is no dilutive effect on the basic earnings per share of the Holding Company. EPS is based on the following:

	2023	2022
	....Rupees....	
Profit for the year	26,191,102	16,003,289
	...........Numbers of Shares...........	
Weighted average number of ordinary shares (in thousands)	1,335,299	1,335,299

(Amounts in thousand)

37. financing structure / mode

	2023	2022
	....Rupees....	
Conventional mode:		
Assets		
Short-term investments	18,075,978	8,553,169
Long-term investments	101,067	2,103,692
Cash and bank balances	3,081,025	2,710,181
	21,258,070	13,367,042
Liabilities		
Long-term borrowings	5,982,441	12,169,628
Short-term borrowings	530,110	7,826,110
Loan from Parent Company	-	1,000,000
	6,512,551	20,995,738
Shariah compliant mode:		
Assets		
Short-term investments	5,986,850	-
Cash and bank balances	972,659	34
	6,959,509	34
Liabilities		
Long-term borrowings	-	500,000

(Amounts in thousand)

38. remuneration of chief executive, directors and executives

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

	2023			2022		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	----------Rupees----------					
Managerial remuneration including bonus	128,262	315	3,249,997	110,445	2,853	3,146,057
Staff retirement benefits	8,392	22	306,332	7,961	159	302,465
Other benefits	217	2	69,912	43	3	54,456
Fees	-	23,136	-	-	17,728	-
Total	136,871	23,475	3,626,241	118,449	20,743	3,502,978
Number of persons, including those who worked part of the year	1	10	528	2	9	523

38.2 The Group also provides vehicles and certain household items for use of some executives and directors.

38.3 Premium charged in respect of directors' indemnity insurance policy, purchased by the Holding Company during the year, amounted to Rs. 367 (2022: Rs. 245).

39. retirement and other service benefits

39.1 Salient features

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Group offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and the Rules of the Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the funds.

(Amounts in thousand)

The Group faces the following risks on account of gratuity and pension funds:

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

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

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

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

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

- In addition to above, the pension fund exposes the Group to Longevity risk i.e. the pensioners survive longer than expected.

39.2 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2023, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

39.2.1 Consolidated Statement of financial position reconciliation

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
	2023	2022	2023	2022	2023	2022
	-----Rupees-----					
Present value of obligation (note 39.2.3)	392,565	349,731	75,411	90,524	57,602	19,103
Fair value of plan assets (notes 39.2.4 and 39.2.12)	(256,407)	(222,668)	(101,399)	(113,128)	(40,704)	(43,900)
Deficit / (surplus) of funded plans	136,158	127,063	(25,988)	(22,604)	16,898	(24,797)
Unrecognised asset	-	-	-	-	-	24,797
Net liability / (asset) at end of the year	136,158	127,063	(25,988)	(22,604)	16,898	-

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
	2023	2022	2023	2022	2023	2022
39.2.2 Movement in net liability / (asset) recognised	-----Rupees-----					
Net liability / (asset) at beginning of the year	127,063	97,008	(22,604)	(34,224)	-	-
Charge / (reversal) for the year (note 39.2.5)	35,563	28,786	230	(1,376)	29,380	(2,278)
Remeasurements charged to OCI (note 39.2.7)	(26,468)	1,269	(3,614)	12,996	(12,482)	2,278
Net liability / (asset) at end of the year	136,158	127,063	(25,988)	(22,604)	16,898	-
39.2.3 Movement in defined benefit obligation						
As at beginning of the year	349,731	311,658	90,524	72,202	19,103	22,324
Current service cost	18,918	17,558	3,044	2,428	32,467	-
Interest cost	46,589	36,958	12,033	8,075	2,297	2,400
Benefits paid during the year	(18,723)	(3,112)	(26,256)	-	(5,540)	(3,059)
Remeasurments charged to OCI (note 39.2.7)	(3,950)	(13,331)	(3,934)	7,819	9,275	(2,562)
As at end of the year	392,565	349,731	75,411	90,524	57,602	19,103
39.2.4 Movement in fair value of plan assets						
As at beginning of the year	222,668	214,650	113,128	106,426	43,900	42,821
Expected return on plan assets	29,944	25,730	14,847	11,879	5,384	4,678
Benefits paid during the year	(18,723)	(3,112)	(26,256)	-	(5,540)	(3,059)
Remeasurments charged to OCI (note 39.2.7)	22,518	(14,600)	(320)	(5,177)	(3,040)	(540)
As at end of the year	256,407	222,668	101,399	113,128	40,704	43,900
39.2.5 Charge / (reversal) for the year						
Current service cost	18,918	17,558	3,044	2,428	32,467	-
Net interest cost	16,645	11,228	(2,814)	(3,804)	(3,087)	(2,278)
	35,563	28,786	230	(1,376)	29,380	(2,278)
39.2.6 Actual return on plan assets	51,590	11,749	13,788	7,007	5,657	7,581

(Amounts in thousand)

39.2.7 Remeasurements recognised in the Consolidated Statement of Comprehensive Income

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
	2023	2022	2023	2022	2023	2022
	-----	-----	-----	Rupees	-----	-----
(Gain) / loss from change in experience assumptions	(4,781)	(13,761)	(3,934)	7,819	(2,741)	(1,332)
(Gain) / loss from change in financial assumptions	831	430	-	-	12,016	(1,230)
Remeasurement of obligation	(3,950)	(13,331)	(3,934)	7,819	9,275	(2,562)
Expected return on plan assets (note 39.2.4)	29,944	25,730	14,847	11,879	5,384	4,678
Actual return on plan assets (note 39.2.6)	(51,590)	(11,749)	(13,788)	(7,007)	(5,657)	(7,581)
Difference in fair value opening	(872)	619	(739)	305	3,313	3,443
Remeasurement of plan assets	(22,518)	14,600	320	5,177	3,040	540
Effect of asset ceiling	-	-	-	-	(24,797)	4,300
	(26,468)	1,269	(3,614)	12,996	(12,482)	2,278

39.2.8 Principal actuarial assumptions used in the actuarial valuation

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
	2023	2022	2023	2022	2023	2022
	-----	-----	-----	Rupees	-----	-----
Discount rate	16.00%	13.25%	16.00%	13.25%	16.00%	13.25%
Expected per annum rate of return on plan assets	16.00%	13.25%	16.00%	13.25%	16.00%	13.25%
Expected per annum rate of increase in salaries - next year	15.00%	12.25%	16.00%	13.25%	-	-
Expected per annum rate of increase in salaries - long term	15.00%	12.25%	16.00%	13.25%	-	-

39.2.9 Demographic assumptions

Mortality rate	SLIC (2001-05) - I	SLIC (2001-05) - I	SLIC (2001-05) - I
Rate of employee turnover	Light	Heavy	-

(Amounts in thousand)

39.2.10 Sensitivity Analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption			Decrease in assumption		
	Gratuity Plans		Pension Plan	Gratuity Funds		Pension Fund
	NMPT	MPT		NMPT	MPT	
	-----	-----	-----	Rupees	-----	-----
Discount rate	360,699	74,393	54,055	428,897	76,461	61,580
Long term salary increases	428,897	76,452	-	360,176	92,501	-
Long term pension increases	-	-	61,544	-	-	54,025

39.2.11 Maturity Profile

	Decrease in assumption		
	Gratuity Funds		Pension Plan
Time in Years	NMPT	MPT	
	-----	Rupees	-----
1	19,290	50,755	4,931
2	19,733	1,013	4,483
3	35,713	23,978	4,045
4	49,255	6,787	3,621
5-10	374,212	22,514	13,981
11-15	788,191	-	4,437
16-20	1,153,706	-	1,343
20+	5,363,830	-	530
Weighted average duration (years)	8.12	1.35	6.16

39.2.12 Plan assets comprise of the following:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT*			
	2023		2023		2023	
	Rupees	%	Rupees	%	Rupees	%
Fixed income instruments	220,710	86	86,178	85	30,000	74
Investment in equity instruments	25,743	10	11,742	12	-	-
Others (including bank balance)	9,954	4	3,479	3	10,704	26
	256,407	100	101,399	100	40,704	100

(Amounts in thousand)

* The employees of the Company in respect of gratuity are members of Defined Benefit Gratuity Fund maintained and operated by the Holding Company. Accordingly, the above information is based upon the plan assets of Engro Corporation Limited Gratuity Fund.

39.2.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed income investments are based on gross redemption yields as at the reporting date.

39.2.14 Expected future cost / (reversal) for the year ending December 31, 2024 is as follows:

	Rupees
- Gratuity Fund - NMPT	42,883
- Gratuity Fund - MPT	(2,035)
- Pension Fund	(2,510)

39.2.15 Historical information of staff retirement benefits:

	2023	2022	2021	2020	2019
	Rupees				
Gratuity Plan - NMPT					
Present value of defined benefit obligation	392,565	349,731	311,658	414,687	394,314
Fair value of plan assets	(256,407)	(222,668)	(214,650)	(398,165)	(177,620)
Deficit	136,158	127,063	97,008	16,522	216,694
Gratuity Plan - MPT					
Present value of defined benefit obligation	75,411	90,524	72,202	67,423	64,519
Fair value of plan assets	(101,399)	(113,128)	(106,426)	(98,965)	(112,937)
Surplus	(25,988)	(22,604)	(34,224)	(31,542)	(48,418)
Pension Plan					
Present value of defined benefit obligation	57,602	19,103	22,324	26,836	24,018
Fair value of plan assets	(40,704)	(43,900)	(42,821)	(38,820)	(38,277)
Surplus	16,898	(24,797)	(20,497)	(11,984)	(14,259)

39.2.16 Defined contribution plans

An amount of Rs. 295,041 (2022: Rs. 366,459) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

40. cash generated from operations

	2023	2022
	....Rupees....	
Profit before taxation	49,693,268	26,561,703
Adjustment for non-cash charges and other items:		
Depreciation (note 4.2)	3,883,411	3,256,411
Amortisation of intangibles (note 5.3)	203,700	181,909
Amortisation of deferred income	(3,865)	(3,865)
Gain on disposal of operating assets (note 31)	(162,898)	(313,787)
Provision for retirement and other service benefits	76,489	79,267
Income on deposits / other financial assets (note 31)	(3,345,739)	(1,838,431)
Exchange loss on revaluation of long term borrowings (note 18.4)	199,732	298,483
Remeasurement gain on GIDC provision (note 22)	537,911	839,935
Finance cost (note 33)	1,848,038	2,434,821
Provision against stock-in-trade (note 9.2)	327,389	173,758
Provision for surplus and slow moving stores and spares (note 8.1)	324,181	140,055
Reversal of provision against stock in trade (note 9.2)	-	(93,450)
Reversal of provision against stores and spares (note 8.1)	(260,176)	(61,587)
Stock-in-trade directly written off (note 9.3)	52,038	218,945
Written down of stock-in-trade to net realisable value (note 9.1)	-	428,000
Provision for impairment against trade debts (note 10.3)	91,290	12,426
Trade debts written off (note 10.2)	-	2,204
Stores and spares directly written off (note 8.2)	4,844	11,751
Provision against claim receivable (note 11.6)	-	76,650
Loss allowance on subsidy receivable from the GoP (note 11.3)	2,440,151	522,936
Working capital changes (note 40.1)	26,069,247	8,362,937
	81,979,011	41,291,071

(Amounts in thousand)

40.1 Working capital changes

	2023 ....Rupees....	2022
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(2,303,142)	(158,473)
- Stock-in-trade	1,133,254	(4,105,728)
- Trade debts	768,343	(716,946)
- Loans, advances, deposits and prepayments	(1,197,881)	(636,875)
- Other receivables	(1,270,863)	(5,148,815)
	(2,870,289)	(10,766,837)
Increase in trade and other payables	28,939,536	19,129,774
	26,069,247	8,362,937

41. cash and cash equivalents

	2023 ....Rupees....	2022
Cash and bank balances (note 14)	4,053,684	2,834,098
Short term investments	450,000	895,446
Short-term borrowings (note 24)	(530,110)	(7,826,110)
	3,973,574	(4,096,566)

42. financial instruments by category

	2023 ....Rupees....	2022
Financial assets at amortised cost		
Long-term investments	202,134	2,204,759
Loans, advances and deposits	3,657,176	1,977,598
Trade debts	3,024,055	3,853,316
Other receivables	9,440,549	10,648,793
Accrued income	116,629	1,253,068
Short-term investments	2,214,472	6,940,026
Cash and bank balances	4,053,684	2,834,098
	22,708,699	29,711,658
Financial assets at fair value through profit or loss		
Short-term investments	21,848,356	1,650,000

(Amounts in thousand)

	2023 ....Rupees....	2022
Financial liabilities at amortised cost		
Long-term borrowings	5,982,441	12,669,628
Government grant	957,089	1,146,813
Trade and other payables	53,489,785	37,325,772
Accrued interest / mark-up	72,814	1,185,596
Short-term borrowings	530,110	7,826,110
Loan from Parent Company	-	1,000,000
	61,032,239	61,153,919

43. financial risk management

43.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's Finance and Planning department under policies approved by the Management Committee.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at December 31, 2023, if exchange rates had been 1% higher / lower with all other variables held constant, post tax consolidated profit for the year would have been lower / higher by Rs. 48,391.

(Amounts in thousand)

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings and short-term investments. Borrowing are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

As at December 31, 2023, if interest rates had been 1% higher / lower with all other variables held constant, post tax consolidated profit for the year would have been lower / higher by Rs. 30,935.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors effecting all similar financial instruments traded in the market. The Group is exposed to price risk on its investments in units of Mutual Funds.

As at December 31, 2023, if net asset value had been 1% higher / lower with all other variables held constant, post tax consolidated profit for the year would have been higher / lower by Rs. 133,277

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The Group maintains an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and management quality rating of AM3, respectively. However, the Group maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Group is exposed to a concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing the majority of trade debts against bank guarantees.

The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	....Rupees....	
Loans, advances and deposits	3,657,176	1,977,598
Trade debts	2,912,495	3,772,128
Other receivables	4,449,073	5,796,587
Accrued income	116,629	175,078
Short-term investments	22,298,356	2,108,450
Bank balances	4,042,071	2,822,885
	37,475,800	16,652,726

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. Investments in Pakistan Investment Bonds are government guaranteed. The credit quality of the Group's bank balances and short term investments can be assessed with reference to recent external credit ratings as follows:

	Rating agency	Rating	
		Short term	Long term
Conventional			
- Allied Bank Limited	PACRA	A1+	AAA
- Askari Bank Limited	PACRA	A1+	AA+
- Bank Alfalah Limited	PACRA	A1+	AA+
- Bank Al Habib Limited	PACRA	A1+	AAA
- The Bank of Punjab	PACRA	A1+	AA+
- Citibank N.A.	MOODY'S	P1	Aa3
- Habib Bank Limited	JCR-VIS	A1+	AAA

(Amounts in thousand)

	Rating agency	Rating Short term	Rating Long term
- Habib Metropolitan Bank Limited	PACRA	A1+	AA+
- Industrial and Commercial Bank of China	MOODY'S	-	A1
- JS Bank Limited	PACRA	A1+	AA-
- MCB Bank Limited	PACRA	A1+	AAA
- National Bank of Pakistan	PACRA	A1+	AAA
- Samba Bank Limited	PACRA	A1	AA
- Soneri Bank Limited	PACRA	A1+	AA-
- Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
- Summit Bank Limited	JCR-VIS	A3	BBB-
- Mobilink Microfinance Bank Limited	PACRA	A1	A
- Telenor Microfinance Bank Limited	PACRA	A1	A
- United Bank Limited	JCR-VIS	A1+	AAA
- UBL Fund Managers Limited	JCR-VIS	-	AM1
- ABL Asset Management Company Limited	PACRA	-	AM1
Islamic			
- BankIslami Pakistan Limited	PACRA	A1	AA-
- Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	A+
- Faysal Bank Limited	JCR-VIS	A1+	AA
- Meezan Bank Limited	JCR-VIS	A1+	AAA
- UBL Fund Managers Limited	JCR-VIS	-	AM1
- ABL Asset Management Company Limited	PACRA	-	AM1

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2023			2022		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	Rupees					
Financial liabilities						
Borrowings	3,187,647	4,417,338	7,604,985	7,899,498	7,770,539	15,670,037
Trade and other payables	59,854,637	-	59,854,637	32,473,566	-	32,473,566
Accrued interest / mark-up	72,814	-	72,814	520,010	-	520,010
Short-term borrowings	530,110	-	530,110	7,826,110	-	7,826,110
Loan from Holding Company	-	-	-	1,099,789	-	1,099,789
	63,645,208	4,417,338	68,062,546	49,818,973	7,770,539	57,589,512

43.2 Capital risk management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders or issue new shares.

The total long term borrowings to equity ratio as at December 31, 2023 based on total long term borrowings at its present value of Rs. 5,982,441 (2022: Rs. 12,669,628) and total equity of Rs. 47,902,755 (2022: Rs. 45,053,428) was 11%:89% (2022: 22%:78%).

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

43.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at December 31, 2023, all financial assets and financial liabilities, except for investment in units of mutual funds, are carried at amortised cost. Mutual funds are measured at fair value using the fair value measurement method in accordance with IFRS 13.

(Amounts in thousand)

The carrying value of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

There were no transfers between the levels of hierarchy during the year.

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	--------------------------Rupees	--------------------------		
As at December 31, 2023				
Fair value through profit or loss	-	21,848,356	-	21,848,356
As at December 31, 2022				
Fair value through profit or loss	-	1,650,000	-	1,650,000

Represents investment in units of mutual funds that are measured at fair value using the fund's respective net asset value.

There were no transfers between the levels of hierarchy during the year.

43.4 The current macroeconomic climate is challenging, with high devaluation, pushing inflation to decade-high levels. The Group navigated these challenges successfully in 2023. Its growth in topline, despite the headwinds, demonstrates its diversified operations, robust portfolio and its role as a provider of essential products to Pakistan. The Holding Company's world-class manufacturing facilities will continue to offer a competitive advantage, and Group's human capital is well-equipped to guide the Group through future turbulence which will likely comprise of high inflation and interest rate environment. The Group will continue to focus on delivering value to all stakeholders including customers, suppliers and its shareholders.

44. transactions with related parties

44.1 Following are the names of associated companies and undertakings and other related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.27%	Parent Company
Engro Eximp FZE	N/A	Subsidiary of Parent Company
Engro Elengy Terminal (Private) Limited	N/A	Subsidiary of Parent Company
Elengy Terminal Pakistan Limited	N/A	Subsidiary of Parent Company
Engro Energy Limited	N/A	Subsidiary of Parent Company
Engro Energy Services Limited	N/A	Subsidiary of Parent Company
Engro Eximp Agriproducts (Private) Limited	N/A	Subsidiary of Parent Company
Engro Polymer and Chemicals Limited	N/A	Subsidiary of Parent Company
Engro Power Services Limited	N/A	Subsidiary of Parent Company
Engro Peroxide (Private) Limited	N/A	Subsidiary of Parent Company
Engro Plasticizer (Private) Limited	N/A	Subsidiary of Parent Company
Think PVC (Private) Limited	N/A	Subsidiary of Parent Company
Engro Powergen Qadirpur Limited	N/A	Subsidiary of Parent Company
Engro Infiniti (Private) Limited	N/A	Subsidiary of Parent Company
Engro Powergen Thar (Private) Limited	N/A	Subsidiary of Parent Company
Engro Enfrashare (Private) Limited	N/A	Subsidiary of Parent Company
Engro Connect (Private) Limited	N/A	Subsidiary of Parent Company
FrieslandCampina Engro Pakistan Limited	N/A	Associate of Parent Company
Engro Foundation	N/A	Associate of Parent Company
Engro Vopak Terminal Limited	N/A	Associate of Parent Company
Sindh Engro Coal Mining Company Limited	N/A	Associate of Parent Company
Karachi Port Trust	N/A	Associate of Parent Company
Thar Power Company Limited	N/A	Associate of Parent Company
Reon Energy Limited	N/A	Associate of Parent Company
Dawood Foundation	N/A	Associate of Parent Company
Indus Hospital and Health Network	N/A	Associate of Parent Company
Pakistan Stock Exchange Limited - PSX	N/A	Common Directorship
Pakistan Institute of Corporate Governance (PICG)	N/A	Common Directorship
Signify Pakistan Limited	N/A	Common Directorship
Sui Southern Gas Company Limtited - SSGC	N/A	Common Directorship
Uniliver Pakistan Foods Limited	N/A	Common Directorship
Ghias Khan	N/A	Director
Asim Murtaza Khan	N/A	Director
Asad Said Jafar	N/A	Director
Javed Akbar	N/A	Director
Dr. Shamshad Akhtar	N/A	Director
Ms. Danish Zuberi	N/A	Director
Khawaja Bilal Hussain	N/A	Director
Ismail Mahmud	N/A	Director
Ahsan Zafar Syed	N/A	Chief Executive Officer

(Amounts in thousand)

Name of Related parties	Direct shareholding	Relationship
Imran Ahmed	N/A	Key Management Personnel
Farooq Barkat Ali	N/A	Key Management Personnel
Ali Rathore	N/A	Key Management Personnel
Sulaiman Ijaz	N/A	Key Management Personnel
Muhammad Saad Khan	N/A	Key Management Personnel
Khawaja Bilal Mustafa	N/A	Key Management Personnel
Muhammad Majid Latif	N/A	Key Management Personnel
Ammar Shah	N/A	Key Management Personnel
Atif Muhammad Ali	N/A	Key Management Personnel
Syed Shahzad Nabi	N/A	Key Management Personnel
Khusrau Nadir Gilani	N/A	Key Management Personnel
FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	N/A	Associate of Parent Company
Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited DB Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited Provident Fund	N/A	Post Employment Benefits

44.2 Following are the names of related parties incorporated outside Pakistan with whom the Group had entered into transactions or had agreements and arrangements in place during the year:

Name of Related Party	Country of incorporation	Registered Address
Engro Eximp FZE	United Arab Emirates	BCW JAFZA 18 & 19, Office # 110, United Arab Emirates

44.3 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

(Amounts in thousand)

	2023	2022
	....Rupees....	
Parent Company		
Dividend paid	13,147,961	10,143,534
Mark-up paid / payable on subordinated loan	42,976	420,763
Reimbursements made:		
- by the Group	167,127	64,933
- to the Group	2,431,898	1,336,272
Royalty	2,599,958	1,412,096
Use of assets	1,073,020	13,150,000
Loan received from Parent Company	-	17,350,000
Repayment of sub-ordinated loan	1,000,000	-
Purchase of taxable loss	319,748	934,203
Associated companies		
Purchases and services received	55,706,549	28,363,538
Services provided	101,202	135,241
Sales	-	36,900
Reimbursements made:		
- by the Group	449,170	992,087
- to the Group	767,454	39,749
Donations	430,000	253,000
Dividend paid to Trustees of Friesland Campina Engro Pakistan Limited Employees Gratuity Fund	341	728
Use of assets	977,136	577,032
Contribution to staff retirement benefits		
Pension fund	12,555	10,728
Gratuity fund	170,764	170,843
Provident fund	209,052	206,067
Dividend paid to staff retirement benefits		
Pension fund	179	422
Gratuity fund	4,455	3,373
Provident fund	8,442	6,396
Others		
Remuneration of key management personnel	359,230	357,626
Directors' fees	23,136	18,378

(Amounts in thousand)

45. operating segment results

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	----	----	----	----	Rupees	----	----	----	----	----
Sales	113,663,898	65,545,217	73,922,617	66,341,807	44,685,692	23,860,775	2,148,523	3,509,184	234,420,730	159,256,983
Intersegment sales	23,809,572	11,914,323	-	-	-	-	2,421,758	1,333,138	26,231,330	13,247,461
Sales tax	(3,216,080)	(741,641)	(4,728,743)	(564,516)	(1,689,424)	(82,518)	(166,471)	(321,697)	(9,800,718)	(1,710,372)
	134,257,390	76,717,899	69,193,874	65,777,291	42,996,268	23,778,257	4,403,810	4,520,625	250,851,342	170,794,072
Profit before tax / (Loss)	36,888,226	13,330,186	9,265,881	10,120,182	3,708,285	3,191,269	(169,124)	(79,934)	49,693,268	26,561,703
Depreciation & Amortisation	3,279,116	2,722,142	-	-	69,833	52,171	738,162	664,007	4,087,111	3,438,320
Capital Expenditure	5,749,238	7,948,876	-	-	138,636	62,607	224,607	242,600	6,112,481	8,254,083

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	----	----	----	----	Rupees	----	----	----	----	----
Segment Assets	99,929,761	97,967,739	13,142,925	12,750,432	5,926,228	7,850,667	13,408,481	11,962,543	132,407,395	130,531,381
Unallocated assets	-	-	-	-	-	-	-	-	28,435,275	14,881,951
Total Assets	99,929,761	97,967,739	13,142,925	12,750,432	5,926,228	7,850,667	13,408,481	11,962,543	160,842,670	145,413,332

45.1 Reconciliation of reportable segment net sales

	2023	2022
	....Rupees....	
Net Sales		
Total net sales for reportable segment	250,851,342	170,794,072
Elimination of intersegment net sales	(26,231,330)	(13,247,461)
Elimination of net sales to subsidiary	(915,420)	(529,681)
Total net sales	223,704,592	157,016,930

45.2 Reconciliation of reportable segment total assets

	2023	2022
Total assets for reportable segments	132,407,395	130,531,381
Add: Unallocated assets		
- Accrued income	116,629	175,078
- Short-term investments	24,062,828	9,668,016
- Long-term investments	202,134	2,204,759
- Cash and bank balances	4,053,684	2,834,098
	28,435,275	14,881,951
Total assets	160,842,670	145,413,332

(Amounts in thousand)

46. production capacity

	Designed annual capacity		Actual production		Remarks
	Metric Tons		Metric Tons		
	2023	2022	2023	2022	
	----------Kilo tons	----------	----------	----------	
Urea plant I & II	2,275,000	2,275,000	2,313,448	1,954,528	Production planned as per market demand
NPK plant	100,000	100,000	96,328	137,075	

47. number of employees

	Number of employees as at December 31		Average number of employees during the year	
	2023	2022	2023	2022
Management employees	734	881	767	904
Non-management employees	480	472	477	471
	1,214	1,353	1,244	1,375

48. contributory retirement funds

The employees of the Group participate in the Retirement Fund maintained by the Parent Company. The investments out of the retirement fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified there-under.

49. seasonality

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average, fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

50. interest in joint arrangements

In 2022, the Holding Company, Fauji Fertilizer Company Limited (Fauji) and Fatima Fertilizer Company Limited (FATIMA) (collectively the Fertilizer Manufacturers) entered into a Framework Agreement dated November 30, 2022 (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project. Under the Agreement, the Fertilizer Manufacturers have decided to jointly develop and install pressure enhancement facilities at Mari Petroleum Company Limited's (MPCL's) delivery node to sustain the current level of pressure of gas supply from HRL reservoir of MPCL.

(Amounts in thousand)

All decisions with respect to the development and operations of PEF would be made only with unanimous consent of the Fertilizer Manufacturers. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS 11 - Joint Arrangements. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Fertilizer Manufacturers, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operation' in these consolidated financial statements. Current cost sharing percentages in PEF of the Holding Company, Fauji and FATIMA are 33.9%, 47.7% and 18.4%, respectively. The Holding Company has continued to recognise its share of jointly held asset in these consolidated financial statements.

51. non-adjusting event after the reporting date

The Board of Directors of the Holding Company in its meeting held on February 15, 2024 has proposed a final cash dividend of Rs. 8 per share for the year ended December 31, 2023 amounting to Rs. 10,682,395 for approval of the members at the Annual General Meeting to be held on March 26, 2024.

52. corresponding figures

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with the requirements of accounting and reporting standards applicable on the Group. However, there are no material reclassifications.

53. date of authorisation for issue

These consolidated financial statements were authorised for issue on February 15, 2024 by the Board of Directors of the Holding Company.

Ali Rathore	Ahsan Zafar Syed	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

financials statements
for the year ended december 31, 2023

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Fertilizers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Engro Fertilizers Limited (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD

pwc A·F·FERGUSON&Co.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Income tax and Sales tax provisions and contingencies** (Refer notes 28.2, 28.3, 28.7 to 28.11 and 37 to the financial statements) The Company has recognised provisions and has disclosed contingent liabilities in respect of certain income tax and sales tax matters, which are pending adjudication before various appellate and legal forums. Provisions and contingencies require management of the Company to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for recognition and measurement of any provision and disclosure in respect of such provisions and contingencies. Due to the significance of the amounts involved, inherent uncertainties associated with the outcome of the matters, legal forums at which these are currently pending and use of significant judgments and estimates to assess the same including related financial impacts, which may change over time as new facts emerge and the matters progress, we have considered income tax and sales tax provisions and contingencies as a key audit matter.	Our audit procedures amongst others included the following: • obtained and examined details of the documentation relating to pending tax matters and discussed the same with the Company's management; • circularised confirmations to the Company's external legal and tax advisors for their views on matters being handled by them; • involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors engaged by the Company; • checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • checked the mathematical accuracy of the calculations underlying the provisions; and • assessed the adequacy of the related disclosures made in the financial statements with respect to the applicable accounting and reporting standards.

Information Other than the Financial Statements and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants
Karachi

Date: March 5, 2024

UDIN: AR202310113sXluSz3tW

statement of financial position

as at december 31, 2023

(Amounts in thousand)

	Note	2023 ....Rupees....	2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	78,440,081	77,879,522
Intangible assets	5	5,184,192	5,287,980
Investment in subsidiary	6	100	100
Long-term investments	7	101,067	2,103,692
Long-term loans, advances and deposits	8	209,806	206,531
		83,935,246	85,477,825
Current assets			
Stores, spares and loose tools	9	8,729,523	6,495,230
Stock-in-trade	10	5,364,420	8,426,837
Trade debts	11	2,069,174	2,477,857
Other receivables	12	14,301,939	19,806,771
Loans, advances, deposits and prepayments	13	2,691,814	2,272,406
Working capital loan to subsidiary	14	1,552,107	2,731,067
Accrued income		518,468	803,807
Short-term investments	15	23,601,793	8,553,169
Cash and bank balances	16	3,436,825	2,710,215
		62,266,063	54,277,359
Assets classified as held for sale	17	1,525,396	-
TOTAL ASSETS		147,726,705	139,755,184

(Amounts in thousand)

	Note	2023 ....Rupees....	2022
EQUITY & LIABILITIES			
Equity			
Share capital	18	13,352,993	13,352,993
Reserves			
Share premium	19	3,384,904	3,384,904
Reserve on amalgamation	19	(304,027)	(304,027)
Remeasurement of post employment benefits	19	(74,384)	(100,348)
Unappropriated profit	19	28,666,858	26,356,179
		31,673,351	29,336,708
TOTAL EQUITY		45,026,344	42,689,701
Liabilities			
Non-current liabilities			
Borrowings	20	3,267,427	5,841,898
Government grant	21	721,334	890,939
Deferred taxation	22	10,401,710	8,161,234
Deferred liabilities	23	232,130	231,176
Provision for Gas Infrastructure Development Cess (GIDC)	24	-	2,315,163
		14,622,601	17,440,410
Current liabilities			
Trade and other payables	25	64,725,828	42,808,977
Accrued interest / mark-up		72,526	508,933
Taxation - net		337,052	3,574,054
Current portion of:			
- borrowings	20	2,715,014	6,827,730
- government grant	21	235,755	255,874
- deferred liabilities	23	62,356	69,227
- provision for GIDC	24	19,558,031	16,704,957
Short-term borrowings	26	322,899	7,826,110
Loan from Holding Company	27	-	1,000,000
Unclaimed dividend		48,299	49,211
		88,077,760	79,625,073
TOTAL LIABILITIES		102,700,361	97,065,483
Contingencies and Commitments	28		
TOTAL EQUITY & LIABILITIES		147,726,705	139,755,184

The annexed notes from 1 to 55 form an integral part of these financial statements.

Ali Rathore	Ahsan Zafar Syed	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

statement of profit or loss

for the year ended december 31, 2023

(Amounts in thousand except for earnings per share)	Note	2023 ....Rupees....	2022
Net sales	29	161,666,127	96,944,967
Cost of sales	30	(102,243,887)	(67,544,033)
Gross profit		59,422,240	29,400,934
Selling and distribution expenses	31	(11,706,176)	(8,766,004)
Administrative expenses	32	(4,001,319)	(2,183,699)
		43,714,745	18,451,231
Other income	33	10,120,660	9,986,839
Other operating expenses	34	(3,988,085)	(1,871,522)
Finance cost	35	(1,884,506)	(2,699,069)
Other losses:			
- Remeasurement loss on provision for GIDC	24	(537,911)	(839,935)
- Loss allowance on subsidy receivable from GoP	36	(2,440,151)	(522,936)
		(2,978,062)	(1,362,871)
Profit before taxation		44,984,752	22,504,608
Taxation	37	(19,306,334)	(7,096,474)
Profit for the year		25,678,418	15,408,134
Earnings per share - basic and diluted	38	19.23	11.54

The annexed notes from 1 to 55 form an integral part of these financial statements.

Ali Rathore
Chief Financial Officer

Ahsan Zafar Syed
Chief Executive Officer

Ghias Khan
Chairman

statement of comprehensive income

for the year ended december 31, 2023

(Amounts in thousand)	2023 ....Rupees....	2022
Profit for the year	25,678,418	15,408,134
Other comprehensive income / (loss):		
Items not potentially re-classifiable to profit or loss		
- Remeasurement of post employment benefits obligation	42,564	(14,265)
- Tax relating to remeasurement of post employment benefits obligation	(16,600)	4,137
	25,964	(10,128)
Total comprehensive income for the year	25,704,382	15,398,006

The annexed notes from 1 to 55 form an integral part of these financial statements.

Ali Rathore
Chief Financial Officer

Ahsan Zafar Syed
Chief Executive Officer

Ghias Khan
Chairman

statement of changes in equity

for the year ended december 31, 2023

(Amounts in thousand)

		Reserves				
		Capital		Revenue		
	Share capital	Share premium	Reserve on amalgamation	Remeasurement of post employment benefits	Unappropriated profit	Total
	Rupees					
Balance as at January 1, 2023	13,352,993	3,384,904	(304,027)	(100,348)	26,356,179	42,689,701
Transactions with owners						
Dividends:						
- Final 2022: Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2023: Rs. 3.5 per share	-	-	-	-	(4,673,548)	(4,673,548)
- 2nd interim 2023: Rs. 3 per share	-	-	-	-	(4,005,898)	(4,005,898)
- 3rd interim 2023: Rs. 6 per share	-	-	-	-	(8,011,796)	(8,011,796)
					(23,367,739)	(23,367,739)
Total comprehensive income for the year ended December 31, 2023						
Profit for the year	-	-	-	-	25,678,418	25,678,418
Other comprehensive income:						
- remeasurements, net of tax	-	-	-	25,964	-	25,964
	-	-	-	25,964	25,678,418	25,704,382
Balance as at December 31, 2023	13,352,993	3,384,904	(304,027)	(74,384)	28,666,858	45,026,344
Balance as at January 1, 2022	13,352,993	3,384,904	(304,027)	(90,220)	28,974,586	45,318,236
Transactions with owners						
Dividends:						
- Final 2021: Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2022: Rs. 5.50 per share	-	-	-	-	(7,344,146)	(7,344,146)
- 2nd interim 2022: Rs. 3.00 per share	-	-	-	-	(4,005,898)	(4,005,898)
	-	-	-	-	(18,026,541)	(18,026,541)
Total comprehensive income for the year ended December 31, 2022						
Profit for the year	-	-	-	-	15,408,134	15,408,134
Other comprehensive loss:						
- remeasurements, net of tax	-	-	-	(10,128)	-	(10,128)
	-	-	-	(10,128)	15,408,134	15,398,006
Balance as at December 31, 2022	13,352,993	3,384,904	(304,027)	(100,348)	26,356,179	42,689,701

The annexed notes from 1 to 55 form an integral part of these financial statements.

Ali Rathore	**Ahsan Zafar Syed**	**Ghias Khan**
Chief Financial Officer	Chief Executive Officer	Chairman

statement of cash flows

for the year ended december 31, 2023

(Amounts in thousand)	Note	2023	2022
		....Rupees....	
Cash flows from operating activities			
Cash generated from operations	42	70,873,553	27,999,456
Retirement and other service benefits paid		(52,530)	(74,690)
Taxes paid		(20,302,860)	(8,433,655)
Long-term loans, advances and deposits		(3,275)	(67,385)
Income on deposits / other financial assets		4,600,118	2,653,070
Net cash generated from operating activities		55,115,006	22,076,796
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(6,174,436)	(8,377,514)
Proceeds from disposal of operating assets	4.3	268,056	418,378
Disbursement of working capital loan to subsidiary		(70,718,202)	(65,011,085)
Payment received against working capital loan to subsidiary		71,897,162	68,881,790
Purchase of short-term and long-term investments		(191,720,536)	(293,307,611)
Proceeds from sale of short-term and long-term investments		178,429,087	282,896,200
Dividends received		4,591,649	5,660,000
Net cash utilised in investing activities		(13,427,220)	(8,839,842)
Cash flows from financing activities			
Proceeds from long-term borrowings	20.4	-	993,993
Repayment of long-term borrowings	20.4	(7,076,643)	(5,771,083)
Loan repaid to the Holding Company	27	(1,000,000)	(4,200,000)
Finance cost paid		(2,258,121)	(2,263,303)
Dividends paid		(23,368,651)	(18,026,801)
Net cash utilised in financing activities		(33,703,415)	(29,267,194)
Net increase / (decrease) in cash and cash equivalents		7,984,371	(16,030,240)
Cash and cash equivalents at beginning of the year		(4,870,445)	11,159,795
Cash and cash equivalents at end of the year	43	3,113,926	(4,870,445)

The annexed notes from 1 to 55 form an integral part of these financial statements.

Ali Rathore	**Ahsan Zafar Syed**	**Ghias Khan**
Chief Financial Officer	Chief Executive Officer	Chairman

notes to the financial statements
for the year ended december 31, 2023

(Amounts in thousand)

1. legal status and operations

1.1 Engro Fertilizers Limited (the Company) is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company is listed on Pakistan Stock Exchange Limited (PSX). As at December 31, 2023, the Holding Company holds 56.27% share capital of the Company.

The Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The business units of the Company include the following:

Business unit	Geographical location
Head / Registered Office	7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
Engro Daharki Plant	District Ghotki, Sindh.
Engro Zarkhez Plant	EZ / 1 / P – 1 – II Eastern Zone, Port Qasim, Karachi.

1.2 These financial statements are the unconsolidated financial statements of the Company. The consolidated financial statements of the Company and its wholly owned subsidiary are presented separately. Details of investment held by the Company in its subsidiary have been provided in note 6.

2. material accounting policy information

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

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value and recognition of certain staff retirement benefits at present value.

2.1.2 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the requirements of IFRSs, the provisions of and directives issued under the Act have been followed for the preparation and presentation of these financial statements.

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.4 Initial application of standards, amendment or an interpretation to existing standards

a) Amendments or improvements to approved accounting and reporting standards that became effective during the year

There are certain amendments or improvements to approved accounting and reporting standards that are effective for the first time for the financial year begining on January 1, 2023; however, these are considered not to have a significant impact on the Company's financial reporting and operations, therefore, have not been presented in these financial statements, except for the following:

i) Amendment to IAS 1 "Presentation of financial statements" and IFRS Practice Statement 2:

This recent amendment provides guidance and examples to help entities apply materiality judgements in order to determine accounting policy information which should be disclosed. This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about the accounting policy disclosures. This amendment only had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these financial statements.

b) Standard amendments or improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments or improvements to approved accounting and reporting standards that are not yet effective for the period beginning on January 1, 2023 and have not been early adopted by the Company. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and, therefore, have not been presented in these financial statements.

2.2 Property, plant and equipment

2.2.1 Owned assets

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

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

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

Disposal of asset is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within ‘Other operating expenses / income’ in the statement of profit or loss in the financial year of disposal.

Depreciation is charged to the statement of profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value, if significant, is depreciated over its estimated useful life. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

Depreciation method, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

2.3 Intangible assets

a) Computer software and licenses

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

Following initial recognition, computer software and licenses are carried at cost less accumulated amortisation and impairment losses, if any.

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

Computer software and license cost treated as intangible assets are amortised from the date the software is put to use on a straight line basis over a period of 4 years, except for the Company's investment in its ERP i.e. OneSAP, which is being amortised over a period of 8 years.

b) Rights for future gas utilisation

Rights for future gas utilisation represent premium paid to the GoP for allocation of 100 MMSCFD natural gas for a period of 20 years for the Company's Enven plant. The rights are being amortised from the date of commercial production on a straight line basis over the remaining allocation period.

c) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Company's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

d) Right to use the brand

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

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is tested for impairment at least once a year and other intangibles with indefinite useful life are tested for impairment at each reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to the statement of profit or loss.

Impairment is reversed only if there have been changes in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had there been no recognition of impairment, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

2.5 Investment in subsidiary

Investment in subsidiary companies are initially recognised at cost. These are subsequently measured at cost less accumulated impairment, if any. Where impairment losses subsequently reverse, the carrying amount of the investments are increased to the revised amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss.

2.6 Joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Company classifies a joint arrangement as joint operation when the Company has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company classifies a joint arrangement as a joint venture when the Company has the rights to the net assets of the arrangement.

In respect of an interest in a joint operation, the Company recognises its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

2.7 Financial assets

2.7.1 Classification, initial recognition and measurement

Financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The management determines the classification of financial assets into appropriate categories at initial recognition based on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

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

2.7.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss and other comprehensive income (as the case may be).

2.7.3 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company measures ECL of a financial instrument in a way that reflects:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b) the time value of money; and

c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

A default on a financial asset is considered when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there are no reasonable expectation of recovery. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the balance due. Where recoveries are made, these are recognised in the statement of profit or loss.

2.8 Financial liabilities

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

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

2.9 Offsetting financial instruments

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

2.10 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated realisable value. The Company reviews the carrying amount of stores, spares and losse tools on a regular basis and provision is made for obsolescence.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as major spare parts and stand-by equipment under property, plant and equipment.

2.11 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined using weighted average method except for raw materials in transit which are stated at cost (invoice value) plus other charges incurred thereon till the reporting date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make the sales.

2.12 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. The amount of provision is charged to the statement of profit or loss.

Trade debts and other receivables considered irrecoverable are written-off.

2.13 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand, balances with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(Amounts in thousand)

2.14 Share capital

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

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

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

2.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.17 Income tax

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

Current

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

Deferred

Deferred tax is recognised using the balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.18 Employee benefits

2.18.1 Defined contribution plans

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

The Company contributes to:

- defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary;

- defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund as explained in note 2.18.3. Monthly contributions are made by the Company to the fund at rates ranging from 12.5% to 13.75% of basic salary; and

- defined contribution gratuity fund for the benefit of those management employees who have selected to opt out of defined benefit gratuity fund and defined contribution pension plans as explained in note 2.18.3. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

All of the aforementioned funds are managed by the Holding Company.

(Amounts in thousand)

2.18.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit Method, related details of which are given in note 41.1 to the financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognised directly in equity through other comprehensive income.

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Company also contributes to:

- defined benefit funded pension scheme for its management employees; and

- defined benefit funded gratuity schemes for its management and non-management employees.

The pension scheme provides life time pension to retired employees or their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme.

2.18.3 In June 2011, the Company gave a one time irrevocable option to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employees' Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

2.18.4 Service incentive plan

The Company recognises annual provision under a service incentive plan for certain category of experienced employees to continue in the Company’s employment.

2.18.5 Employees' compensated absences

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

2.19 Provisions

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

2.20 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is the Company’s functional and presentation currency. Amounts presented in these financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of profit or loss.

2.21 Revenue recognition

The Company manufactures and sells urea and other Fertilizers products in the market. Revenue from sale of goods is recognised when control of the products is transferred i.e. when the product is dispatched / delivered to the customer. The payment terms in contracts with customers for sale of goods range from 30 to 180 days from invoice date.

The Company also provides transportation / logistics services to industrial customers. Performance obligation for transportation / logistics services is satisfied upon the goods reaching the designated destination. Revenue from providing such services is recognised in the accounting period in which the services are rendered. The payment terms in contracts with customers for services range from 30 to 120 days from invoice date.

Revenue is measured at fair value of the consideration received or receivable (which is generally equal to invoice amount), excluding discounts, rebates and government levies.

2.22 Other income

Income on deposits and other financial assets is recognised on accrual basis.

(Amounts in thousand)

Commission and sub-licensing income is recognised on accrual basis in accordance with the substance of the relevant agreement.

Dividend income on equity investments is recognised when the Company's right to receive the dividend is established.

2.23 Earnings per share

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

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

2.25 Dividend and appropriation to reserves

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

3. critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is also made for possible impairment on an annual basis.

(Amounts in thousand)

3.2 Income taxes

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

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depends on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 41.

3.4 Impairment of goodwill and right to use the brand

Determining the recoverable amount of goodwill and right to use the brand involves use of significant estimates and assumptions. In making the aforementioned fair valuation estimates, discounted cash flow approach is used. The underlying assumptions used for such valuation are disclosed in note 5.1.

3.5 Contingencies and provisions

Significant estimates and judgements are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

3.6 Impairment of financial assets

Significant estimates are involved in the assessment of the correlation between historical observed default rates and the projection of cashflows, forecast economic conditions and ECL. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions.

4. property, plant and equipment

	2023	2022
	....Rupees....	
Operating assets at net book value (note 4.1)	69,424,498	68,564,208
Capital work in progress (CWIP) (note 4.5)	7,734,005	7,793,135
Major spare parts and stand-by equipment	1,281,578	1,522,179
	78,440,081	77,879,522

(Amounts in thousand)

4.1 Operating assets

	Land		Building on								
	Freehold	Leasehold	Freehold land	Leasehold land	Plant and machinery	Gas pipeline	Catalyst	Office equipment	Aircraft	Vehicles	Total
As at January 1, 2022											
Cost	194,914	97,284	3,108,404	449,341	104,041,061	2,664,029	1,982,247	1,330,117	624,228	3,247,211	117,738,836
Accumulated depreciation	-	(43,052)	(1,536,058)	(190,309)	(50,527,156)	(1,157,485)	(1,707,181)	(897,683)	(43,473)	(1,035,357)	(57,137,754)
Net book value	194,914	54,232	1,572,346	259,032	53,513,905	1,506,544	275,066	432,434	580,755	2,211,854	60,601,082
Year ended December 31, 2022											
Net book value - January 1, 2022	194,914	54,232	1,572,346	259,032	53,513,905	1,506,544	275,066	432,434	580,755	2,211,854	60,601,082
Transfers from CWIP (note 4.5.2)	-	-	100,911	-	7,695,780	967	402,520	128,317	2,634,870	360,763	11,324,128
Disposals / write offs (note 4.3)											
Cost	-	-	-	-	(1,428,760)	-	-	(11,787)	-	(120,459)	(1,561,006)
Accumulated depreciation	-	-	-	-	1,401,415	-	-	10,075	-	44,925	1,456,415
	-	-	-	-	(27,345)	-	-	(1,712)	-	(75,534)	(104,591)
Depreciation charge (note 4.2)	-	(1,674)	(78,345)	(10,865)	(2,225,266)	(63,403)	(222,384)	(155,540)	(152,073)	(346,861)	(3,256,411)
Net book value	194,914	52,558	1,594,912	248,167	58,957,074	1,444,108	455,202	403,499	3,063,552	2,150,222	68,564,208
As at January 1, 2023											
Cost	194,914	97,284	3,209,315	449,341	110,308,081	2,664,996	2,384,767	1,446,647	3,259,098	3,487,515	127,501,958
Accumulated depreciation	-	(44,726)	(1,614,403)	(201,174)	(51,351,007)	(1,220,888)	(1,929,565)	(1,043,148)	(195,546)	(1,337,293)	(58,937,750)
Net book value	194,914	52,558	1,594,912	248,167	58,957,074	1,444,108	455,202	403,499	3,063,552	2,150,222	68,564,208
Year ended December 31, 2023											
Net book value - January 1, 2023	194,914	52,558	1,594,912	248,167	58,957,074	1,444,108	455,202	403,499	3,063,552	2,150,222	68,564,208
Additions including transfers from CWIP (notes 4.1.1 and 4.5.2)	-	-	205,338	90	3,638,893	-	886,638	287,483	595,314	760,499	6,374,255
Disposals / write offs (note 4.3)											
Cost	-	-	(121)	-	(92,228)	-	-	(30,960)	-	(250,573)	(373,882)
Accumulated depreciation	-	-	121	-	73,483	-	-	30,148	-	164,972	268,724
	-	-	-	-	(18,745)	-	-	(812)	-	(85,601)	(105,158)
Depreciation charge (note 4.2)	-	(1,674)	(91,592)	(10,865)	(2,619,875)	(63,423)	(365,542)	(176,740)	(201,606)	(352,094)	(3,883,411)
Assets classified as held for sale (note 17)	-	-	-	-	-	-	-	-	-	(1,525,396)	(1,525,396)
Net book value	194,914	50,884	1,708,658	237,392	59,957,347	1,380,685	976,298	513,430	3,457,260	947,630	69,424,498
As at December 31, 2023											
Cost	194,914	97,284	3,414,532	449,431	113,854,746	2,664,996	3,271,405	1,703,170	3,854,412	3,997,441	133,502,331
Accumulated depreciation	-	(46,400)	(1,705,874)	(212,039)	(53,897,399)	(1,284,311)	(2,295,107)	(1,189,740)	(397,152)	(1,524,415)	(62,552,437)
Assets classified as held for sale (note 17)	-	-	-	-	-	-	-	-	-	(1,525,396)	(1,525,396)
Net book value	194,914	50,884	1,708,658	237,392	59,957,347	1,380,685	976,298	513,430	3,457,260	947,630	69,424,498
Annual rate of depreciation (%)	-	2 to 5	2.5 to 10	2.5	3 to 10	2 to 6	No. of production days	10 to 25	14.3	10 to 25	

4.1.1 Includes Rs. 302,556 (2022: Nil) transferred from major spare parts and standby equipment.

(Amounts in thousand)

4.2 Depreciation charge for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of sales (note 30)	3,468,521	2,928,488
Selling and distribution expenses (note 31)	139,614	142,659
Administrative expenses (note 32)	275,276	185,264
	3,883,411	3,256,411

4.3 The details of operating assets disposed / written off during the year are as follows:

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) (note 33)
		-----	-----	Rupees	-----	-----
Items having net book value of Rs. 500 each or more						
Vehicle to employees						
As per company policy	Muhammad Imran Idris	4,249	-	4,249	3,663	(586)
As per company policy	Nida Fatima Hashmi	5,472	1,628	3,844	4,081	237
As per company policy	Arshad Naveed	4,194	773	3,421	3,749	328
As per company policy	Shaban Zafar Ali	5,520	2,346	3,174	3,857	683
As per company policy	Asad Aleem	4,187	1,068	3,119	3,126	7
As per company policy	Anoosha Naushad	3,453	538	2,915	3,191	276
As per company policy	Muhammad Waqas Quraishi	3,532	801	2,731	3,149	418
As per company policy	Muhammad Ali	3,044	474	2,570	2,834	264
As per company policy	Kassim Motiwalla	4,396	1,931	2,465	4,002	1,537
As per company policy	Rohail Hussain Khilji	3,463	1,030	2,433	2,879	446
As per company policy	Nadeem Ahmad	5,443	3,084	2,359	2,403	44
As per company policy	Somia Manzoor Khan	3,462	1,324	2,138	2,146	8
As per company policy	Mojiz Mansoor	3,397	1,300	2,097	2,142	45
As per company policy	Muhammad Tariq Sheikh	3,315	1,268	2,047	2,846	799
As per company policy	Ali Muhammad	3,403	1,398	2,005	2,390	385
As per company policy	Usman Asif	3,184	1,398	1,786	2,388	602
As per company policy	Syed Shahab Shahid	3,184	1,419	1,765	2,277	512
As per company policy	Hasnain Raza	2,665	976	1,689	2,164	475
As per company policy	Muhammad Arif Saeed	3,251	1,566	1,685	1,799	114
As per company policy	Muhammad Humza Awais	2,654	1,015	1,639	2,052	413
As per company policy	Waqas Saeed	2,649	1,014	1,635	1,672	37
As per company policy	Asim Jamil	3,205	1,589	1,616	2,013	397
As per company policy	Mahvish Siddique	2,773	1,179	1,594	1,652	58
As per company policy	Muhammad Asif Ali	3,184	1,597	1,587	1,965	378
As per company policy	Nisar Ahmed Channa	2,593	1,102	1,491	1,621	130
As per company policy	Waqas Iqbal	2,648	1,179	1,469	1,600	131
As per company policy	Tariq Zafar	2,592	1,138	1,454	1,840	386
As per company policy	Adnan Maqsood Siddiqui	2,555	1,187	1,368	-	(1,368)
As per company policy	Saad Ahmed Qureshi	2,578	1,242	1,336	2,211	875
As per company policy	Danish Moin	2,654	1,342	1,312	1,751	439
As per company policy	Nadeem Ismat	2,992	1,780	1,212	1,733	521
As per company policy	Abdur Rehman Choudhary	2,592	1,395	1,197	1,471	274
As per company policy	Waqas Khan	2,659	1,506	1,153	1,416	263
As per company policy	Mutahir Rasool	2,537	1,408	1,129	1,351	222
		113,679	43,995	69,684	79,434	9,750

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) (note 33)
		-----	-----	Rupees	-----	-----
Items having net book value of Rs. 500 each or more						
Vehicles						
Bidding	Shahrukh Zahid	1,897	1,109	788	1,856	1,068
Bidding	Roshaan Ahmed Khan	1,892	1,107	785	2,324	1,539
Bidding	Sana U Haq	1,889	1,105	784	1,391	607
		5,678	3,321	2,357	5,571	3,214
Plant and machinery						
Bidding	AA Enterprise	57,603	45,284	12,319	8,745	(3,574)
Bidding	Syed Mansoor Ali	5,051	1,479	3,572	4,247	675
Bidding	Non Ferrous Metal Work	10,165	7,991	2,174	1,827	(347)
		72,819	54,754	18,065	14,819	(3,246)
Items having net book value less than Rs. 500 each						
Operating assets	Various	181,706	166,654	15,052	168,232	153,180
Year ended December 31, 2023		373,882	268,724	105,158	268,056	162,898
Year ended December 31, 2022		1,561,006	1,456,415	104,591	418,378	313,787

4.4 Particulars of immovable properties i.e. land and building which are in the name of the Company are as follows:

Location	Total Area (Acreage)
Daharki plant & colony	734
Zarkhez plant land at Port Qasim	112.5

4.5 Capital work in progress

	2023	2022
	....Rupees....	
Plant and machinery	6,100,844	5,127,846
Building and civil works including gas pipeline	346,447	98,842
Furniture, fixtures and equipment	616,010	163,911
Advances to suppliers	595,477	2,331,258
Others	75,227	71,278
	7,734,005	7,793,135

4.5.1 Includes Rs. 1,299,378 (2022: Rs. 636,268) which represents the Company's share in respect of a joint operation related to Pressure Enhancement Facility (PEF), as disclosed in note 52 to the financial statements.

	2023	2022
	....Rupees....	
4.5.2 Balance as at January 1	7,793,135	11,031,660
Additions during the year	6,112,481	8,254,083
Transferred to:		
- operating assets (note 4.1)	(6,071,699)	(11,324,128)
- intangible assets (note 5)	(99,912)	(168,480)
Balance as at December 31	7,734,005	7,793,135

5. intangible assets

	Goodwill	Right to use the brand (note 5.1)	Software and licenses (note 5.2)	Rights for future gas utilisation	Total
			----Rupees----		
As at January 1, 2022					
Cost	183,806	4,170,995	1,492,304	102,312	5,949,417
Accumulated amortisation	-	-	(594,245)	(53,763)	(648,008)
Net book value	183,806	4,170,995	898,059	48,549	5,301,409
Year ended December 31, 2022					
Net book value - January 1, 2022	183,806	4,170,995	898,059	48,549	5,301,409
Transfers from CWIP (note 4.5.2)	-	-	168,480	-	168,480
Amortisation (note 5.3)	-	-	(176,799)	(5,110)	(181,909)
Net book value	183,806	4,170,995	889,740	43,439	5,287,980
As at January 1, 2023					
Cost	183,806	4,170,995	1,660,784	102,312	6,117,897
Accumulated amortisation	-	-	(771,044)	(58,873)	(829,917)
Net book value	183,806	4,170,995	889,740	43,439	5,287,980

(Amounts in thousand)

	Goodwill	Right to use the brand (note 5.1)	Software and licenses (note 5.2)	Rights for future gas utilisation	Total
			----Rupees----		
Year ended December 31, 2023					
Net book value - January 1, 2023	183,806	4,170,995	889,740	43,439	5,287,980
Transfers from CWIP (note 4.5.2)	-	-	99,912	-	99,912
Write off					
Cost	-	-	(38,854)	-	(38,854)
Accumulated amortisation	-	-	38,854	-	38,854
Amortisation (note 5.3)	-	-	-	-	-
Net book value	-	-	(198,590)	(5,110)	(203,700)
As at December 31, 2023	183,806	4,170,995	791,062	38,329	5,184,192
Cost	183,806	4,170,995	1,721,842	102,312	6,178,955
Accumulated amortisation	-	-	(930,780)	(63,983)	(994,763)
Net book value	183,806	4,170,995	791,062	38,329	5,184,192
Annual rate of amortisation (%)	-	-	12.5 - 25	5	

5.1 Goodwill and Right to use the brand

Goodwill and right to use the brand represent amounts recognised on amalgamation of Engro Eximp (Private) Limited with the Company, being the difference between the fair values of net assets at the time of amalgamation and the amount of consideration given.

Goodwill and right to use the brand have been allocated to the single Cash Generating Unit (CGU) having an indefinite life, till the time the related CGU is disposed / derecognised. The recoverable amount of cash generating unit is the higher of value in use or fair value less costs to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit to which the asset belongs, discounted at risk-adjusted discount rate.

(Amounts in thousand)

Details relating to the discounted cash flow model used to determine the value in use of goodwill and right to use the brand are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information and past performance.
	Cost reflects past experience, adjusted for inflation and expected changes.
	Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	2.5%
Period of specific projected cash flows	5 years
Discount rate	22%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in impairment of related goodwill and right to use the brand.

5.1.1 Right to use the brand is in respect of selling Phosphate fertilizers, acquired under an agreement with the Holding Company, that has been valued at initial recognition using Relief from Royalty Method and is considered to have an indefinite life.

5.2 Primarily relates to cost incurred on implementation of new ERP i.e. OneSAP, which is being amortised over a period of 8 years.

5.3 Amortisation for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of sales (note 30)	18,763	15,157
Selling and distribution expenses (note 31)	9,158	4,371
Administrative expenses (note 32)	175,779	162,381
	203,700	181,909

6. investment in subsidiary

6.1 Represents investment in EFERT Agritrade (Private) Limited (EAPL) which was incorporated on July 6, 2017 as a wholly owned subsidiary of the Company to carry out business of trading and distribution of imported fertilizer. As part of the business reorganisation in 2017, the Company transferred its business of trading and distribution of imported fertilizer to EAPL and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

6.2 No new investment in associated companies and undertakings have been made during the year.

7. long-term investments

	2023	2022
	....Rupees....	
At amortised cost		
Pakistan Investment Bonds (note 7.1)	101,067	2,103,692

7.1 These bonds carry interest at the rate of 13.04% (2022: 13.04% to 17.57%) per annum and have maturity in four years (2022: two to five years).

8. long-term loans, advances and deposits - considered good

	2023	2022
	....Rupees....	
Loans and advances to:		
- Executives (notes 8.1, 8.2, 8.3, 8.5 and 8.6)	64,847	47,762
- Other employees (notes 8.4 to 8.6)	15,343	42,408
- Deposits to suppliers	201,246	190,062
	281,436	280,232
Less: Current portion shown under current assets (note 13)	(71,630)	(73,701)
	209,806	206,531

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

	2023	2022
Balance as at January 1	47,762	97,638
Disbursements	99,841	86,729
Repayments / Amortisation	(82,756)	(136,605)
Balance as at December 31	64,847	47,762

(Amounts in thousand)

8.2 Details of loans and advances to executives

	2023 ....Rupees....	2022
Service incentive loans	1,141	-
Advances in respect of:		
- Car earn out assistance	2,663	208
- House rent	1,961	5,403
- Salary	30,637	25,815
- Others	28,445	16,336
	64,847	47,762

8.3 The maximum amount outstanding from executives at the end of any month during the year aggregated to Rs. 64,847 (2022: Rs. 51,744).

8.4 Includes interest free loans given to workers pursuant to Collective Labour Agreement.

8.5 Represents loans granted to employees according to the Company's policy. These loans are interest free, repayable within 1 to 4 years and secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees.

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

9. stores, spares and loose tools

	2023 ....Rupees....	2022
Consumable stores, spares and loose tools (note 9.2)	9,701,353	7,403,162
Less: Provision for surplus and slow moving items (note 9.1)	(971,830)	(907,932)
	8,729,523	6,495,230

9.1 Provision for surplus and slow moving items

	2023	2022
Balance as at January 1	907,932	857,923
Charge for the year	324,181	140,055
Reversal during the year	(260,176)	(61,587)
Written off during the year	(107)	(28,459)
Balance as at December 31	971,830	907,932

9.2 During the year, the Company has directly written off stores, spares and loose tools amounting to Rs. 4,844 (2022: Rs. 11,751).

(Amounts in thousand)

10. stock-in-trade

	2023 ....Rupees....	2022
Raw materials (note 10.4)	3,322,973	1,636,382
Packing materials	1,058,075	296,246
Work in process	279,974	133,161
	4,661,022	2,065,789
Finished goods:		
- manufactured products (note 10.1)	740,739	5,581,621
- purchased and packaged products	-	967,124
	740,739	6,548,745
Less: Provision for impairment against stock-in-trade (note 10.2)	(37,341)	(187,697)
	5,364,420	8,426,837

10.1 Includes stock-in-trade costing Nil (2022: Rs. 3,112,124) carried at net realisable value, amounting to Nil (2022: Rs. 2,879,124).

10.2 Provision for impairment against stock-in-trade

	2023 ....Rupees....	2022
Balance as at January 1	187,697	146,194
Charge for the year	327,389	153,045
Reversal during the year	-	(93,450)
Written off during the year	(477,745)	(18,092)
Balance as at December 31	37,341	187,697

10.3 During the year, the Company has directly written off stock-in-trade amounting to Rs. 15,878 (2022: Rs. 180,311).

10.4 Includes stock-in-transit amounting to Rs. 643,764 (2022: Nil).

11. trade debts

	2023 ....Rupees....	2022
Considered good		
- Secured (note 11.1)	1,461,849	1,740,967
- Unsecured (note 11.2)	607,325	736,890
	2,069,174	2,477,857
Considered doubtful (note 11.3)	111,560	81,188
	2,180,734	2,559,045
Less: Provision for impairment against trade debts (note 11.3)	(111,560)	(81,188)
	2,069,174	2,477,857

(Amounts in thousand)

11.1 These debts are secured by way of bank guarantee.

11.2 During the year, the Company has directly written off trade debts amounting to Nil (2022: Rs. 2,204).

11.3 Provision for impairment against trade debts

	2023	2022
	....Rupees....	
Balance as at January 1	81,188	69,126
Charge for the year (note 34)	91,290	12,426
Written off during the year	(60,918)	(364)
Balance as at December 31	111,560	81,188

12. other receivables

	2023	2022
Subsidy receivable from the Government of Pakistan - net (notes 12.1 and 12.2)	1,608,667	4,048,818
Sales tax receivable	9,496,235	9,599,151
Due from Subsidiary Company	-	4,852,206
Due from Associated Companies:		
- Engro Polymer and Chemicals Limited	182,890	135,898
- Engro Powergen Qadirpur Limited	9,056	6,482
- Engro Energy Limited	477,983	138,736
- Engro Eximp Agriproducts (Private) Limited	7,533	4,670
- Sindh Engro Coal Mining Company Limited	7,124	1,161
- Engro Elengy Terminal (Private) Limited	123,729	18,950
- Engro Vopak Terminal Limited	5,830	2,990
- Engro Enfrashare (Private) Limited	1,589	1
- Engro Eximp FZE	-	260,132
- Think PVC (Private) Limited	20	7
- Engro Peroxide (Private) Limited	31	4
- Engro Powergen Thar (Private) Limited	-	941
- Elengy Terminal Pakistan Limited	9	-
- Engro Energy Services Limited	147	117
- Engro Plasticizer (Private) Limited	6	-
- Engro Infiniti (Private) Limited	70	-
- Engro Digital Limited	-	69
Receivable from Defined Benefit Gratuity Fund - MPT (note 41.2.1)	25,988	22,604
Workers' profits participation fund (note 12.4)	393,056	374,563
Claims receivable - net (note 12.5)	-	303,635
Others (note 12.8)	1,961,976	35,636
	14,301,939	19,806,771

12.1 In FY 2015, the Government of Pakistan (GoP) notified payment of subsidy on sold products at the rate of Rs. 500 per 50 kg bag of Di Ammonia Phosphate (DAP) and Rs. 217 per 50 kg bag of Nitrophos (N) and NPK fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

In FY 2016, a new subsidy scheme was announced by the GoP, effective June 25, 2016 whereby subsidy was payable on sold products at the rate of Rs. 156 per 50 kg bag of Urea and Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and NPK fertilizers (based on phosphorus content).

In FY 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs. 100 per 50 kg bag for Urea only. This subsidy scheme was effective till June 30, 2018. In line with the notification issued for the said scheme, Ministry of National Food Security and Research has appointed third party auditors for verification of subsidy claims which is underway.

12.2 Subsidy receivable from the Government of Pakistan - net

	2023	2022
	....Rupees....	
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (note 12.3)	(4,759,699)	(2,319,548)
	1,608,667	4,048,818

12.3 The movement in loss allowance on subsidy receivable from the GoP is as follows:

	2023	2022
	....Rupees....	
Balance as at January 1	2,319,548	1,796,612
Loss allowance for the year (note 36)	2,440,151	522,936
Balance as at December 31	4,759,699	2,319,548

12.3.1 As required under IFRS 9, an entity is required to assess changes in credit risk by taking into account the time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognise expected credit loss, if any. Based on this, the Company has recomputed expected credit loss amounting to Rs. 4,759,699 (2022: Rs. 2,319,548) on subsidy receivable from the GoP giving due consideration to the time value of money based on expected recovery of the subsidy receivable. The Company, however, is confident of full recovery of the subsidy amount from the GoP.

(Amounts in thousand)

12.4 Workers' profits participation fund

	2023	....Rupees.... 2022
Balance as at January 1	374,563	209,154
Charge for the year (note 34)	(2,365,961)	(1,125,437)
Payments during the year	2,384,454	1,290,846
Balance as at December 31	393,056	374,563

12.5 Claims receivable - net

	2023	2022
Gross claims receivable	27,287	330,922
Less: Provision against claims receivable (note 12.6)	(27,287)	(27,287)
	-	303,635

12.6 Provision against claims receivable

	2023	2022
Balance as at January 1	27,287	-
Charge for the year	-	27,287
Balance as at December 31	27,287	27,287

(Amounts in thousand)

12.7 The maximum amount due from the Holding Company, the subsidiary company and associated companies at the end of any month during the year is as follows:

	Maximum aggregate amount outstanding at the end of any month	Not Yet Due	Past Due			Total
			1-90 days	91-180 days	More than 180 days	2023
Holding Company	577,251	-	-	-	-	-
Subsidiary Company						
- EFERT Agritrade (Private) Limited	5,243,695	-	-	-	-	-
Associated Companies						
- FrieslandCampina Engro Pakistan Limited	473	-	-	-	-	-
- Engro Powergen Qadirpur Limited	9,056	359	895	137	7,665	9,056
- Sindh Engro Coal Mining Company Limited	7,124	-	1,055	1,170	4,899	7,124
- Engro Polymer and Chemicals Limited	337,699	9,393	(56,873)	130,924	99,446	182,890
- Engro Energy Limited	477,983	106,684	89,636	145,959	135,704	477,983
- Engro Powergen Thar (Private) Limited	915	-	-	-	-	-
- Engro Energy Services Limited	147	-	3	9	135	147
- Engro Vopak Terminal Limited	6,835	(632)	594	1,719	4,149	5,830
- Elengy Terminal Pakistan Limited	9	-	9	-	-	9
- Think PVC (Private) Limited	20	-	20	-	-	20
- Engro Peroxide (Private) Limited	31	-	8	12	11	31
- Engro Plasticizer (Private) Limited	6	-	-	6	-	6
- Engro Elengy Terminal (Private) Limited	151,770	(28,040)	47,377	27,457	76,935	123,729
- Engro Infiniti (Private) Limited	70	-	-	70	-	70
- Engro Digital Limited	69	-	-	-	-	-
- Engro Eximp Agriproducts (Private) Limited	9,708	239	404	921	5,969	7,533
- Engro Foundation	8,940	-	-	-	-	-
- Engro Enfrashare (Private) Limited	1,589	1,355	(378)	(300)	912	1,589
- Engro Eximp FZE	400,085	-	-	-	-	-
		89,358	82,750	308,084	335,825	816,017

(Amounts in thousand)

	Maximum aggregate amount outstanding at the end of any month	Not Yet Due	Past Due			Total
			1-90 days	91-180 days	More than 180 days	2022
Holding Company	588,982	-	-	-	-	-
Subsidiary Company						
- EFERT Agritrade (Private) Limited	5,322,367	1,336,197	682,406	54,201	2,779,402	4,852,206
Associated Companies						
- Engro Powergen Qadirpur Limited	6,832	495	(154)	190	5,951	6,482
- Sindh Engro Coal Mining Company Limited	5,185	(1,191)	2,352	(16)	16	1,161
- Engro Polymer and Chemicals Limited	151,588	45,120	59,995	(4,991)	35,774	135,898
- Engro Energy Limited	174,730	40,838	98,187	33	(322)	138,736
- Engro Powergen Thar (Private) Limited	941	(339)	174	157	949	941
- Engro Energy Services Limited	117	17	41	30	29	117
- Engro Vopak Terminal Limited	33,441	(43)	995	55	1,983	2,990
- Think PVC (Private) Limited	7	3	-	4	-	7
- Engro Peroxide (Private) Limited	4	3	-	1	-	4
- Engro Elengy Terminal (Private) Limited	74,463	(23,591)	43,627	28	(1,114)	18,950
- Engro Eximp Agriproducts (Private) Limited	14,264	-	1,404	8	3,258	4,670
- Engro Digital Limited	69	-	-	-	69	69
- Engro Foundation	85,073	-	-	-	-	-
- Engro Enfrashare (Private) Limited	154	-	-	1	-	1
- Engro Eximp FZE	260,132	149,824	-	(831)	111,139	260,132
		1,547,333	889,027	48,870	2,937,134	5,422,364

12.8 This includes Rs. 1,936,432 (2022: Nil) paid to a gas supplier pursuant to an arrangement under which the Company has committed to fulfil certain obligations in case of default by another gas company. The gas supplier will return the amount so paid once another gas company settles its outstanding amount.

13. loans, advances, deposits and prepayments - considered good

	2023	2022
	....Rupees....	
Current portion of long term loans and advances to executives and other employees (note 8)	71,630	73,701
Advances and deposits	2,081,241	1,387,925
Prepayments		
- Insurance	514,554	319,746
- Freight	19,041	164,876
- Others	5,348	326,158
	2,691,814	2,272,406

(Amounts in thousand)

14. working capital loan to subsidiary

Represents unsecured loan given to EAPL (a subsidiary company) amounting to Rs. 1,552,107 (2022: Rs. 2,731,067). The mark-up is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5% (2022: 1 month KIBOR + 0.5%) per annum.

15. short-term investments

	2023	2022
	....Rupees....	
At fair value through profit or loss		
Investment in units of mutual funds (notes 15.1 and 15.3)	21,847,462	1,650,000
At amortised cost		
- Pakistan Investment Bonds (note 15.2)	1,754,331	2,273,125
- Treasury Bills	-	4,384,594
- Term Deposit Receipts	-	245,450
	1,754,331	6,903,169
	23,601,793	8,553,169

15.1 This represents investment in 423,222,112 units (2022: 15,505,920 units) of Mutual Funds having cost amounting to Rs. 21,771,823 (2022: Rs. 1,650,000).

15.2 These bonds carry interest at the rate of 17.57% (2022: 14.84% to 17.66%) per annum and maturing in 9 months (2022: maturity ranging between 8 to 12 months).

15.3 This includes investment in 56,515,267 (2022: Nil) units of Shariah Compliant mutual funds amounting to Rs. 5,986,850 (2022: Nil) having cost amounting to Rs. 5,977,286 (2022: Nil).

16. cash and bank balances

	2023	2022
	....Rupees....	
Cash at banks in:		
- deposit accounts (notes 16.1 and 16.3)	2,368,768	481,955
- current accounts (notes 16.2 and 16.4)	1,056,444	2,217,047
	3,425,212	2,699,002
Cash in hand	11,613	11,213
	3,436,825	2,710,215

16.1 Deposit accounts carry return at the rates ranging from 14.50% to 20.50% (2022: 8.25% to 14.50%) per annum.

16.2 Includes Rs. 644,279 (2022: Rs. 402,089) held in foreign currency bank accounts.

16.3 Includes Shariah Compliant bank balances amounting to Rs. 623,151 (2022: Rs. 115,156) and carries profit at the rate of 20% (2022: 12%).

16.4 Includes Shariah Compliant bank balances amounting to Rs. 349,019 (2022: Rs. 303,575).

17. assets classified as held for sale

Certain assets have been classified as held for sale due to the decision of the directors of the Company to sell its existing E-Logistics business (previously classified under vehicles in operating assets - note 4.1). There are several interested buyers and the Company is in the process of finalization of deal. The management is committed in its plan to sell this business and expects the sale to be completed within 12 months from the reporting date. Therefore, the assets have been classified at lower of their carrying amount and fair value less cost to sell as recognised under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

18. share capital

	2023	2022
	....Rupees....	
Authorised capital		
1,400,000,000 (2022: 1,400,000,000) Ordinary shares of Rs. 10 each	14,000,000	14,000,000
Issued, subscribed and paid-up capital		
258,132,299 (2022: 258,132,299) Ordinary shares of Rs. 10 each, fully paid in cash	2,581,323	2,581,323
9,999,993 (2022: 9,999,993) Ordinary shares of Rs. 10 each issued as at January 1, 2010 on transfer of fertilizer undertaking	100,000	100,000
1,062,800,000 (2022: 1,062,800,000) Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	10,628,000	10,628,000
4,367,083 (2022: 4,367,083) Ordinary shares of Rs. 10 each issued upon exercise of conversion option by International Finance Corporation (IFC)	43,670	43,670
	13,352,993	13,352,993

(Amounts in thousand)

18.1 As at reporting date, the Holding Company held 56.27% (2022: 56.27%) of the share capital of the Company.

18.2 These fully paid ordinary shares carry one vote per share and right to dividend.

19. reserves

	2023	2022
	....Rupees....	
Capital reserves		
Share premium	3,384,904	3,384,904
Reserve on amalgamation (note 19.1)	(304,027)	(304,027)
	3,080,877	3,080,877
Revenue reserves		
Remeasurement of post employment benefits	(74,384)	(100,348)
Unappropriated profit	28,666,858	26,356,179
	28,592,474	26,255,831
	31,673,351	29,336,708

19.1 This reserve was created upon amalgamation of Engro Eximp (Private) Limited with the Company.

20. borrowings - secured (non-participatory)

	Note	Mark - up rate per annum	Installments		2023	2022
			Number	Commenced / Commencing from	....Rupees....	
Long term finance utilised under mark-up arrangements:						
Senior Lenders						
Allied Bank Limited	20.2 and 20.4	3 months KIBOR + 0.35%	6 half yearly	June 21, 2023	666,667	1,000,000
Allied Bank Limited	20.2 and 20.4	3 months KIBOR + 0.35%	12 quarterly	March 30, 2023	176,521	264,781
Allied Bank Limited	20.2 and 20.4	3 months KIBOR + 0.35%	6 half yearly	June 30, 2023	31,550	47,261
Allied Bank Limited	20.2 and 20.4	6 months KIBOR + 0.20%	4 half yearly	June 30, 2022	-	1,050,000
Allied Bank Limited	20.2 and 20.4	3 months KIBOR + 0.20%	6 half yearly	June 16, 2022	833,333	1,666,667
Deutsche Investitions und Entwicklungsgesellschaft	20.2 and 20.4	6 months LIBOR + 3.75%	9 half yearly	December 15, 2019	-	755,646
MCB Bank Limited	20.2 and 20.4	6 months KIBOR + 0.20%	4 half yearly	December 25, 2021	-	1,500,000
MCB Bank Limited	20.2 and 20.4	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	833,333	2,083,333
National Bank of Pakistan	20.2, 20.4 and 20.5	6 months KIBOR + 0.20%	4 half yearly	June 30, 2022	-	500,000
					2,541,404	8,867,688
TERF Loans						
Allied Bank Limited	20.3 and 20.4	1.50%	Various	March 30, 2023	630,664	676,310
Habib Bank Limited	20.3 and 20.4	2.00%	Various	January 29, 2022	729,898	799,841
MCB Bank Limited	20.3 and 20.4	1.50%	Various	January 13, 2023	3,037,564	3,472,602
					4,398,126	4,948,753
Less: Fair value adjustment for loan at below market rate	21				(957,089)	(1,146,813)
					3,441,037	3,801,940
					5,982,441	12,669,628
Less: Current portion shown under current liabilities					(2,715,014)	(6,827,730)
					3,267,427	5,841,898

(Amounts in thousand)

20.1 All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over current and future operating assets excluding immovable property of the Company.

20.2 During the year, the Company 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. 2,750,000, Rs. 2,320,638, Rs. 500,000 and Rs. 955,378 (including exchange loss), respectively.

20.3 During the year, the Company repaid TERF loan to Habib Bank Limited, Allied Bank Limited and MCB Bank Limited amounting to Rs. 69,943, Rs. 45,646 and Rs. 435,038, 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 2022.

In accordance with IFRS 9 Financial Instruments, the Company has recognised these loans at their fair value and the differential markup as deferred government grant income, as mentioned in note 21 to the financial statements, which will be amortised and set off against finance cost over the period of the facilities.

20.4 Following are the changes in long-term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2023 ....Rupees....	2022
Balance as at January 1	12,669,628	17,215,345
Borrowings availed during the year	-	993,993
Repayment of borrowings	(7,076,643)	(5,771,083)
Fair value adjustment for below market rate - net (note 21)	189,724	(67,110)
Exchange loss (note 42)	199,732	298,483
Balance as at December 31	5,982,441	12,669,628

20.5 This represents loan obtained under Islamic mode of financing.

21. government grant

	2023 ....Rupees....	2022
Balance as at January 1	1,146,813	1,079,703
Grant recognised on loan at below market interest rate	-	434,767
Less: released to the statement of profit or loss (note 35.1)	(189,724)	(367,657)
	957,089	1,146,813
Current portion	(235,755)	(255,874)
	721,334	890,939

21.1 The Company recognised government grant on loan received at below market interest rate (notes 20.3 and 20.4) in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance'.

22. deferred taxation

	2023 ....Rupees....	2022
Credit / (debit) balances arising on account of:		
- Accelerated depreciation allowance	18,594,963	15,078,826
- Provisions (note 22.1)	(8,209,853)	(6,922,299)
- Staff retirement benefits	16,600	4,707
	10,401,710	8,161,234

22.1 This includes an amount of Rs. 7,631,070 (2022: Rs. 6,457,059) relating to disallowance of GIDC provision by the income tax department on account of non-payment.

23. deferred liabilities

	2023 ....Rupees....	2022
Deferred income (note 23.1)	42,194	46,059
Service benefit obligations	252,292	254,344
Less: Current portion shown under current liabilities	(62,356)	(69,227)
	189,936	185,117
	232,130	231,176

23.1 This represents Rs. 96,627 received from Engro Powergen Qadirpur Limited (EPQL), an associated company, for the right to use the Company's infrastructure facilities at Daharki Plant by the employees of EPQL for a period of twenty five years. The amount is being amortised over such period.

(Amounts in thousand)

24. provision for gas infrastructure development cess

The Honorable Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 (the Judgment) declared that the levy imposed under the Gas Infrastructure Development Cess (GIDC) Act, 2015 (the Act) is valid and in accordance with the provisions of the Constitution of Pakistan 1973 (the Constitution). The SCP in its Judgment stated that the Government has already collected Rs. 295 million and this amount combined with the outstanding amount would be in the vicinity of Rs. 700 million. The SCP, therefore, issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the Act;

- As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020, and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge (LPS); and

- In case, no work is carried out on the gas infrastructure pipelines in the manner and / or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

Pursuant to the Judgement, the gas suppliers began invoicing the GIDC instalments for recovery with effect from August 01, 2020.

Aggrieved by the Judgment, the Company filed a review petition before the SCP, which was dismissed by the SCP on November 02, 2020 (Review Decision). However, the Review Decision (i) noted that the Government of Pakistan is agreeable to recover the unpaid arrears in 48 monthly installments instead of 24 monthly installments provided the time period for the projects was extended to 12 months from 6 months; and (ii) upheld the validity of Section 8(2) of the Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the proviso to Section 8(2) of the Act.

Subsequent to the Review Decision, the Company filed a rectification application before the SCP seeking a clarification regarding the increase in number of installments.

The Company also filed a suit before the Sindh High Court (SHC) on December 17, 2020 against collection of GIDC on non-concessionary feed gas supplied under the non-fixed price contracts and the fuel gas, on the basis of relief available under Section 8(2) of the Act and on the grounds that factual determination of the GIDC passed-on is to be carried out. The SHC granted the Company an interim stay restraining the impleaded gas companies from taking coercive action against the Company for non-payment of GIDC installments.

Further, against the GIDC instalment invoice received from SNGPL on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement (GSPA) dated April 11, 2007, the Company approached the SHC to challenge this imposition. The Company has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive against the Company on collecting GIDC on feed stock gas supplied to the Company under the GSPA. The management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence, no provision on account of GIDC has been recorded by the Company in these financial statements in respect of feed gas received under the GSPA.

Considering the events and developments in GIDC case, the Institute of Chartered Accountants of Pakistan (ICAP) released “Guidance on Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021, which specifies the requirements for recognition, measurement and presentation of GIDC.

Keeping in view the financial reporting guidance of ICAP, the Company has applied IAS 37 – “Provisions, Contingent Liabilities and Contingent Assets” and re-measured its previously undiscounted provision at its present value using the risk free rate, giving due consideration to the latest available information and the expected timing of the settlement i.e. 48 monthly installments, as also referred to in the Review Decision.

24.1 The movement in provision for GIDC is as follows:

	2023	2022
	....Rupees....	
Balance as at January 1	19,020,120	18,180,185
Remeasurement loss on provision for GIDC	537,911	839,935
Balance as at December 31	19,558,031	19,020,120
Less: Current portion of provision for GIDC	(19,558,031)	(16,704,957)
	-	2,315,163

(Amounts in thousand)

25. trade and other payables

	2023 ....Rupees....	2022
Creditors	2,166,926	4,973,646
Accrued liabilities (notes 25.1 to 25.3)	39,423,895	24,124,540
Advances from customers, contract liabilities	13,942,402	11,462,903
Payable to:		
- FrieslandCampina Engro Pakistan Limited	1,020	361
- EFERT Agritrade (Private) Limited	6,206,173	-
- Engro Powergen Thar (Private) Limited	1,225	-
- Engro Eximp FZE	147,697	-
- Engro Corporation Limited	669,814	178,659
- Engro Foundation	247,760	127,927
- Defined Contribution Provident Fund	1,216	35,892
- Defined Contribution Provident Fund - NMPT	43	6,326
- Defined Contribution Gratuity Fund - MPT	4,583	16,561
- Defined Benefit Pension Fund	16,898	984
- Defined Benefit Gratuity Fund - NMPT (note 41.2.1)	136,158	127,063
Deposits / Retention from dealers and contractors (note 25.4)	295,449	295,664
Workers' welfare fund	1,324,099	939,941
Witholding tax payable	80,713	206,849
Others	59,757	311,661
	64,725,828	42,808,977

25.1 On June 4, 2021, the SHC through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. The Company maintains adequate provision in these financial statements and has filed Civil Petition for Leave to Appeal (CPLA) before the SCP to challenge the SHC Judgement. On September 01, 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. The Company carries a provision of Rs. 1,742,984 (2022: Rs. 1,605,245) in this respect.

25.2 On June 10, 2021, the Company filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipelines Limited (SNGPL) be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale and Purchase Agreement and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 16,736,935 (2022: Rs. 6,706,128) in these financial statements.

25.3 In 2022, the Company received a letter from one of its gas supplier, which indicated that the pricing of gas supplied to the Company from the gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority (“OGRA”) for the fertilizer sector and such charge shall be applicable from the date of execution of the Gas Sale and Purchase Agreement (GSPA).

In this regard, the Company has submitted a formal response to the gas supplier. Without prejudice to the foregoing and any admission of liability, the Company has on prudent basis recorded a provision amounting to Rs. 2,380,450 (2022: Rs. 2,380,450) in these financial statements.

25.4 The amount is kept in separate term deposits account as per the terms of agreements and is not utilised for the purpose of the business of the Company.

26. short-term borrowings

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 20,930,000 (2022: Rs. 14,225,000) along with non-funded facilities of Rs. 18,432,000 (2022: Rs. 5,100,000) for bank guarantees. The rates of mark-up on funded bank overdraft facilities ranged from 0.2% to 0.65% (2022: 0.2% to 0.5%) per annum over 1-month and 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 322,899 (2022: Rs. 7,826,110) from funded facilities and Rs. 6,278,418 (2022: Rs. 7,366,087) from non-funded facilities as at the reporting date.

27. loan from holding company

Represents subordinated loan from the Holding Company amounting to Nil (2022: Rs. 1,000,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (2022: 3 months KIBOR + 0.1%) per annum.

28. contingencies and commitments

Contingencies

28.1 As at December 31, 2023, bank guarantees of Rs. 6,278,418 (2022: Rs. 7,366,087) have been issued in favour of third parties.

28.2 In 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of the Company u/s 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directives issued by Federal Board of Revenue (FBR). As such, the Company received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. The Company had filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against all amendment orders.

In 2022, the decision of the CIR(A) was received for all these years where legal objections interalia taken up on the selection / conduct of audit in this manner were upheld. In these orders, favorable decisions were made on majority of the matters, certain issues were remanded back for verification while inadmissibility of certain expenses and disallowance of WPPF were maintained, aggregating to Rs. 581,898. The Company has filed an appeal before the Appelate Tribunal Inland Revenue (ATIR) against the unfavorable decisions of CIR(A) which is currently pending.

Subsequently, the tax department issued appeal effect orders based on favorable CIR(A)'s decision, where tax department again decided some of the remanded back issues against the Company resulting in tax liability of Rs. 194,148. Appeal before CIR(A) had been filed against these appeal effect orders. During the year, CIR(A)'s order on aforesaid appeal has been received in favour of the Company.

In respect of sales tax audits, in 2021, the tax department only issued a Show Cause Notice (SCN) for TY 2017. The Company filed Constitutional Petitions before the Sindh High Court (SHC) challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 13, 2021, the SHC granted ad-interim orders in favour of the Company for all three tax years.

Management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

28.3 In 2022, in respect of TY 2018, the Company received an order from the Assistant Commissioner Inland Revenue (ACIR) restricting brought forward losses having a tax impact of Rs. 580,910. This disallowance had been made in the assessment orders relating to prior years which are pending in appeals. Certain errors have been made in relation to allowance of credits which will be taken up in rectification.

Management considers, based on the tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

28.4 The Company filed a constitutional petition in the SHC against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and SNGPL for continuous supply of 100 mmscfd gas per day to the Company's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. Through its order dated October 18, 2011, the SHC ordered that SNGPL should supply 100 mmscfd gas per day to the Company's new plant. However, five petitions have been filed in the SCP against the aforementioned order of the SHC by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited along with twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. The Company's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be low.

Further, the Company upon continual curtailment of gas after the aforementioned decision of the SHC filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. The Company, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the Company's plant despite the judgment of the SHC in the Company's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the SHC. The application is pending for hearing and no orders have yet been passed in this regard.

28.5 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to the Company's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 between the Company and SNGPL be declared void ab initio because the output of Qadirpur gas field has in fact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. The Company has outrightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to the Company through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the Company's new plant, with right to first 100 mmscfd gas production from the Qadirpur gas field; and (iii) both the Company and the Qadirpur gas field are located in Sindh. Also, neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that a similar matter is pending in the SCP. However, the Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be low.

28.6 In 2013, the Company, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 (2010 Act) in relation to alleged unreasonable increase in fertilizer prices. The Company has responded in detail that factors resulting in such an increase were mainly due to the imposition of infrastructure cess, sales tax and gas curtailment. The CCP issued an order in March 2013, whereby it held that the Company has a dominant position in the urea market and that it has abused the same by unreasonable increases in urea prices during the period December 2010 to December 2011. The CCP also held another major fertilizer company to be responsible for abusing its dominant position. Moreover, the CCP imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on the Company and the other fertilizer company, respectively. An appeal has been filed before the Competition Appellate Tribunal (CAT) and a writ has been filed in the SHC wherein stay has been granted in favour of the Company restraining CCP and Federation of Pakistan (i.e., Respondents) from taking any coercive action.

In the case of the other fertilizer company, CAT has transferred the case back to the CCP for reassessment. The Company has also challenged the composition of the CAT before the SHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against the Company during the pendency of the petition. The Company's management believes that the chances of ultimate success are strong and, hence, no provision has been made in this respect.

28.7 In 2015, the Company received a sales tax order from the tax department for the tax periods January 01, 2013 to December 31, 2013, pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on the presumption that output tax liability is not being discharged by the Company on advances received from dealers amounting to Rs. 1,844,075. The Company filed an appeal thereagainst, with the CIR(A) which decided the matters in favour of the Company. The department thereafter challenged the decision of the CIR(A) with the ATIR, which is pending to be heard. No provision has been made by the Company in this respect.

28.8 In 2018, the tax department [i.e., Large Taxpayers Unit (LTU)] issued an order for the period June 2016 to July 2017 with a demand of Rs. 1,006,000 mainly on account of further sales tax to be charged on fertilizers sales to unregistered persons. The Company filed an appeal before the CIR(A) who disposed off the appeal in favour of the tax department. Thereafter, the Company filed an appeal before the ATIR, and it also decided the same in favour of the tax department. The Company challenged the ATIR Order, to the extent of its ruling in relation to exemption from further sales tax, before the SHC by filing Sales Tax Reference Application. On October 11, 2021, the SHC granted an ad-interim order restraining the tax department from taking coercive action against the Company in respect of the recovery of the impugned demand. The Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in these financial statements.

(Amounts in thousand)

28.9 In accordance with section 4C 'Super tax on high earning persons' introduced in the Ordinance through the Finance Act, 2022, a super tax at ten percent has been imposed on the specified sectors (including the fertilizer sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. The Company filed a petition against the imposition of super tax before the Sindh High Court (SHC) where through an interim order, relief was granted conditional on submission of equivalent bank guarantees. The SHC in its judgement dated December 22, 2022, declared that “the super tax levy shall only be applicable from the tax year 2023” and the imposition of higher rate on the specified sectors as discriminatory.

The SHC decision was challenged by FBR in Supreme Court, where vide an interim order, Supreme Court directed the Nazir SHC to encash the bank guarantees furnished by taxpayers up to the extent of 4%.

The Company’s management has recorded provision of super tax at the rate of four percent for TY 2022 amounting to Rs. 917,267 on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent for TY 2022 amounting to Rs.1,375,900 are remote and therefore no provision is recorded thereagainst in these financial statements.

28.10 During the year, the Company received an amendment order in respect of TY 2021, creating disallowances having a tax impact of Rs. 916,584. The disallowances mainly pertain to disallowance of provision for WPPF and on account of disallowance of minimum tax on opening stock-in-trade. The Company has filed an appeal before the CIR(A) in respect of this order, which is pending to be heard.

The Company's management considers, based on the tax advisor’s opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

28.11 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with the Company, all pending tax issues of EXIMP have been transferred to the Company. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 796,000. The tax department had not accepted the said treatment for tax year 2013; however, the matter was decided in favor of the Company by the Commissioner Income Tax Appeals (CIT(A)), against which the tax department has filed an appeal with the Income Tax Appellate Tribunal (ITAT). However, the department had given appeal effect order to the aforementioned favourable decision of the CIT(A) for tax year 2013.

In 2019, in respect of tax year 2013, the matter was decided by the ITAT in favor of the Company and the department's appeal in this respect was rejected. The management is confident of a favorable outcome on this case.

28.12 Additional tax matters are disclosed in note 37 to these financial statements.

(Amounts in thousand)

28.13 Commitments

	2023	2022
	....Rupees....	
Commitments in respect of capital expenditure and other operational items	31,423,131	14,047,533

28.14 Commitment in respect of gas supply arrangement amounting to Rs. 7,776,485 (2022: Rs. 2,763,202) (note 12.8).

29. net sales

	2023	2022
	....Rupees....	
Gross sales:		
- manufactured products	165,154,292	96,214,160
- purchased and packaged products	1,009,635	1,316,360
- services	1,252,532	1,036,927
	167,416,459	98,567,447
Less: Trade discount	(512,216)	(468,035)
Less: Sales tax and duties	(5,238,116)	(1,154,445)
	161,666,127	96,944,967

29.1 All revenue earned by the Company is Shariah Compliant.

30. cost of sales

	2023	2022
	....Rupees....	
Cost of sales - Manufactured products		
Raw materials consumed	57,865,977	40,419,382
Salaries, wages and staff welfare (note 30.1)	3,184,626	2,918,123
Fuel and power	22,141,024	13,720,734
Repairs and maintenance	3,221,193	5,814,393
Depreciation (note 4.2)	3,468,521	2,928,488
Amortisation (note 5.3)	18,763	15,157
Consumable stores	2,328,649	1,619,742
Training, HSE and other related expenses	1,266,610	906,447
Purchased services	1,503,380	1,090,080
Travelling	149,302	186,566
Communication, stationery and other office expenses	20,985	42,253
Insurance	1,378,236	854,863
Rent, rates and taxes	98,352	101,535
Other expenses	61,527	47,789
Manufacturing cost	96,707,145	70,665,552
Add: Opening stock of work in process	133,161	121,854
Less: Closing stock of work in process (note 10)	(279,974)	(133,161)
Cost of goods manufactured	96,560,332	70,654,245
Add: Opening stock of finished goods	5,581,621	1,893,084
Less: Closing stock of finished goods (note 10)	(740,739)	(5,581,621)
	101,401,214	66,965,708
Cost of sales - Purchased and packaged products		
Opening stock - net of provision	842,673	500,732
Add: Purchases during the year	-	920,266
Less: Closing stock - net of provision	-	(842,673)
	842,673	578,325
	102,243,887	67,544,033

30.1 Salaries, wages and staff welfare includes Rs. 209,982 (2022: Rs. 218,923) in respect of staff retirement benefits.

31. selling and distribution expenses

	2023	2022
	....Rupees....	
Salaries, wages and staff welfare (note 31.1)	1,265,076	1,423,316
Training, HSE and other related expenses	181,638	196,958
Product transportation and handling	6,018,255	4,153,438
Royalty (note 31.2)	2,599,958	1,412,096
Repairs and maintenance	20,346	19,223
Advertising and marketing	540,568	483,739
Rent, rates and taxes	595,417	542,182
Communication, stationery and other office expenses	23,484	22,203
Travelling	155,498	240,640
Depreciation (note 4.2)	139,614	142,659
Amortisation (note 5.3)	9,158	4,371
Purchased services	118,764	90,664
Insurance	18,153	9,274
Others	20,247	25,241
	11,706,176	8,766,004

31.1 Salaries, wages and staff welfare includes Rs. 103,143 (2022: Rs. 121,112) in respect of staff retirement benefits.

(Amounts in thousand)

31.2 Royalty is paid to the Holding Company which has its registered office at 8th floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

32. administrative expenses

	2023	2022
	....Rupees....	
Salaries, wages and staff welfare (note 32.1)	1,333,572	689,732
Training, HSE and other related expenses	86,403	50,792
Repairs and maintenance	50,862	17,145
Rent, rates and taxes	287,852	154,551
Communication, stationery and other office expenses	15,548	10,962
Travelling	54,509	39,837
Depreciation (note 4.2)	275,276	185,264
Amortisation (note 5.3)	175,779	162,381
Purchased services	2,058,990	1,168,528
Aircraft operating expense (note 32.2)	(392,277)	(327,607)
Insurance	3,796	19,220
Others	51,009	12,894
	4,001,319	2,183,699

32.1 Salaries, wages and staff welfare includes Rs. 47,089 (2022: Rs. 51,556) in respect of staff retirement benefits.

32.2 This is net of recoveries from group companies.

33. other income

	2023	2022
	....Rupees....	
On financial assets		
Income on working capital loan to subsidiary	1,189,416	1,715,425
Income on government securities, term deposit receipts, mutual fund units and bank deposits (note 33.2)	3,125,363	1,434,035
Dividend income (note 46.3)	4,591,649	5,660,000
	8,906,428	8,809,460
On non-financial assets		
Commission income (note 33.1)	849,190	687,445
Scrap sales	117,095	124,733
Sub-licensing income from subsidiary	24,421	28,861
Gain on disposal of operating assets (note 4.3)	162,898	313,787
Others	60,628	22,553
	1,214,232	1,177,379
	10,120,660	9,986,839

(Amounts in thousand)

33.1 Represents commission earned as a selling agent of imported fertilizer on behalf of EAPL, a subsidiary company.

33.2 It includes profit earned on Shariah Compliant bank deposits and units of Shariah Compliant mutual funds amounting to Rs. 98,766 (2022: Rs. 13,888).

34. other operating expenses

	2023	2022
	....Rupees....	
Workers' profits participation fund (note 12.4)	2,365,961	1,125,437
Workers' welfare fund	759,119	246,218
Donations (notes 34.1 and 34.1.1)	577,510	282,891
Legal and professional	128,670	125,970
Provision for impairment against trade debts (note 11.3)	91,290	12,426
Trade debts written off	-	2,204
Directors' fees (note 40.1)	22,736	17,728
Auditor's remuneration (note 34.2)	12,638	39,018
Others	30,161	19,630
	3,988,085	1,871,522

34.1 During the year, the Company made donations to Engro Foundation amounting to Rs. 430,000 (2022: Rs. 253,000). Mr. Ghias Khan, the Chairman of the Board, and Mr. Ahsan Zafar Syed, the Chief Executive Officer of the Company, are also the trustees of Engro Foundation.

34.1.1 This also includes an amount of Rs. 45,449 (2022: Rs. 27,373) recharged by the Holding Company for operational expenditure of Engro Foundation.

34.2 Auditors' remuneration

	2023	2022
	....Rupees....	
Fee for:		
- audit of annual financial statements	3,850	3,490
- review of half yearly financial information	849	700
- review of compliance with the Code of Corporate Governance	98	60
- certifications, secondments and other advisory services	2,299	13,477
- taxation services	4,560	19,338
Reimbursement of expenses	982	1,953
	12,638	39,018

(Amounts in thousand)

35. finance cost

	2023	2022
	....Rupees....	
Interest / mark-up / return on:		
- long-term borrowings under:		
- interest / mark-up arrangements (note 35.1)	1,237,172	1,493,247
- Shariah permissible arrangements	71,340	113,483
	1,308,512	1,606,730
- short term borrowings under:		
- interest / mark-up arrangements	313,852	866,895
- Shariah permissible arrangements	199,350	38,457
	513,202	905,352
Foreign exchange loss - net	62,792	186,987
	1,884,506	2,699,069

35.1 This is net of government grant income on TERF loans amounting to Rs. 189,724 (2022: Rs. 367,657) (note 21).

36. loss allowance on subsidy receivable from GoP

This represents loss allowance recognised on 'Subsidy receivable from the GoP' (note 12.2) in accordance with the 'Expected Credit Loss' model under IFRS 9, giving consideration to the time value of money based on expected recovery of subsidy receivable. The Company, however, is confident of full recovery of the subsidy amount from the GoP.

37. taxation

	2023	2022
	....Rupees....	
Current		
- for the year (note 37.1)	15,705,499	4,609,021
- for prior years (notes 37.1 and 37.9)	1,376,959	6,269,218
	17,082,458	10,878,239
Deferred (note 37.2)	2,223,876	(3,781,765)
	19,306,334	7,096,474

The Company continually evaluates its tax position based on amendments by the taxation authorities and developments thereon. Adequate provision in this respect is being maintained in these financial statements without prejudice to the tax proceedings before any appellate / judicial forum and admission of any liability in this respect. Matters where there is a difference between the position taken by taxation authorities and the Company's own position based on its assessment of law and in accordance with its legal / tax consultant's opinion, such matters are being reported as contingent liabilities. Please refer note 28 in this respect.

(Amounts in thousand)

37.1 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 the previous year, the Company had already recognised super tax provision for tax year 2023 at 4% being the rate then applicable. During the current year, the Company has increased this provision to 10% which has resulted in additional provision of Rs. 838,004, for tax year 2023 recorded in prior year tax charge. The Company has filed a petition against the retrospective imposition of 6% additional super tax before the Islamabad High Court (IHC) which has granted stay till the matter is heard. Further, this also includes super tax provision recognised at 10% for tax year 2024, amounting to Rs. 4,097,130.

37.2 Includes impact of higher deferred tax expense at the rate of 39% (including 10% super tax as explained in note 37.1 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.

37.3 In 2020, the income tax department amended the assessment filed by the Company for tax year 2019. The Company filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs. 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

In 2022, the appeal was heard by CIR(A) and favorable decision was passed mainly pertaining to proration of expenses to exempt income, tax credit on investment in plant and machinery, and disallowance of deductible allowances for WWF and WPPF, hence, reducing the aggregate demand to Rs. 294,586. The Company has filed an appeal before the ATIR against the unfavorable decision of CIR(A).

Subsequently, the tax department passed an appeal effect order based on favourable CIRA's decision and has maintained disallowance on deductible allowance for WPPF having tax impact of Rs. 269,435. Appeal before CIR(A) has been filed against this matter.

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

37.4 In 2015, the income tax department amended the assessment filed by the Company for tax year 2014. The Company filed an appeal before the CIR(A) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B the Ordinance resulting in demand of Rs. 1,231,201 (additions to taxable income of Rs. 3,191,963). In addition, the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which the Company specifically obtained a stay order. The matter was heard by the CIR(A) and favorable decision was made in respect of exchange gain and loss and acceptance of tax refunds of prior years, whilst other additions made by the tax department in respect of ACT, loss on derivatives and group relief under section 59B were maintained in the order. The Company has filed an appeal against the order of CIR(A) before the ITAT which is pending to be heard.

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

37.5 In 2019, the income tax department amended the assessment filed by the Company for the tax years 2015, 2016 and 2017. The Company filed appeals before the CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Ordinance resulting in cumulative demand of Rs. 1,980,698 (cumulative additions of Rs. 16,173,826 to taxable income) for these tax years. Subsequently, the CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by the taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. The Company, as well as the tax department, filed appeals against the CIR(A)'s order before the ATIR.

Through order dated February 26, 2020, ATIR decided the amendment orders for Tax year 2015 and 2016 mainly in favor of the Company, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 01, 2020, the tax department filed reference application before the SHC for questions of law arising out of the ATIR order.

The Company maintains adequate provision in these financial statements and is confident of an ultimate favorable outcome on these amendments.

37.6 In 2014, the income tax department amended the assessment filed by the Company for Tax year 2010 and 2011. The Company filed appeals thereagainst before the ATIR against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included charge in respect of exchange gain and loss incurred for TY 2010 and TY 2011, and loss on derivative for TY 2011 raising a demand in respect of these years in aggregate of Rs. 1,075,466. The Company had challenged the said decision before the SHC. In the year 2020, the matter was heard, and is reserved for judgement.

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

37.7 During the year, the Company received an order from the Assistant Commissioner Inland Revenue (ACIR) disallowing amortisation on intangibles amounting to Rs. 293,480 for tax year 2017, having a tax impact of Rs. 90,978. Further, the order incorporated other amendments, thereby creating a demand of Rs. 494,108. The Company has filed an appeal before the CIR(A) and hearing is yet to be held.

The Company maintains adequate provision in the financial statements and is confident of an ultimate favorable outcome on this amendment.

37.8 In 2018, the Company received recovery notice from the FBR for payment of Super Tax, in accordance with Section 4B of the Ordinance 2001, for TY 2018. The Company filed a Constitutional Petition before the SHC challenging the notice as well as the vires of Section 4B of the Ordinance. An interim order was granted in favour of the Company. On July 21, 2020, the SHC held that Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, the Company filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by the Company only in relation to tax year 2018 i.e., the year which was challenged before the SHC as well.

Pursuant to the SHC Judgement, the tax department passed orders to the Company for tax year 2015 to 2019 in relation to recovery of Super Tax aggregating of Rs. 2,110,491. The Company filed appeals against the orders before the CIR(A).

On November 26, 2020, the SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Company) subject to them depositing 50% of the impugned outstanding tax amount. The Company has till date paid Super Tax amounting to Rs. 1,573,528 against the relevant tax years. Adequate provision for the remaining amount related to Super Tax for the respective tax years is being maintained in these financial statements.

37.9 During the year, the Company received an order from the Deputy Commissioner Inland Revenue (DCIR), in respect of tax year 2022, amending the Group return filed along with the subsidiary company 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 the Ordinance, 2001 (the Ordinance), amortisation 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 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. The Company has filed an appeal before the Commissioner Inland Revenue Appeals CIR(A) against this order.

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

37.10 As a result of demerger in the year 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Limited had been transferred to the Company. Major issues pending before the taxation authorities are described below.

In previous years, the taxation department had filed reference applications in the SHC against the below-mentioned ATIR's decisions in the Company's favor. No hearing has been conducted to date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Company maintains adequate provision in these financial statements and is confident of an ultimate favorable outcome on these cases.

37.11 Relationship between tax expense and accounting profit

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

	2023	2022
	....Rupees....	
Profit before taxation	44,984,752	22,504,608
Tax calculated at the rate of 29% (2022: 29%)	13,045,578	6,526,336
Tax effect of:		
- Expenses not allowed for tax	618,006	168,464
- Change in tax rate	1,663,630	1,316,053
- Final / Special Tax Regime and exempt income	(1,494,969)	(1,619,421)
Super Tax	4,097,130	1,475,936
Effect of prior year tax charge / (reversal) (note 37.12)	1,376,959	(770,894)
Tax charge for the year	19,306,334	7,096,474

37.12 This is net of the corresponding deferred tax impact.

38. earnings per share (eps)

38.1 Basic EPS has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the year.

38.2 As at December 31, 2023, there is no dilutive effect on the basic earnings per share of the Company. EPS is based on the following:

	2023	2022
	....Rupees....	
Profit for the year	25,678,418	15,408,134
	...........Numbers of Shares...........	
Weighted average number of ordinary shares (in thousands)	1,335,299	1,335,299

39. financing structure / mode

	2023	2022
	....Rupees....	
Conventional mode:		
Assets		
Short-term investments	17,614,943	8,553,169
Long-term investments	101,067	2,103,692
Cash and bank balances	2,464,655	2,291,484
Working capital loan to subsidiary	1,552,107	2,731,067
	21,732,772	15,679,412
Liabilities		
Borrowings	5,982,441	12,169,628
Short-term borrowings	322,899	7,826,110
Loan from Holding Company	-	1,000,000
	6,305,340	20,995,738
Shariah compliant mode:		
Assets		
Short-term investments	5,986,850	-
Cash and bank balances	972,170	418,731
	6,959,020	418,731
Liabilities		
Borrowings	-	500,000

(Amounts in thousand)

40. remuneration of chief executive, directors and executives

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

	2023			2022		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	---Rupees---					
Managerial remuneration including bonus	127,596	-	3,249,997	109,206	-	3,120,503
Staff retirement benefits	8,365	-	306,332	7,827	-	300,192
Other benefits	201	-	69,912	27	-	54,319
Fees	-	22,736	-	-	17,728	-
Total	136,162	22,736	3,626,241	117,060	17,728	3,475,014
Number of persons, including those who worked part of the year	1	9	528	2	8	520

40.2 These amounts are net off salaries, wages and other staff benefits incurred on behalf of EAPL and subsequently charged to EAPL.

40.3 The Company also provides vehicles and certain household items for use of some executives and directors.

40.4 Premium charged in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs. 367 (2022: Rs. 245).

41. retirement and other service benefits

41.1 Salient features

The Company offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Company offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and the Rules of the Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002

Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the funds.   .

The Company faces the following risks on account of gratuity and pension funds:

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

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

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

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

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

- In addition to above, the pension fund exposes the Company to Longevity risk i.e. the pensioners survive longer than expected.

41.2 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2023, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

41.2.1 Statement of financial position reconciliation	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
	2023	2022	2023	2022	2023	2022
	---Rupees---					
Present value of obligation (note 41.2.3)	392,565	349,731	75,411	90,524	57,602	19,103
Fair value of plan assets (notes 41.2.4 and 41.2.12)	(256,407)	(222,668)	(101,399)	(113,128)	(40,704)	(43,900)
Deficit / (surplus) of funded plans	136,158	127,063	(25,988)	(22,604)	16,898	(24,797)
Unrecognised asset	-	-	-	-	-	24,797
Net liability / (asset) at end of the year	136,158	127,063	(25,988)	(22,604)	16,898	-

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
	2023	2022	2023	2022	2023	2022
	---Rupees---					
41.2.2 Movement in net liability / (asset) recognised						
Net liability / (asset) at beginning of the year	127,063	97,008	(22,604)	(34,224)	-	-
Charge / (reversal) for the year (note 41.2.5)	35,563	28,786	230	(1,376)	29,380	(2,278)
Remeasurements charged to OCI (note 41.2.7)	(26,468)	1,269	(3,614)	12,996	(12,482)	2,278
Net liability / (asset) at end of the year	136,158	127,063	(25,988)	(22,604)	16,898	-
41.2.3 Movement in defined benefit obligation						
As at beginning of the year	349,731	311,658	90,524	72,202	19,103	22,324
Current service cost	18,918	17,558	3,044	2,428	32,467	-
Interest cost	46,589	36,958	12,033	8,075	2,297	2,400
Benefits paid during the year	(18,723)	(3,112)	(26,256)	-	(5,540)	(3,059)
Remeasurments charged to OCI (note 41.2.7)	(3,950)	(13,331)	(3,934)	7,819	9,275	(2,562)
As at end of the year	392,565	349,731	75,411	90,524	57,602	19,103
41.2.4 Movement in fair value of plan assets						
As at beginning of the year	222,668	214,650	113,128	106,426	43,900	42,821
Expected return on plan assets	29,944	25,730	14,847	11,879	5,384	4,678
Benefits paid during the year	(18,723)	(3,112)	(26,256)	-	(5,540)	(3,059)
Remeasurments charged to OCI (note 41.2.7)	22,518	(14,600)	(320)	(5,177)	(3,040)	(540)
As at end of the year	256,407	222,668	101,399	113,128	40,704	43,900
41.2.5 Charge / (reversal) for the year						
Current service cost	18,918	17,558	3,044	2,428	32,467	-
Net interest cost	16,645	11,228	(2,814)	(3,804)	(3,087)	(2,278)
	35,563	28,786	230	(1,376)	29,380	(2,278)
41.2.6 Actual return on plan assets	51,590	11,749	13,788	7,007	5,657	7,581

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
41.2.7 Remeasurements recognised in the Statement of Comprehensive Income	2023	2022	2023	2022	2023	2022
	---Rupees---					
(Gain) / loss from change in experience assumptions	(4,781)	(13,761)	(3,934)	7,819	(2,741)	(1,332)
(Gain) / loss from change in financial assumptions	831	430	-	-	12,016	(1,230)
Remeasurement of obligation	(3,950)	(13,331)	(3,934)	7,819	9,275	(2,562)
Expected return on plan assets (note 41.2.4)	29,944	25,730	14,847	11,879	5,384	4,678
Actual return on plan assets (note 41.2.6)	(51,590)	(11,749)	(13,788)	(7,007)	(5,657)	(7,581)
Difference in fair value opening	(872)	619	(739)	305	3,313	3,443
Remeasurement of plan assets	(22,518)	14,600	320	5,177	3,040	540
Effect of asset ceiling	-	-	-	-	(24,797)	4,300
	(26,468)	1,269	(3,614)	12,996	(12,482)	2,278

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT			
41.2.8 Principal actuarial assumptions used in the actuarial valuation	2023	2022	2023	2022	2023	2022
	---Rupees---					
Discount rate	16.00%	13.25%	16.00%	13.25%	16.00%	13.25%
Expected per annum rate of return on plan assets	16.00%	13.25%	16.00%	13.25%	16.00%	13.25%
Expected per annum rate of increase in salaries - next year	15.00%	12.25%	16.00%	13.25%	-	-
Expected per annum rate of increase in salaries - long term	15.00%	12.25%	16.00%	13.25%	-	-

41.2.9 Demographic assumptions

Mortality rate	SLIC (2001-05) - I	SLIC (2001-05) - I	SLIC (2001-05) - I
Rate of employee turnover	Light	Heavy	-

(Amounts in thousand)

41.2.10 Sensitivity Analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption			Decrease in assumption		
	Gratuity Plans		Pension Plan	Gratuity Funds		Pension Fund
	NMPT	MPT		NMPT	MPT	
	----------Rupees----------					
Discount rate	360,699	74,393	54,055	428,897	76,461	61,580
Long term salary increases	428,897	76,452	-	360,176	92,501	-
Long term pension increases	-	-	61,544	-	-	54,025

41.2.11 Maturity Profile

Time in Years	Decrease in assumption		
	Gratuity Funds		Pension Plan
	NMPT	MPT	
	----------Rupees----------		
1	19,290	50,755	4,931
2	19,733	1,013	4,483
3	35,713	23,978	4,045
4	49,255	6,787	3,621
5-10	374,212	22,514	13,981
11-15	788,191	-	4,437
16-20	1,153,706	-	1,343
20+	5,363,830	-	530
Weighted average duration (years)	8.12	1.35	6.16

41.2.12 Plan assets comprise of the following:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plans - Funded (Curtailed)	
	NMPT		MPT*			
	2023		2023		2023	
	Rupees	%	Rupees	%	Rupees	%
Fixed income instruments	220,710	86	86,178	85	30,000	74
Investment in equity instruments	25,743	10	11,742	12	-	-
Others (including bank balance)	9,954	4	3,479	3	10,704	26
	256,407	100	101,399	100	40,704	100

(Amounts in thousand)

* The employees of the Company in respect of gratuity are members of Defined Benefit Gratuity Fund maintained and operated by the Holding Company. Accordingly, the above information is based upon the plan assets of Engro Corporation Limited Gratuity Fund.

41.2.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed income investments are based on gross redemption yields as at the reporting date.

41.2.14 Expected future cost / (reversal) for the year ending December 31, 2024 is as follows:

	Rupees
- Gratuity Fund - NMPT	42,883
- Gratuity Fund - MPT	(2,035)
- Pension Fund	(2,510)

41.2.15 Historical information of staff retirement benefits:

	2023	2022	2021	2020	2019
	----------Rupees----------				
Gratuity Plan - NMPT					
Present value of defined benefit obligation	392,565	349,731	311,658	414,687	394,314
Fair value of plan assets	(256,407)	(222,668)	(214,650)	(398,165)	(177,620)
Deficit	136,158	127,063	97,008	16,522	216,694
Gratuity Plan - MPT					
Present value of defined benefit obligation	75,411	90,524	72,202	67,423	64,519
Fair value of plan assets	(101,399)	(113,128)	(106,426)	(98,965)	(112,937)
Surplus	(25,988)	(22,604)	(34,224)	(31,542)	(48,418)
Pension Plan					
Present value of defined benefit obligation	57,602	19,103	22,324	26,836	24,018
Fair value of plan assets	(40,704)	(43,900)	(42,821)	(38,820)	(38,277)
Surplus	16,898	(24,797)	(20,497)	(11,984)	(14,259)

41.3 Defined contribution plans

An amount of Rs. 295,041 (2022: Rs. 366,459) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

(Amounts in thousand)

42. cash generated from operations

	2023	2022
	....Rupees....	
Profit before taxation	44,984,752	22,504,608
Adjustment for non-cash charges and other items:		
Depreciation (note 4.2)	3,883,411	3,256,411
Amortisation of intangibles (note 5.3)	203,700	181,909
Amortisation of deferred income	(3,865)	(3,865)
Gain on disposal of operating assets (note 33)	(162,898)	(313,787)
Provision for retirement and other service benefits	76,442	77,700
Income on deposits / other financial assets	(4,314,779)	(3,149,460)
Exchange loss on revaluation of long term borrowings (note 20.4)	199,732	298,483
Re-measurement loss on GIDC provision (note 24.1)	537,911	839,935
Finance cost	1,821,714	2,512,082
Dividend income (note 33)	(4,591,649)	(5,660,000)
Provision against stock-in-trade (note 10.2)	327,389	153,045
Write down of stock-in-trade to net realizable value (note 10.1)	-	233,000
Stock-in-trade written off (note 10.3)	15,878	180,311
Provision for surplus and slow moving stores and spares (note 9.1)	324,181	140,055
Stores, spares and loose tools written off (note 9.2)	4,844	11,751
Reversal of provision against stock-in-trade (note 10.2)	-	(93,450)
Reversal of provision against stores, spares and loose tools (note 9.1)	(260,176)	(61,587)
Provision for impairment against trade debts (note 11.3)	91,290	12,426
Trade debts written off (note 11.2)	-	2,204
Provision against claims receivable (note 12.6)	-	27,287
Loss allowance on subsidy receivable from the GoP (note 12.3)	2,440,151	522,936
Working capital changes (note 42.1)	25,295,525	6,327,462
	70,873,553	27,999,456

(Amounts in thousand)

42.1 Working capital changes

	2023	2022
	....Rupees....	
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(2,303,142)	(158,473)
- Stock-in-trade	2,719,150	(3,723,413)
- Trade debts	317,393	(340,294)
- Loans, advances, deposits and prepayments	(419,408)	(394,867)
- Other receivables (net)	3,064,681	(7,838,042)
	3,378,674	(12,455,089)
Increase in trade and other payables	21,916,851	18,782,551
	25,295,525	6,327,462

43. cash and cash equivalents

	2023	2022
	....Rupees....	
Cash and bank balances (note 16)	3,436,825	2,710,215
Short-term investments (note 15)	-	245,450
Short-term borrowings (note 26)	(322,899)	(7,826,110)
	3,113,926	(4,870,445)

44. financial instruments by category

	2023	2022
	....Rupees....	
Financial assets at amortised cost		
Long-term investments	101,067	2,103,692
Loans, advances and deposits	2,362,677	1,668,157
Trade debts	2,180,734	2,559,045
Working capital loan to subsidiary	1,552,107	2,731,067
Other receivables	9,328,773	12,312,415
Accrued income	518,468	803,807
Short term investments	1,754,331	6,903,169
Cash and bank balances	3,436,825	2,710,215
	21,234,982	31,791,567
Financial assets at fair value through profit or loss		
Short-term investments	21,847,462	1,650,000

(Amounts in thousand)

	2023	2022
	....Rupees....	
Financial liabilities at amortised cost		
Borrowings	5,982,441	12,669,628
Government grant	957,089	1,146,813
Trade and other payables	49,378,614	30,199,284
Accrued interest / mark-up	72,526	508,933
Short-term borrowings	322,899	7,826,110
Loan from Holding Company	-	1,000,000
	56,713,569	53,350,768

45. financial risk management

45.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Management Committee.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Company's exposure resulting from outstanding import payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Company to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Company ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at December 31, 2023, if exchange rates had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 2,336.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings and short-term investments. Borrowings are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

As at December 31, 2023, if interest rates had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 12,998.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is exposed to price risk on its investments in units of mutual funds.

As at December 31, 2023, if net asset value had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been higher / lower by Rs. 133,271.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The Company maintains an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and management quality rating of AM3, respectively. However, the Company maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

(Amounts in thousand)

The Company is exposed to a concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing majority of trade debts against bank guarantees and inland letters of credit.

The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	....Rupees....	
Loans, advances and deposits	2,362,677	1,668,157
Trade debts	2,069,174	2,477,857
Working capital loan to subsidiary	1,552,107	2,731,067
Other receivables	4,386,660	9,810,453
Accrued income	518,468	803,807
Short-term investments	21,847,462	1,895,450
Bank balances	3,425,212	2,699,002
	36,161,760	22,085,793

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. Investments in Pakistan Investment Bonds are government guaranteed. The credit quality of the Company's bank balances and short-term investments can be assessed with reference to recent external credit ratings as follows:

	Rating agency	Rating	
		Short term	Long term
Conventional			
- Allied Bank Limited	PACRA	A1+	AAA
- Askari Bank Limited	PACRA	A1+	AA+
- Bank Alfalah Limited	PACRA	A1+	AA+
- Bank Al Habib Limited	PACRA	A1+	AAA
- The Bank of Punjab	PACRA	A1+	AA+
- Citibank N.A.	MOODY'S	P1	Aa3
- Habib Bank Limited	JCR-VIS	A1+	AAA
- Habib Metropolitan Bank Limited	PACRA	A1+	AA+
- Industrial and Commercial Bank of China	MOODY'S	-	A1
- JS Bank Limited	PACRA	A1+	AA-
- MCB Bank Limited	PACRA	A1+	AAA
- National Bank of Pakistan	PACRA	A1+	AAA
- Samba Bank Limited	PACRA	A1	AA
- Soneri Bank Limited	PACRA	A1+	AA-
- Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
- Summit Bank Limited	JCR-VIS	A3	BBB-
- Mobilink Microfinance Bank Limited	PACRA	A1	A
- Telenor Microfinance Bank Limited	PACRA	A1	A
- United Bank Limited	JCR-VIS	A1+	AAA
- UBL Fund Managers Limited	JCR-VIS	-	AM1
- ABL Asset Management Company Limited	PACRA	-	AM1
Islamic			
- BankIslami Pakistan Limited	PACRA	A1	AA-
- Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	A+
- Faysal Bank Limited	JCR-VIS	A1+	AA
- Meezan Bank Limited	JCR-VIS	A1+	AAA
- UBL Fund Managers Limited	JCR-VIS	-	AM1
- ABL Asset Management Company Limited	PACRA	-	AM1

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Amounts in thousand)

	2023			2022		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	----------Rupees----------					
Financial liabilities						
Borrowings	3,187,647	4,417,338	7,604,985	7,899,498	7,770,539	15,670,037
Trade and other payables	49,378,614	-	49,378,614	30,199,284	-	30,199,284
Accrued interest / mark-up	72,526	-	72,526	508,933	-	508,933
Short-term borrowings	322,899	-	322,899	7,826,110	-	7,826,110
Loan from Holding Company	-	-	-	1,099,789	-	1,099,789
	52,961,686	4,417,338	57,379,024	47,533,614	7,770,539	55,304,153

45.2 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders or issue new shares.

The total long term borrowings to equity ratio as at December 31, 2023 based on total long term borrowings at its present value of Rs. 5,982,441 (2022: Rs.12,669,628) and total equity of Rs. 45,026,344 (2022: Rs. 42,689,701) was 12%:88% (2022: 23%:77%).

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

45.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at December 31, 2023, all financial assets and financial liabilities, except for investment in units of mutual funds, are carried at amortised cost. Mutual funds are measured at fair value using the fair value measurement method in accordance with IFRS 13.

(Amounts in thousand)

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (level 3).

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
As at December 31, 2023				
Fair value through profit or loss	-	21,847,462	-	21,847,462
As at December 31, 2022				
Fair value through profit or loss	-	1,650,000	-	1,650,000

Represents investment in units of mutual funds that are measured at fair value using the fund's respective net asset value.

There were no transfers between the levels of hierarchy during the year.

45.4 Fair value of financial assets and liabilities

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

45.5 The current macroeconomic climate is challenging, with high devaluation, pushing inflation to decade-high levels. The Company navigated these challenges successfully in 2023. Its growth in topline, despite the headwinds, demonstrates its diversified operations, robust portfolio and its role as a provider of essential products to Pakistan. The Company's world-class manufacturing facilities will continue to offer a competitive advantage, and its human capital is well-equipped to guide the Company through future turbulence which will likely comprise of high inflation and interest rate environment. The Company will continue to focus on delivering value to all stakeholders including customers, suppliers and its shareholders.

46. transactions with related parties

46.1 Following are the names of associated companies and undertakings and other related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.27%	Holding Company
EFERT Agritrade (Private) Limited	100%	Subsidiary Company
Engro Eximp FZE	N/A	Subsidiary of Holding Company
Engro Elengy Terminal (Private) Limited	N/A	Subsidiary of Holding Company
Elengy Terminal Pakistan Limited	N/A	Subsidiary of Holding Company
Engro Energy Limited	N/A	Subsidiary of Holding Company
Engro Eximp Agriproducts (Private) Limited	N/A	Subsidiary of Holding Company
Engro Polymer and Chemicals Limited	N/A	Subsidiary of Holding Company
Engro Power Services Limited	N/A	Subsidiary of Holding Company
Engro Peroxide (Private) Limited	N/A	Subsidiary of Holding Company
Engro Plasticizer (Private) Limited	N/A	Subsidiary of Holding Company
Think PVC (Private) Limited	N/A	Subsidiary of Holding Company
Engro Powergen Qadirpur Limited	N/A	Subsidiary of Holding Company
Engro Infiniti (Private) Limited	N/A	Subsidiary of Holding Company
Engro Powergen Thar (Private) Limited	N/A	Subsidiary of Holding Company
Engro Enfrashare (Private) Limited	N/A	Subsidiary of Holding Company
Engro Connect (Private) Limited	N/A	Subsidiary of Holding Company
FrieslandCampina Engro Pakistan Limited	N/A	Associate of Holding Company
Engro Foundation	N/A	Associate of Holding Company
Engro Vopak Terminal Limited	N/A	Associate of Holding Company
Sindh Engro Coal Mining Company Limited	N/A	Associate of Holding Company
Karachi Port Trust	N/A	Associate of Holding Company
Thar Power Company Limited	N/A	Associate of Holding Company
Reon Energy Limited	N/A	Associate of Holding Company
Dawood Foundation	N/A	Associate of Holding Company
Indus Hospital and Health Network	N/A	Associate of Holding Company
Pakistan Stock Exchange Limited - PSX	N/A	Common Directorship
Pakistan Institute of Corporate Governance (PICG)	N/A	Common Directorship
Signify Pakistan Limited	N/A	Common Directorship
Sui Southern Gas Company Limtited - SSGC	N/A	Common Directorship
Uniliver Pakistan Foods Limited	N/A	Common Directorship
Ghias Khan	N/A	Director
Asim Murtaza Khan	N/A	Director
Asad Said Jafar	N/A	Director
Javed Akbar	N/A	Director
Dr. Shamshad Akhtar	N/A	Director

Name of Related parties	Direct shareholding	Relationship
Ms. Danish Zuberi	N/A	Director
Khawaja Bilal Hussain	N/A	Director
Ismail Mahmud	N/A	Director
Ahsan Zafar Syed	N/A	Chief Executive Officer
Imran Ahmed	N/A	Key Management Personnel
Farooq Barkat Ali	N/A	Key Management Personnel
Ali Rathore	N/A	Key Management Personnel
Sulaiman Ijaz	N/A	Key Management Personnel
Muhammad Saad Khan	N/A	Key Management Personnel
Khawaja Bilal Mustafa	N/A	Key Management Personnel
Muhammad Majid Latif	N/A	Key Management Personnel
Ammar Shah	N/A	Key Management Personnel
Atif Muhammad Ali	N/A	Key Management Personnel
Syed Shahzad Nabi	N/A	Key Management Personnel
Khusrau Nadir Gilani	N/A	Key Management Personnel
FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	N/A	Associate of Holding Company
Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited DB Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited Provident Fund	N/A	Post Employment Benefits

46.2 Following are the names of related parties incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name of Related Party	Country of incorporation	Registered Address
Engro Eximp FZE	United Arab Emirates	BCW JAFZA 18 & 19, Office # 110, United Arab Emirates

46.3 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

(Amounts in thousand)

	2023	2022
	....Rupees....	
Holding Company		
Dividend paid	13,147,961	10,143,535
Mark-up paid / payable on subordinated loan	42,976	420,763
Reimbursements made:		
- by the Company	166,535	64,933
- to the Company	2,431,898	1,336,272
Royalty	2,599,958	1,412,096
Use of assets	1,073,020	623,258
Loan received from Holding Company	-	13,150,000
Repayment of sub-ordinated loan	1,000,000	17,350,000
Purchase of taxable loss	319,748	934,203
Subsidiary company		
Purchase of products	617,243	304,509
Disbursement of working capital loan	70,718,202	65,011,085
Repayment received against working capital loan disbursed	71,897,162	68,881,790
Sub-licensing fee charged by the Company	24,421	28,861
Commission income	849,190	687,445
Dividend income / received	4,591,649	5,660,000
Services provided	240,810	225,171
Funds collected against sales made on behalf of subsidiary	58,217,706	57,545,676
Income on working capital loan to subsidiary company	1,189,416	1,715,425
Associated companies		
Purchases and services received	7,715,990	4,129,372
Services provided	101,202	135,241
Sales	-	36,900
Reimbursements made:		
- by the Company	449,170	284,488
- to the Company	531,544	38,422
Donations	430,000	253,000
Dividend paid to Trustees of Friesland Campina Engro Pakistan Limited Employees Gratuity Fund	341	728
Use of assets	977,136	577,032
Contribution to staff retirement benefits		
Pension fund	12,555	10,728
Gratuity fund	170,698	169,592
Provident fund	208,973	204,595

(Amounts in thousand)

	2023	2022
	....Rupees....	
Dividend paid to staff retirement benefits		
Pension fund	179	422
Gratuity fund	4,455	3,373
Provident fund	8,442	6,396
Others		
Remuneration of key management personnel	358,629	353,222
Directors' fees	22,736	17,728

47. operating segment results

	Urea		Specialty Fertilizers Business		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Sales	113,663,898	65,545,217	40,763,613	21,451,001	12,476,732	11,103,194	166,904,243	98,099,412
Intersegment sales	23,809,572	11,914,323	-	-	2,421,758	1,333,138	26,231,330	13,247,461
Sales tax and duties	(3,216,080)	(741,641)	(1,506,846)	(173,191)	(515,190)	(239,613)	(5,238,116)	(1,154,445)
	134,257,390	76,717,899	39,256,767	21,277,810	14,383,300	12,196,719	187,897,457	110,192,428
Profit before tax	41,479,876	18,854,858	2,803,000	2,342,303	701,876	1,307,447	44,984,752	22,504,608
Depreciation & Amortisation	3,279,118	2,722,142	69,833	52,171	738,160	664,007	4,087,111	3,438,320
Capital Expenditure	5,749,238	7,948,876	138,636	62,607	224,607	242,600	6,112,481	8,254,083

	Urea		Specialty Fertilizers Business		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment assets	101,481,968	105,551,012	5,178,104	8,070,646	13,408,480	11,962,643	120,068,552	125,584,301
Unallocated assets	-	-	-		-	-	27,658,153	14,170,883
Total assets	101,481,968	105,551,012	5,178,104	8,070,646	13,408,480	11,962,643	147,726,705	139,755,184

47.1 Reconciliation of reportable segment net sales

	2023	2022
	....Rupees....	
Total net sales for reportable segment	187,897,457	110,192,428
Elimination of intersegment net sales	(26,231,330)	(13,247,461)
Total net sales	161,666,127	96,944,967

(Amounts in thousand)

47.2 Reconciliation of reportable segment total assets

	2023	2022
	....Rupees....	
Total assets for reportable segments	120,068,552	125,584,301
Add: Unallocated assets		
- Accrued income	518,468	803,807
- Long-term investments	101,067	2,103,692
- Short-term investments	23,601,793	8,553,169
- Cash and bank balances	3,436,825	2,710,215
	27,658,153	14,170,883
Total assets	147,726,705	139,755,184

	Designed annual capacity		Actual production		Remarks
	Metric Tons		Metric Tons		
	2023	2022	2023	2022	
48. production capacity					
Urea plant I & II	2,275,000	2,275,000	2,313,448	1,954,528	Production planned as per market demand
NPK plant	100,000	100,000	96,328	137,075	

49. number of employees

	Number of employees as at December 31		Average number of employees during the year	
	2023	2022	2023	2022
Management employees	734	880	765	902
Non-management employees	480	472	477	471
	1,214	1,352	1,242	1,373

(Amounts in thousand)

50. contributory retirement funds

The employees of the Company participate in the Retirement Fund maintained by the Holding Company. The investments out of the retirement fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified there-under.

51. seasonality

The Company'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 Company manages seasonality in the business through appropriate inventory management.

52. interest in joint arrangements

In 2022, the Company, Fauji Fertilizer Company Limited (Fauji) and Fatima Fertilizer Company Limited (FATIMA) (collectively the Fertilizer Manufacturers) entered into a Framework Agreement dated November 30, 2022 (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project. Under the Agreement, the Fertilizer Manufacturers have decided to jointly develop and install pressure enhancement facilities at Mari Petroleum Company Limited's (MPCL's) delivery node to sustain the current level of pressure of gas supply from HRL reservoir of MPCL.

All decisions with respect to the development and operations of PEF would be made only with unanimous consent of the Fertilizer Manufacturers. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS 11 - Joint Arrangements. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Fertilizer Manufacturers, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operation' in these financial statements. Current cost sharing percentages in PEF of the Company, Fauji and FATIMA are 33.9%, 47.7% and 18.4%, respectively. The Company has continued to recognised its share of jointly held asset in these financial statements.

53. non-adjusting event after the reporting date

The Board of Directors in its meeting held on February 15, 2024 has proposed a final cash dividend of Rs. 8 per share for the year ended December 31, 2023 amounting to Rs. 10,682,395 for approval of the members at the Annual General Meeting to be held on March 26, 2024.

(Amounts in thousand)

54. corresponding figures

Corresponding figures have been rearranged and reclassifed, wherever considered necessary, for the purposes of better presentation and / or to comply with the requirements of accounting and reporting standards applicable on the Company. However, there are no material reclassifications.

55. date of authorisation for issue

These financial statements were authorised for issue on February 15, 2024 by the Board of Directors of the Company.

Ali Rathore	**Ahsan Zafar Syed**	**Ghias Khan**
Chief Financial Officer	Chief Executive Officer	Chairman

trusted to excel

shareholder information

notice of annual general meeting

Notice is hereby given that the Fifteenth Annual General Meeting ("**AGM**") of the members of Engro Fertilizers Limited (the "**Company**") will be held at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Tuesday, March 26, 2024, at 02:30 p.m. to transact the following businesses:

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

a) ordinary business

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2023, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

   As required under section 223(6) of the Companies Act, 2017 (the "Act"), Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link and/or QR enabled code:

https://www.engrofertilizers.com/investments#reports

2. To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 8.00 per share i.e. 80% for the year ended December 31, 2023. This is in addition to interim cash dividends of PKR 12.50 per share i.e.125%.

3. To appoint Auditors for the year 2024 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A. F. Ferguson & Co., for re-appointment as Auditors of the Company.

b) special business

4. To approve the circulation of the Annual Report (including the audited financial statements, auditor's report, directors' report, chairman's review report, notice of the shareholders' meeting) to the Members of the Company through weblink and QR enabled code, in accordance with Section 223(6) of the Act, read with S.R.O. 389(I)/2023 dated March 21, 2023.

   "RESOLVED THAT Engro Fertilizers Limited (the "Company") be and is hereby authorized to circulate its annual report including annual audited financial statements, auditor's report, directors' report, chairman's review report, notice of the shareholders' meeting and other reports contained therein to the Members of the Company through weblink and QR enabled code."

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

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

   Approval for the Company to extend to its associated company, Engro Polymer & Chemicals Limited, an intercompany loan in the aggregate amount of up to PKR Five billion (PKR 5,000,000,000) comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for up to four consecutive periods of one year each;

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

By Order of the Board

SUNAIB BARKAT, ACA
Company Secretary

Dated: February 15, 2024
Karachi

notes

1. **Prohibition on grant of gifts to Shareholders**
   The Securities and Exchange Commission of Pakistan (the "**SECP**"), through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

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

   All Shareholders/Members interested in attending the AGM, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC/Passport number at https://forms.office.com/r/2nKNTGkxJN. Confirmation email for physical meeting or video link and login credentials will be shared with only those Shareholders whose registration are received at least 48 hours before the time of AGM.

   Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm.efert@engro. com.

3. **Electronic transmission of Annual Report 2023**
   In compliance with section 223(6) of the Act, the Company has electronically transmitted the Annual Report 2023 through email to Shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along with the weblink and QR enabled code to download the said Annual Report have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

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

4. The Share Transfer Book of the Company will be closed from Tuesday, March 19, 2024 to Tuesday, March 26, 2024 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, PABX No. (+92-21) 34380101-5 and email: info.shares@famcosrs.com by the close of business (03:00 p.m.) on Monday, March 18, 2024 will be treated in time for purpose of determining entitlement of final cash dividend, and to attend and vote at the meeting.

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

6. **Requirements for appointing Proxies**

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

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

8. **Electronic dividend mandate**
   Under Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its Shareholders through electronic mode directly into the bank account designated by the entitled Shareholders.

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This Statement sets out the material facts pertaining to the Special Business as described in the Notice of AGM of the Company.

Agenda item 4

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, Members approval is sought for the circulation of the Annual Report (including annual audited financial statements and other notices and reports contained therein) to the Members of the Company through weblink and QR enabled code in accordance with S.R.O. 389(I)/2023 dated March 21, 2023 issued by the SECP.

Agenda item 5
To approve intercompany loan to the associated company.

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

(a) Disclosure regarding Associated company

(i) Name of associated company: **Engro Polymer & Chemicals Limited**
(ii) Basis of relationship:

Name of Associate	Basis of Relationship	Effective Holding %
Engro Polymer & Chemicals Limited	Engro Fertilizers Limited and Engro Polymer & Chemicals Limited are under common control of Engro Corporation Limited and have one common director.	-

(iii) Basic Earnings Per Share for the last three years:

Basic Earnings Per Share	2022	2021	2020
Engro Polymer & Chemicals Limited	12.39	16.32	6.28

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

Break-Up value per share	31 December 2022
Engro Polymer & Chemicals Limited	29.52

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

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

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

None

(b) General disclosures

(i) Maximum amount of investment to be made:

Name of Associated Company	Amount in PKR
Engro Polymer & Chemicals Limited	5 billion

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

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

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

The Company intends to use excess liquidity/banking lines/security available to it to provide the requisite financing to the aforementioned associated company. Additionally, if the Company has un-utilized overdraft lines, it may opt to avail such lines to provide the required financing. For this, the Company's responses to the queries raised are as follows:

(I) Justification – the associated company will pay a mark-up rate which is not lower than the borrowing cost of the Company;

(II) Security – the Company secures its overdraft lines by providing a ranking charge over movable asset (excluding long term investments); and

(III) Cost benefit analysis - the Company will charge the associated company a mutually agreed markup rate, which will improve the profitability of the Company.

(iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment:

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

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

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

Engro Fertilizers Limited	Engro Polymer & Chemicals Limited
Ghias Khan	Ghias Khan

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

None

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

None

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

(i) Category-wise amount of investment: Financing limit for the associated company is as follows:

Name of Associated Company	Amount in PKR
Engro Polymer & Chemicals Limited	5 billion

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

The Company had short-term borrowings amounting to PKR 6,480 Mn as at December 31, 2023. The three-month KIBOR as at December 31, 2023 was 21.46%; the Company did not invest in any Shariah complaint instruments in 2023. For unfunded facilities, bank rates are in the range of 0.7% to 1.0% per annum.

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

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

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

No security is obtained since the Company and its associated company are under common control of Engro Corporation Limited (holding company). The Company and its associated company are confident that any financing arrangement will be repaid.

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

There is no conversion feature.

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

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

UPDATE UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Engro Corporation Limited is the majority Shareholder of Engro Fertilizers Limited. On March 30, 2021, the Shareholders approved a short-term loan / financing facility of up to PKR 6 billion for Engro Corporation Limited, which was initially for a period of one (1) year and renewal of the same for four (4) further periods of one (1) year each. This short-term facility has not been utilized to date since approval, however, it is being renewed as earlier approved by the Shareholders. There has been no material adverse change in the financial statements of Engro Corporation Limited since the approval of this facility.

8. الیکٹرونک ڈیویڈنڈ مینڈیٹ

کمپنیزا یکٹ،2017 کے سیکشن 242 کے تحت، تمام لسٹڈ کمپنیز کے لیے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو الیکٹرانک موڈ کے ذریعے براہ راست حقدار شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں نقد ڈیویڈنڈ ادا کریں۔

براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے، فزیکل شیئرز کی صورت میں شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب نقد ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لیے شیئر ہولڈر انفارمیشن فارم کو پُر کریں اور اسے درست قومی شناختی کارڈ کی کاپی کے ساتھ دستخط شدہ شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو بھیجیں۔ (اگر پہلے سے فراہم نہیں کی گئیں)۔

سی ڈی سی میں شیئرز ہونے کی صورت میں، الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکرز/ امیدوار/سی ڈی سی اکاؤنٹ سروسز کو جمع کروایا جائے گا۔

معلومات کی عدم وصولی کی صورت میں، کمپنی شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔

9. انکم ٹیکس آرڈیننس، 2001 کے پہلے شیڈول کے حصہ III کے ڈویژن I کے ساتھ پڑے گئے سیکشن 150 کی تعمیل میں 'فائلر' اور 'نان فائلر' شیئر ہولڈرز کے لیے بالترتیب 15% اور 30% کی شرح سے ڈیویڈنڈ آمدنی پر ودہولڈنگ ٹیکس کی کٹوتی ہوگی۔ ایک 'فائلر' جو ایک ٹیکس دہندہ ہے جس کا نام ایف بی آر کی طرف سے وقتاً فوقتاً جاری کردہ ایکٹو ٹیکس پیئرز لسٹ (اے ٹی ایل) میں ظاہر ہوتا ہے اور 'نان فائلر' فائلر کے علاوہ کوئی دوسرا شخص ہوتا ہے۔ کمپنی کو فائلرز کے لیے 15% ٹیکس ودہولڈ کرنے کے قابل بنانے کے لیے، تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام FBR کی ویب سائٹ پر تازہ ترین دستیاب (ATL) میں ظاہر ہوں، بصورت دیگر نان فائلرز کے لیے ان کے کیش ڈیویڈنڈ پر 30% ٹیکس کاٹا جائے گا۔ ڈیویڈنڈ کی آمدنی سے ودہولڈنگ ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دی جائے گی جب درست ٹیکس استثنیٰ کے سرٹیفکیٹ کی کاپی کتاب بند ہونے کے پہلے دن تک شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو فراہم کی جائے گی۔

ایف بی آر کے مطابق مشترکہ کھاتوں کی صورت میں ودہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر کے 'فائلر/ نان فائلر' اسٹیٹس کے ساتھ ساتھ جوائنٹ ہولڈرز کے اسٹیٹس کی بنیاد پر ان کے شیئر ہولڈنگ کے تناسب کی بنیاد پر کیا جائے گا۔ جو ممبران مشترکہ شیئر ہولڈرز کے ساتھ شیئرز رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کے شیئر ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار، میسرز کو فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، کو تحریری طور پر فراہم کریں۔ اگر ہمارے رجسٹرار کو مطلوبہ معلومات فراہم نہیں کی گئی تو یہ فرض کیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر (ز) کے شیئرز برابر تناسب میں ہیں۔

10. زکوٰۃ کی لازمی کٹوتی سے استثنیٰ کا دعویٰ کرنے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ NJSP پر زکوٰۃ اعلامیہ فارم CZ-50 کی ایک نوٹری شدہ کاپی شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو کتاب بند ہونے کے پہلے دن تک جمع کروائیں۔ اگر حصص غیر منقولہ شکل میں رکھے گئے ہیں تو اس طرح کے زکوٰۃ اعلامیہ فارم (CZ-50) کو شیئر ہولڈر کے سی ڈی سی اکاؤنٹ میں بذریعہ ان کے شریک/سرمایہ کار اکاؤنٹ سروسز پر اپ لوڈ کروائیں۔

مزید برآں، غیر مسلم حصص داران کو بھی اپنا پختہ اقرار نامہ/ (https://famcosrs.com/downloads پر دستیاب ہے) اگر شیئرز فزیکل سرٹیفکیٹ کی شکل میں ہیں تو کمپنی کے شیئر رجسٹرار کو یا غیر منقولہ شکل کی صورت میں ہوں تو سی ڈی سی پارٹیسپینٹس/انویسٹر اکاؤنٹ سروسز کے پاس جمع کروانا ہوگا۔

11۔ درست قومی شناختی کارڈ (CNIC) جمع کروانا (لازمی)

ایس ای سی پی کی ہدایات کے مطابق جن شیئر ہولڈرز کے درست قومی شناختی کارڈز، شیئر رجسٹرار کے پاس دستیاب نہیں ہیں ان کا ڈیویڈنڈ روکا جا سکتا ہے۔ اس لیے فزیکل شیئر ہولڈنگ رکھنے والے تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے درست قومی شناختی کارڈ کی فوٹو کاپی فوری طور پر، اگر پہلے سے فراہم نہیں کی گئی ہے تو، شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو بغیر کسی تاخیر کے جمع کروائیں۔

12۔ غیر دعویدار ڈیویڈنڈ

کمپنیز ایکٹ 2017، کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ کوئی بھی شیئرز، یا اعلان کردہ ڈیویڈنڈ جو ادائیگی کی تاریخ سے تین سال کی مدت تک غیر دعویدار/ غیر ادا شدہ رہ گئے ہیں اور قابلِ ادا ہیں، انھیں فیڈرل گورنمنٹ کے کریڈٹ اور شیئر ہولڈرز کے دعوے کو فائل کرنے کے لیے شیئر ہولڈرز کو جاری کردہ نوٹسز کے بعد سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں جمع کروایا جائے گا۔ جاری کردہ شیئرز اور کمپنی کی طرف سے اعلان کردہ ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے بقایا ہیں، شیئر ہولڈرز کو بھیج دی گئی ہیں۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے غیر دعویٰ شدہ ڈیویڈنڈ اور شیئرز کے دعوے فوری طور پر درج کروائیں۔ اگر مقررہ وقت میں کمپنی کے پاس کوئی دعویٰ درج نہیں کیا گیا تو، کمپنیز ایکٹ 2017 کے سیکشن (2)244 کے تحت اخبار میں نوٹس دینے کے بعد غیر دعویدار/ غیر ادا شدہ رقم اور حصص وفاقی حکومت کے پاس جمع کروا دیئے جائیں گے۔

13۔ سی ڈی سی اکاؤنٹ میں فزیکل شیئرز کی تبدیلی

ایس ای سی پی نے اپنے لیٹر نمبر CSD/ED/Misc/2016-639-640 مؤرخہ 26 مارچ، 2021، کے ذریعے تمام لسٹڈ کمپنیز کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ، 2017 ("ایکٹ") کے سیکشن 72 کی دفعات پر عمل کریں۔ جس کے تحت تمام کمپنیز کے لیے ضروری ہوگا کہ وہ ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو بک انٹری فارم میں تبدیل کروائیں۔

جس کے مطابق، فزیکل فولیو/شیئر سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کروائیں۔ شیئر ہولڈرز سی ڈی ایس اکاؤنٹ کھولنے اور بعد ازاں فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے میں مدد کے لیے پی ایس ایکس ممبر، سی ڈی سی شرکت کنندہ، یا سی ڈی سی انوسٹر اکاؤنٹ سروس پرووائیڈر سے رابطہ کر سکتے ہیں۔ بک انٹری فارم میں حصص کو برقرار رکھنے کے بہت سے فوائد ہیں۔ سی ڈی سی کے ساتھ حصص کی محفوظ تحویل، ڈپلیکیٹ حصص کے اجراء کے لیے درکار رسمی کارروائیوں سے گریز، وغیرہ۔ کمپنی کے شیئر ہولڈرز فزیکل شیئرز کو بک انٹری فارم میں تبدیل کروانے کے لیے کمپنی کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ یعنی میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ سے رابطہ کر سکتے ہیں۔

سالانہ اجلاسِ عام کا نوٹس

مطلع کیا جاتا ہے کہ مندرجہ ذیل کاروباری اُمور کی انجام دہی کے لیے اینگرو فرٹیلائزرز لمیٹڈ (''کمپنی'') کا پندرھواں سالانہ اجلاسِ عام، بروز منگل، مؤرخہ 26 مارچ 2024 کو دوپہر 02:30 بجے، کراچی اسکول آف بزنس اینڈ لیڈر شپ (KSBL) نیشنل اسٹیڈیم روڈ، بالمقابل لیاقت نیشنل ہسپتال، کراچی - 74800 میں منعقد ہوگا۔

ممبران سے درخواست کی جاتی ہے کہ وہ وڈیو کانفرنس فیسیلٹی کے ذریعے اجلاس میں شرکت کریں جس کے انتظامات کمپنی نے کیے ہیں (تفصیلات کے لیے براہ مہربانی نوٹس سیکشن کا مطالعہ کریں)۔

A) عمومی اُمور

1۔ کمپنی کے 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے اپنانے، جائزہ اور وصولی کے لیے بشمول ڈائریکٹرز رپورٹ، آڈیٹرز رپورٹ اور چیئر مین کی جائزہ رپورٹ۔

کمپنیز ایکٹ، 2017 کے سیکشن (6)223 کے مطلوبات کے مطابق کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں جو مندرجہ ذیل لنک /QR فعال کوڈ سے ڈاؤن لوڈ کیے جا سکتے ہیں:

https://www.engrofertilizers.com/investments#reports

2۔ ڈائریکٹرز کی تجویز کے مطابق، 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 8.00 روپے فی شیئر جو کہ 80 فیصد ہے کے حتمی نقد ڈیویڈنڈ کی ادائیگی کا اعلان کرنے اور منظوری دینے کے لیے، یہ عبوری نقد ڈیویڈینڈ کے علاوہ ہے جو کہ 12.50 روپے فی شیئر جو کہ 125 فیصد ہے۔

3۔ ممبران کو مطلع کیا جاتا ہے کہ سال 2024 کے لیے آڈیٹرز کا تقرر اوران کے معاوضے کا تعین کرنے کے لیے بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، کے نام کی سفارش کی ہے۔

B) خصوصی اُمور:

4۔ کمپنیز ایکٹ 2017 کے سیکشن (6)223 کے مطابق S.R.O.389(1)/2023 مورخہ 21 مارچ 2023 کو سالانہ رپورٹ (بشمول آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ، چیئر مین کی جائزہ رپورٹ اور حصص داران کی میٹنگ کا نوٹس) کے سرکولیشن کی منظوری۔

منظور کیا گیا کہ اینگرو فرٹیلائزر لمیٹڈ ("کمپنی") اپنے کمپنی کے ممبران کو اپنی سالانہ رپورٹ بذریعہ ویب لنک اور QR فعال کوڈ برائے سرکولیشن کی مجاز ہے، جس میں آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ، چیئر مین کی جائزہ رپورٹ اور حصص داران کی میٹنگ کا نوٹس اور دیگر رپورٹس شامل ہیں۔

5۔ غور کرنے کے لیے اور اگر مناسب سمجھا جائے تو کمپنی کے بورڈ آف ڈائریکٹرز کی تجویز کے مطابق مندرجہ ذیل خصوصی قرارداد کو کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈرٹیکنز میں سرمایہ کاری) 2017 کے ریگولیشنز کے مطابق ترمیم، اضافہ یا حذف کے ساتھ یا اس کے بغیر پاس کیا جائے۔

منظور کیا گیا کہ اینگرو فرٹیلائزرز لمیٹڈ ("کمپنی") کے ممبران کو درج ذیل امور کے لیے خصوصی قرارداد کے ذریعے (کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت)، کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈرٹیکنگز میں سرمایہ کاری) کے ضوابط کے ساتھ منظوری دی جائے۔

Arms Length Basis پر کمپنی کو اپنی متعلقہ کمپنی، اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ تک توسیع دینے کے لیے ایک گردشی لائن آف کریڈٹ کی صورت میں انٹر کمپنی قرضے کی منظوری پانچ بلین (5,000,000,000 روپے) کی مجموعی رقم میں جو کہ دیگر چیزوں کے علاوہ، قرضوں، ایڈوانسز یا کسی بھی قسم کی سکیورٹیز پر مشتمل ہے (بشمول بغیر کسی حد کی ضمانتیں، سرکاری سکیورٹیز، نقد رقم، درج/غیر درج شدہ سکیورٹیز وغیرہ) جو خصوصی قرارداد کی تاریخ کے ایک سال بعد تک فعال رہے گی، جس کی کمپنی کی جانب سے چار مرتبہ مسلسل ایک سال سے زائد عرصہ میں تجدید کی جا سکتی ہے۔

مزید منظور کیا گیا کہ کمپنی کے چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور/ یا کمپنی سیکرٹری، کوئی بھی دو مشترکہ طور پر قانونی، کارپوریٹ اور رسمی طریقہ کار کو پورا کرنے کے لیے، تمام اقدامات، اعمال اور چیزیں کرنے، مذکورہ قرارداد کے مقصد کو مکمل طور پر پورا کرنے کے لیے اس جانب سے ضروری سمجھے جانے والے تمام ضروری دستاویزات/ ریٹرن فائل کرنے کے مجاز ہیں۔

بحکم بورڈ

مؤرخہ: 15 فروری، 2024
کراچی

صنیب برکت، اے سی اے
کمپنی سیکریٹری

نوٹ:

1. حصص داران کو تحائف دینے پر پابندی:

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے 2018 کے سرکلر 2 کے ذریعے مورخہ 9 فروری، 2018 کو کمپنیز کو تحائف جیسے کے (ٹوکن، کوپن، لنچ، ٹیک اوے پیکجز) کسی بھی صورت یا انداز میں حصص داران کو جنرل میٹینگ یا اس کے سلسلے میں تحائف یا مراعات دینے کی سختی سے ممانعت کی ہے، ایکٹ کے سیکشن 185 کے تحت، کسی بھی قسم کی خلاف ورزی کو جرم سمجھا جائے گا، اور کمپنیز کو عمل درآمد نہ کرنے کی صورت میں جرمانے کا سامنا کرنا پڑسکتا ہے۔

2. سالانہ اجلاسِ عام میں بذریعہ وڈیو کانفرنس شرکت کی سہولت:

ممبران سے درخواست کی جاتی ہے کہ وہ وڈیو کانفرنس فیسیلٹی کے ذریعے اجلاس میں شرکت کریں جس کے انتظامات کمپنی کی جانب سے کیے جائیں گے۔

وہ تمام شیئر ہولڈرز جو اجلاس میں شرکت کے خواہشمند ہیں، خواہ بذریعہ وڈیو کانفرنس یا براہِ راست شرکت، اُن سے درخواست ہے کہ وہ اپنا نام، فولیو نمبر، موبائل نمبر، قومی شناختی کارڈ/ پاسپورٹ نمبر https://forms.office.com/r/2nKNTGkxJN پر رجسٹر کروائیں۔ براہِ راست شرکت یا وڈیو لنک اور لاگ اِن کی تفصیلات کی تصدیقی ای میل صرف اُن ممبران کو بھیجی جائے گی جن کی رجسٹریشن سالانہ اجلاسِ عام سے 48 گھنٹے قبل موصول ہوگئی ہوں۔

شیئر ہولڈرز سالانہ اجلاسِ عام کے ایجنڈا آئیٹمز سے متعلق اپنی آراء اور سوالات agm.efert@engro.com پر بھیج سکتے ہیں۔

3. سالانہ رپورٹ 2023 کی الیکٹرانک ٹرانسمیشن

ایکٹ کے سیکشن (6) 223 کی تعمیل میں، کمپنی نے الیکٹرانک طور پر سالانہ رپورٹ 2023 کو ای میل کے ذریعے ان شیئر ہولڈرز تک پہنچا دیا ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس دستیاب ہیں۔ ان صورتوں میں، جہاں کمپنی کے شیئر رجسٹرار کے پاس ای میل ایڈریس دستیاب نہیں ہیں، انھیں مذکورہ سالانہ رپورٹ کو ڈاؤن لوڈ کرنے کے لیے QR فعال کوڈ/ ویب لنک کے ساتھ سالانہ اجلاس عام کے پرنٹ شدہ نوٹسز بھیج دیئے گئے ہیں۔ تاہم، کسی بھی ممبر کی درخواست پر کمپنی درخواست موصول ہونے کے ایک ہفتے کے اندران کے رجسٹرڈ پتے پر سالانہ رپورٹ کی ہارڈ کاپیاں مفت ارسال کرے گی۔

مزید، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر شیئرز فزیکل فارم میں ہیں تو کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو اپنے درست ای میل ایڈریس (درست شناختی کارڈ کی کاپی کے ساتھ) فراہم کریں یا، اگر شیئرز بک انٹری فارم میں ہیں تو ممبر کے متعلقہ شرکت کنندہ/ انویسٹر اکاؤنٹ سروسز کو فراہم کریں۔

4. کمپنی کی حصص منتقلی کی کتاب بروز منگل، 19 مارچ، 2024 تا بروز منگل، 26 مارچ، 2024، (بشمول دونوں دن) بند رہے گی۔ ہمارے رجسٹرار بنام میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، 8-F نزد فاران ہوٹل، بلاک 6، پی۔ای۔سی۔ایچ۔ایس، شاہراہِ فیصل، کراچی، پی اے بی ایکس نمبرز: 5-34380101(21-92) اور ای میل info.shares@famcosrs.com کے آفس میں بروز پیر، 18 مارچ، 2024 کو کاروبار کی بندش سے قبل (شام 3:00 بجے) موصول شدہ ٹرانسفرز متعلقہ اجلاس میں شرکت کرنے، ووٹ دینے اور فائنل کیش ڈیویڈنڈ کی حقداری کے مقاصد کے لیے بروقت تصور کیے جائیں گے۔

5. وہ ممبر جو سالانہ اجلاس میں شرکت اور ووٹ کا حقدار ہے، اسے کسی دوسرے شخص کو اپنا پراکسی بنانے کا حق حاصل ہے اور نامزد کردہ پراکسی کو اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے وہ تمام حقوق حاصل ہوں گے جو ایک ممبر کو حاصل ہیں۔ پراکسی فارمز کو اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہونا لازمی ہے۔ پراکسی کو کمپنی کا ممبر ہونا ضروری نہیں ہے۔

6. پراکسیوں کی تقرری کے تقاضے

(a) انفرادی فرد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ ریگولیشنز کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا مطلوبات کے مطابق پراکسی فارم جمع کروائیں۔

(b) پراکسی فارم پر دو افراد (مرد) گواہ ہوں گے جن کے نام، پتے اور قومی شناخت کارڈ نمبر فارم پر درج ہوں۔

(c) بینیفیشل اونر کے درست قومی شناخت کارڈ کی تصدیق شدہ کاپیاں یا پاسپورٹ اور پراکسی، پراکسی فارم کے ساتھ پیش کیے جائیں۔

(d) پراکسی سالانہ اجلاس عام کے وقت اپنا درست اصل قومی شناخت کارڈ یا اصل پاسپورٹ پیش کرے۔

(e) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی، نامزد شخص کے اسپیسی مین کا دستخط، اگر پہلے فراہم نہ کیا گیا ہو تو بمعہ پراکسی فارم کمپنی کو فراہم کرنے ہوں گے۔

7. کمپنیز ریگولیشنز (پوسٹل بیلٹ) 2018 کے مطابق، کمپنیز ایکٹ 2017 کے سیکشنز 143 اور 144 کے مطلوبات سے مشروط، ممبران کو اپنے ووٹ کے حق کو استعمال کرنے کے لیے بذریعہ پوسٹل بیلٹ ووٹ دینے کی اجازت دی جائے گی، یعنی مذکورہ بالا ریگولیشنز میں درج مطلوبات اور طریقۂ کار کے مطابق بذریعہ پوسٹ یا الیکٹرانک ووٹ دینا (الیکٹرانک موڈ سے ووٹ دینا) شامل ہوگا۔

shareholders' information including financial calendar

annual general meeting

The Fifteenth Annual General Meeting of the members of Engro Fertilizers Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Tuesday, March 26, 2024, at 02:30 p.m., as mentioned in the Notice of Annual General Meeting.

shareholders as of March 18, 2024 are encouraged to participate and vote.

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

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Card or passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting to facilitate their identification.

ownership

On December 31, 2023, there were 31,820 shareholders on record of the Company's ordinary shares. Electronic transmission of annual reports through company's website and email As required under section 223(7) of the Companies Act, 2017, Financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

https://www.engrofertilizers.com/investments#reports

In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2023 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, printed notice of AGM along with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request.

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

E - dividend mandate (mandatory)

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

analyst's briefing held during the year

Engro Fertilizers continued to apprise its stakeholders of the relevant updates about the Company as well as the Fertilizer industry by conducting four Analyst Briefings during the year, one at the end of every quarter. The briefings were attended by analysts as well as our stakeholders. The attendees were briefed on the performance of the Company during the period, both from a financial and an operational perspective. At the end of every session, a Q&A session was conducted to ensure that a comprehensive revelation of the Company's progress was conveyed. The presentation was also uploaded on the stock exchange after every analyst briefing for the benefit of all stakeholders.

quarterly results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2024 are:

- 1st quarter: April 16, 2024
- 2nd quarter: July 30, 2024
- 3rd quarter: October 14, 2024

The Company holds quarterly briefings with Security Analysts to discuss the results and the business environment. These sessions are planned to be held on:

- 1st quarter: April 16, 2024
- 2nd quarter: July 30, 2024
- 3rd quarter: October 14, 2024

All annual/quarterly reports and presentations from quarterly briefings are regularly posted at the Company's website:

www.engro.com and www.engrofertilizers.com
The Company reserves the right to change any of the above dates.

pattern of shareholding

as at december 31, 2023

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
6,017	1	100	224,635
10,425	101	500	4,328,762
4,299	501	1,000	3,854,196
5,589	1,001	5,000	14,422,946
1,634	5,001	10,000	12,544,238
816	10,001	15,000	10,329,748
523	15,001	20,000	9,461,190
371	20,001	25,000	8,623,103
264	25,001	30,000	7,482,673
154	30,001	35,000	5,048,203
164	35,001	40,000	6,285,955
117	40,001	45,000	5,017,029
185	45,001	50,000	9,079,284
74	50,001	55,000	3,916,496
88	55,001	60,000	5,146,229
53	60,001	65,000	3,337,731
58	65,001	70,000	3,968,686
44	70,001	75,000	3,219,646
57	75,001	80,000	4,487,594
33	80,001	85,000	2,741,813
34	85,001	90,000	3,010,287
29	90,001	95,000	2,695,753
115	95,001	100,000	11,431,598
27	100,001	105,000	2,764,903
30	105,001	110,000	3,241,662
10	110,001	115,000	1,136,486
20	115,001	120,000	2,366,655
24	120,001	125,000	2,964,934
19	125,001	130,000	2,436,263

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
13	130,001	135,000	1,722,181
18	135,001	140,000	2,483,558
11	140,001	145,000	1,561,438
24	145,001	150,000	3,586,363
13	150,001	155,000	1,995,026
10	155,001	160,000	1,576,687
8	160,001	165,000	1,307,741
13	165,001	170,000	2,189,877
14	170,001	175,000	2,428,126
12	175,001	180,000	2,144,789
9	180,001	185,000	1,826,450
5	185,001	190,000	947,140
9	190,001	195,000	1,742,122
28	195,001	200,000	5,591,467
9	200,001	205,000	1,817,880
7	205,001	210,000	1,453,964
1	210,001	215,000	215,000
5	215,001	220,000	1,089,020
10	220,001	225,000	2,232,989
5	225,001	230,000	1,142,782
2	230,001	235,000	465,724
6	235,001	240,000	1,429,277
5	240,001	245,000	1,209,730
9	245,001	250,000	2,247,604
1	250,001	255,000	254,606
5	255,001	260,000	1,290,878
3	260,001	265,000	789,761
7	265,001	270,000	1,877,988
7	270,001	275,000	1,642,986
5	275,001	280,000	1,384,103
2	280,001	285,000	565,297
3	285,001	290,000	861,520

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	290,001	295,000	293,735
15	295,001	300,000	4,497,500
2	300,001	305,000	600,974
3	305,001	310,000	924,829
5	310,001	315,000	1,557,001
3	315,001	320,000	956,300
1	320,001	325,000	325,000
7	325,001	330,000	2,301,227
3	330,001	335,000	998,630
1	335,001	340,000	339,820
1	340,001	345,000	342,000
7	345,001	350,000	2,440,447
3	350,001	355,000	1,056,501
1	355,001	360,000	358,000
1	360,001	365,000	364,500
1	365,001	370,000	370,000
3	370,001	375,000	1,119,403
1	375,001	380,000	380,000
3	380,001	385,000	1,148,250
1	385,001	390,000	390,000
1	390,001	395,000	393,000
7	395,001	400,000	2,796,745
1	400,001	405,000	400,805
1	405,001	410,000	406,410
2	410,001	415,000	821,227
1	415,001	420,000	420,000
3	420,001	425,000	1,267,500
1	425,001	430,000	426,327
2	430,001	435,000	869,006
3	440,001	445,000	1,328,798
1	445,001	450,000	450,000
1	450,001	455,000	451,500

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
2	455,001	460,000	915,691
4	460,001	465,000	1,853,537
1	465,001	470,000	469,320
1	470,001	475,000	470,630
2	480,001	485,000	967,687
2	485,001	490,000	980,000
1	490,001	495,000	490,923
11	495,001	500,000	5,500,000
2	500,001	505,000	1,002,040
1	505,001	510,000	510,000
1	515,001	520,000	520,000
4	525,001	530,000	2,116,840
1	530,001	535,000	535,000
5	535,001	540,000	2,684,819
1	540,001	545,000	541,000
2	545,001	550,000	1,097,000
1	555,001	560,000	557,000
1	580,001	585,000	585,000
1	585,001	590,000	588,000
1	590,001	595,000	593,366
1	615,001	620,000	620,000
1	620,001	625,000	621,124
1	625,001	630,000	625,500
3	630,001	635,000	1,895,033
1	640,001	645,000	645,000
1	650,001	655,000	654,845
3	660,001	665,000	1,985,276
1	670,001	675,000	671,500
1	685,001	690,000	689,039
1	710,001	715,000	713,320
2	715,001	720,000	1,435,940
1	730,001	735,000	733,214

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	740,001	745,000	745,000
2	745,001	750,000	1,498,461
2	750,001	755,000	1,505,533
1	755,001	760,000	756,701
1	765,001	770,000	766,981
1	775,001	780,000	775,193
1	780,001	785,000	783,690
1	785,001	790,000	785,500
2	795,001	800,000	1,600,000
1	820,001	825,000	825,000
1	825,001	830,000	826,817
1	840,001	845,000	843,253
3	850,001	855,000	2,554,585
1	865,001	870,000	866,500
2	875,001	880,000	1,754,200
1	880,001	885,000	884,095
2	925,001	930,000	1,855,511
1	950,001	955,000	951,000
1	965,001	970,000	969,614
1	970,001	975,000	975,000
6	990,001	995,000	990,364
1	995,001	1,000,000	6,000,000
1	1,000,001	1,005,000	1,000,783
1	1,005,001	1,010,000	1,007,000
1	1,025,001	1,030,000	1,026,500
1	1,030,001	1,035,000	1,034,000
1	1,040,001	1,045,000	1,041,000
1	1,045,001	1,050,000	1,050,000
3	1,075,001	1,080,000	1,079,000
2	1,095,001	1,100,000	3,299,041
1	1,145,001	1,150,000	2,296,647
1	1,150,001	1,155,000	1,151,200

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	1,180,001	1,185,000	1,185,000
2	1,195,001	1,200,000	2,400,000
1	1,260,001	1,265,000	1,265,000
1	1,275,001	1,280,000	1,279,014
1	1,295,001	1,300,000	1,295,306
1	1,300,001	1,305,000	1,301,611
1	1,315,001	1,320,000	1,317,785
1	1,410,001	1,415,000	1,413,221
1	1,475,001	1,480,000	1,478,000
3	1,495,001	1,500,000	4,495,445
1	1,570,001	1,575,000	1,571,789
1	1,580,001	1,585,000	1,584,100
1	1,615,001	1,620,000	1,617,078
1	1,630,001	1,635,000	1,632,000
1	1,645,001	1,650,000	1,650,000
1	1,745,001	1,750,000	1,750,000
1	1,790,001	1,795,000	1,793,100
1	1,815,001	1,820,000	1,817,105
1	1,855,001	1,860,000	1,857,580
1	1,895,001	1,900,000	1,900,000
1	1,925,001	1,930,000	1,925,801
1	1,940,001	1,945,000	1,944,107
1	1,945,001	1,950,000	1,947,792
1	1,975,001	1,980,000	1,976,578
1	1,995,001	2,000,000	2,000,000
1	2,005,001	2,010,000	2,007,196
1	2,040,001	2,045,000	2,042,807
2	2,085,001	2,090,000	4,178,603
1	2,150,001	2,155,000	2,152,000
1	2,190,001	2,195,000	2,193,000
1	2,225,001	2,230,000	2,225,500
1	2,245,001	2,250,000	2,250,000

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	2,285,001	2,290,000	2,286,817
1	2,305,001	2,310,000	2,310,000
1	2,320,001	2,325,000	2,325,000
1	2,495,001	2,500,000	2,496,983
1	2,665,001	2,670,000	2,667,200
1	2,740,001	2,745,000	2,740,292
1	2,950,001	2,955,000	2,952,750
1	2,960,001	2,965,000	2,960,106
1	3,215,001	3,220,000	3,217,354
1	3,230,001	3,235,000	3,232,880
1	3,245,001	3,250,000	3,250,000
1	3,820,001	3,825,000	3,821,849
1	3,845,001	3,850,000	3,846,325
2	3,995,001	4,000,000	8,000,000
1	4,230,001	4,235,000	4,230,036
1	4,290,001	4,295,000	4,293,327
1	4,295,001	4,300,000	4,299,058
1	4,345,001	4,350,000	4,350,000
1	4,500,001	4,505,000	4,504,423
1	4,695,001	4,700,000	4,700,000
1	4,725,001	4,730,000	4,729,897
1	4,995,001	5,000,000	5,000,000
1	5,015,001	5,020,000	5,018,016
1	5,050,001	5,055,000	5,053,156
1	5,485,001	5,490,000	5,490,000
1	5,695,001	5,700,000	5,697,704
1	7,205,001	7,210,000	7,208,646
1	7,540,001	7,545,000	7,544,967
1	8,145,001	8,150,000	8,150,000
1	8,985,001	8,990,000	8,986,529
1	14,375,001	14,380,000	14,377,476
1	15,110,001	15,115,000	15,112,200

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	19,820,001	19,825,000	19,821,150
1	20,660,001	20,665,000	20,662,647
1	751,310,001	751,315,000	751,312,049
31,820			1,335,299,375

categories of shareholding

as at december 31, 2023

S.No.	Category of Shareholders	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their Spouse and Minor Children	8	55,586	0.00
2	Executives	2	16,034	0.00
3	Associated Companies, Undertakings and Related Parties	8	751,790,030	56.30
4	NIT and ICP	-	-	-
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	27	44,399,763	3.33
6	Insurance Companies	18	39,888,453	2.99
7	Mutual Funds and Modarabas	84	25,641,843	1.92
8	Shareholder holding 5% or more	1	751,312,049	56.27
9	General Public:			
	a. Local	31,211	319,689,431	23.94
	b. Foreign	-	-	-
10	Others	462	153,818,235	11.52
Total (excluding shareholder holding 5% or more)		**31,820**	**1,335,299,375**	**100.00**

Free Float Shares as of December 31, 2023

Total outstanding ordinary shares	1,335,299,375
Free Float shares	579,342,884
Free Float as a % of total outstanding shares	43.39%

key shareholding & shares traded

Information of shareholding required under reporting framework is as follows:

1. Directors, Chief Executive Officer, and their Spouse and Minor Children

S.No.	Name	No. of Shares Held
1	Mr. Ghias Khan	1
2	Mr. Javed Akbar	26,524
3	Mr. Ismail Mahmud	15,838
4	Mr. Asad Said Jafar	1
5	Mr. Asim Murtaza Khan	1,220
6	Ms. Danish Zuberi	1
7	Mr. Ahsan Zafar Syed	1
8	Mr. Muhammad Makhdoom Ali Khan (Spouse of Ms. Danish Zuberi)	12,000
	Total	**55,586**

2. Executives

S.No.	Name	No. of Shares Held
1	**Total**	**16,034**

3. Associated Companies, Undertakings and Related Parties

S.No.	Name	No. of Shares Held
1	Engro Corporation Limited	751,312,049
2	Engro Corporation Limited Provident Fund	270,986
3	Engro Corporation Limited MPT Employees Defined Contributory Gratuity Fund	184,509
4	Engro Corporation Limited Gratuity Fund	6,800
5	Engro Foods Limited Employees Gratuity Fund	6,590
6	Dawood Foundation	3,805
7	Engro Corporation Limited MPT Employees Defined Contributory Pension Fund	3,100
8	Engro Fertilizers Limited Non-MPT Employees Gratuity Fund	2,191
	Total	**751,790,030**

4. NIT and ICP

S.No.	Name	No. of Shares Held
1	**Total**	**-**

5. Banks, Development Financial Institutions, Non-Banking Financial Institutions

S.No.	Name	No. of Shares Held
1	**Total**	**44,399,763**

6. Insurance Companies

S.No.	Name	No. of Shares Held
1	**Total**	**39,888,453**

7. Mutual Funds and Modarabas

S.No.	Name	No. of Shares Held
1	Atlas Stock Market Fund	4,230,036
2	Atlas Islamic Stock Fund	2,740,292
3	KSE Meezan Index Fund	1,976,578
4	Punjab Pension Fund Trust	1,925,801
5	NIT Islamic Equity Fund	1,495,445
6	Al-Ameen Shariah Stock Fund	1,279,014
7	NIT-Equity Market Opportunity Fund	969,614
8	Meezan Islamic Fund	925,511
9	Punjab General Provident Investment Fund	850,301
10	Alfalah GHP Islamic Stock Fund	733,214
11	ABL Stock Fund	663,191
12	ABL Islamic Stock Fund	593,366
13	Pak-Qatar Islamic Stock Fund	535,944
14	First Habib Modaraba	500,000
15	Lakson Equity Fund	490,923
16	Atlas Pension Islamic Fund - Equity Sub Fund	457,365
17	UBL Stock Advantage Fund	441,998
18	Atlas Islamic Dedicated Stock Fund	350,501
19	Faysal MTS Fund – MT	327,627
20	Al Habib Islamic Stock Fund	325,000

S.No.	Name	No. of Shares Held
21	Alfalah GHP Stock Fund	255,561
22	Alfalah GHP Alpha Fund	240,002
23	National Investment (Unit) Trust	238,827
24	Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	228,582
25	Atlas Pension Fund-Equity Sub Fund	205,100
26	Faysal Islamic Stock Fund	194,242
27	AKD Index Tracker Fund	180,525
28	MCB Pakistan Dividend Yield Plan	147,000
29	IAML Equity Fund	143,000
30	Alhamra Islamic Asset Allocation Fund	140,000
31	Al Habib Stock Fund	130,000
32	NBP Stock Fund	128,300
33	NIT Asset Allocation Fund	107,050
34	HBL Investment Fund	101,549
35	B.F. Modaraba	95,000
36	UBL Retirement Savings Fund - Equity Sub Fund	85,086
37	NIT Islamic Pension Fund - Equity Sub-Fund	81,500
38	Lakson Islamic Tactical Fund	71,447
39	Al-Ameen Islamic Asset Allocation Fund	70,673
40	NBP Islamic Sarmaya Izafa Fund	60,500
41	Alfalah GHP Islamic Dedicated Equity Fund	58,937
42	NIT pension fund Equity Sub-Fund	50,000
43	AWT Islamic Stock Fund	47,400
44	Faysal Islamic Dedicated Equity Fund	43,954
45	Lakson Tactical Fund	43,644
46	ABL Islamic Dedicated Stock Fund	43,390
47	HBL Financial Sector Income Fund Plan I – MT	42,873
48	Alfalah GHP Islamic Pension Fund	42,100
49	Al Habib Islamic Pension Fund-Equity Sub Fund	40,000
50	Faysal Asset Allocation Fund	39,200
51	Al Habib Asset Allocation Fund	39,000
52	AGI pf Equity Sub-Fund	37,400
53	Abl Islamic Pension Fund - Equity Sub Fund	33,500

S.No.	Name	No. of Shares Held
54	NBP Pakistan Growth Exchange Traded Fund	31,494
55	NIT Pakistan Gateway Exchange Traded Fund	30,340
56	HBL Income Fund – MT	29,000
57	Nafa Islamic Pension Fund Equity Account	28,800
58	First Capital Mutual Fund	25,000
59	Al Habib Pension Fund-Equity Sub Fund	25,000
60	ABL Pension Fund - Equity Sub Fund	24,000
61	Meezan Tahaffuz Pension Fund - Equity Sub Fund	23,047
62	AWT Stock Fund	20,200
63	Al Ameen Islamic Dedicated Equity Fund	19,440
64	UBL Asset Allocation Fund	19,000
65	Alfalah GHP Dedicated Equity Fund	16,076
66	Faysal Islamic Pension Fund-Equity Sub Fund	15,772
67	NBP Islamic Stock Fund	14,339
68	Alfalah GHP Pension Fund	10,200
69	Pak Qatar Islamic pension fund - Equity Sub Fund	9,970
70	HBL Multi - Asset Fund	5,000
71	HBL Islamic Asset Allocation Fund	4,000
72	Faysal Pension Fund-Equity Sub Fund	3,677
73	HBL Islamic Pension Fund Equity Sub Fund	3,505
74	Al Meezan Mutual Fund	2,000
75	Faysal Stock Fund	2,000
76	HBL - Stock Fund	890
77	Meezan Dedicated Equity Fund	678
78	HBL Islamic Stock Fund	501
79	Meezan Balanced Fund	365
80	Meezan Asset Allocation Fund	348
81	Tri-Star Mutual Fund Limited	91
82	First Interfund Modaraba	44
83	First UDL Modaraba	2
84	Asian Stocks Funds Limited	1
	Total	**25,641,843**

8. Shareholder holding 5% or more voting rights in the Company

S.No.	Name	No. of Shares Held
1	Engro Corporation Limited	751,312,049
	Total	**751,312,049**

9. General Public (Local)

S.No.	Name	No. of Shares Held
1	**Total**	**319,689,431**

10. Others

S.No.	Name	No. of Shares Held
1	**Total**	**153,818,235**

Total Shareholding	**1,335,299,375**

Details of Purchase/Sale of shares by Directors, Executives and their spouses/minor children during 2023: Nil
*For the purpose of declaration of shares traded all direct reportees of the Chief Executive Officer are considered as Executive

standard request form

Circulation of Annual Audited Accounts.

The Share Registrar
Engro Fertilizers Limited.
FAMCO Share Registration Services (Private) Limited
8-F, Near Faran Hotel, Nursery, Block-6
PECHS, Shahrah-e-Faisal, Karachi
E-mail: Info.shares@famcosrs.com
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Dated: ___________________

Dear Sirs,
Subject: **Request for Hard Copy of Annual Report of Engro Fertilizers Limited.**

I, ______________________________ S/o, D/o, W/o ______________________ being a registered shareholder of Engro Fertilizers Limited with the particulars as mentioned below would request that my name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual Audited Accounts of the Company and hereby request you send to me the Annual Audited Accounts in hard copy form at my registered address as contained in the member register instead of providing the same through email.

Particulars	
Name of Shareholder	
Folio No. / CDC ID No.	
CNIC/NICOP/ Passport No.	
Land Line Telephone No. (if any)	
Cell No. (if any)	

Yours truly,

____

Shareholder's Signature

Copy to:
Company Secretary
Engro Fertilizers Limited
6th Floor, The Harbour Front, Dolmen City
HC-3, Block 4, Clifton, Karachi-75600.

proxy form

I/We ____

of ____ being a member of ENGRO FERTILIZERS LIMITED and holder of ____
(Number of Shares)

Ordinary shares as per share Register Folio No. ____________________ and/or CDC Participant I.D. No. _________ and Sub Account No. __________, hereby appoint__________________ of _______________or failing him ______________________of ________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the 26th day of March, 2024, and at any adjournment thereof.

Signed this _________________________________day of _________________ 2024.

WITNESSES:

1. Signature: _____________________
   Name: _______________________
   Address: _____________________
   ____
   CNIC _________________________
   or Passport No. ________________
2. Signature: _____________________
   Name: _______________________
   Address: _____________________
   ____
   CNIC _________________________
   or Passport No. ________________

____

Signature

Signature should agree with the specimen registered with the Company.

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

پراکسی فارم

میں /ہم ---------------------(نام)---------------------

جس /جن کا تعلق ---------------(شہر)--------------- سے ہے اینگرو فرٹیلائزرز لمیٹڈ کے ممبر کی حیثیت سے ---------------(شیئرز کی تعداد)--------------- شیئرز کی تحویل رکھتا/رکھتی ہوں۔ میں/ہم ---------------(نام)------- یا ان کی عدم حاضری کی صورت میں --------------- کو جس /جن کا تعلق --------------- سے ہے، کو 26 مارچ 2024 کو منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پر اپنی/ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لیے اپنا/ہمارا پراکسی مقرر کرتا/ کرتے ہیں۔

دستخط کئے ---------------(دن)--------------- 2024

گواہان:

1 دستخط ---------------

نام ---------------

ایڈریس ---------------

سی این آئی سی ---------------

پاسپورٹ نمبر ---------------

دستخط ---------------

دستخط کمپنی میں رجسٹرڈ دستخط کے نمونے کے مطابق ہونے چاہئیں۔

2۔ دستخط ---------------

نام ---------------

ایڈریس ---------------

سی این آئی سی ---------------

پاسپورٹ نمبر ---------------

نوٹ: پراکسی کے موثر ہونے کے لیے یہ لازم ہے کہ پراکسیز اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہوں۔

سی ڈی سی شیئر ہولڈرز اور ان کے پراکسی سے درخواست کی جاتی ہے کہ پراکسی فارم کے ساتھ اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں یا پاسپورٹ کمپنی میں جمع کرائیں۔

+92-21-111-211-211

engrofertilizers.com

WWF GREEN OFFICE
A WWF INITIATIVE TO REDUCE ECOLOGICAL FOOTPRINT