engro corp

enabling Pakistan

annual report 2023

منزل سے
آگے بڑھ
کر منزل
تلاش کر

about the theme

Allama Iqbal, the national poet of Pakistan, firmly believed in the relentless pursuit of self-discovery and self-reliance as cornerstones of growth. His motivational verse, ‘Manzil se aagay barh kar manzil talaash kar’ (Go beyond your destination, seek new horizons) exhorted individuals to embrace a growth mindset, break barriers, and explore uncharted territories to unlock their true potential.

In its journey of over 6 decades, Engro Corporation has always strived to become more growth-oriented and innovative. Guided by our core purpose of addressing Pakistan's most pressing challenges, our business portfolio now encompasses 4 vital verticals: food & agriculture, energy & related infrastructure, petrochemicals, and telecommunication infrastructure. We will continue working towards our vision of becoming a premier Pakistani company with a global reach.

This Annual Report serves as a testament to our significant business milestones, sustainability initiatives, and people-centric agenda, reaffirming our commitment to a prosperous and self-reliant Pakistan. With enhanced collaboration, integrity, character, and self-belief, we can collectively build a truly great nation, as envisioned by Iqbal.

table of contents

corporate information

corporate governance

director’s report

financial statements

annexure

partner of choice

corporate information

company information

as of December 31, 2023

chief executive officer
Mr. Ghias Khan

chief financial officer
Mr. Farooq Barkat Ali

company secretary
Mr. Mohammad Yasir Khan

board of directors

Mr. Hussain Dawood | Mr. Abdul Samad Dawood | Ms. Sabrina Dawood
Mr. Muhammad Abdul Aleem | Mr. Rizwan Diwan | Mr. Shabbir Hussain Hashmi*
Mr. Khawaja Iqbal Hassan | Ms. Henna Inam | Mr. Ghias Khan

* Appointed on August 21, 2023

bankers

Allied Bank Ltd
Askari Bank Ltd
Bank Al-Falah Ltd
Bank Al-Habib Ltd
Citi Bank N.A
Faysal Bank Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
JS Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
United Bank Ltd

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

shares registrar
FAMCO Share Registration Services (Pvt.) Ltd
8-F, Near Faran Hotel, Nursery, Block-6
PECHS, Shahrah-e-Faisal, Karachi
Info.shares@famcosrs.com

registered office
8th Floor, The Harbor Front Building,
HC#3, Marine Drive, Block 4, Clifton,
Karachi 75600, Pakistan
Tel: +92(21) 35297501 – 35297510
Fax: +92(21) 35810669
e-mail: info@engro.com

key figures

	2023	2022
revenue (Rs. in millions)	482,489	356,428
EBITDA (Rs. in millions)	142,176	113,318
earnings per share Rs.	38.60	42.23
earnings per share excluding adjustment in respect of carrying value of thermal assets Rs.	63.01	42.23
total equity (Rs. in millions)	223,133	240,584
capital expenditure (Rs. in millions)	31,366	40,730
cash flow from operations (Rs. in millions)	106,963	76,881
dividend paid (Rs. in millions)	42,414	37,042
market capitalization (Rs. in millions)	158,257	150,961
total assets (Rs. in millions)	802,496	749,416

vision

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

core values

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

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

health, safety & environment

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

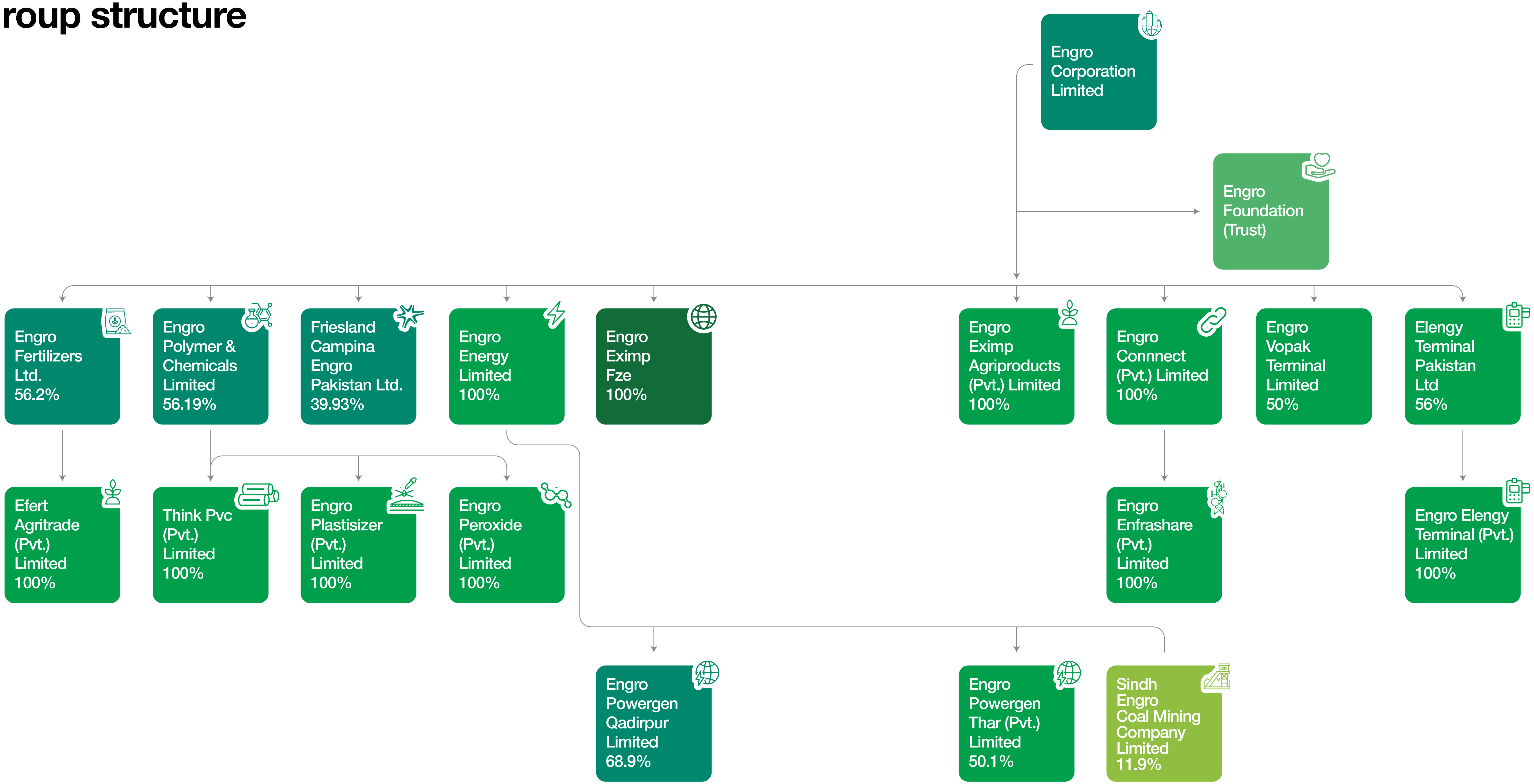
ethics & integrity

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

community & society

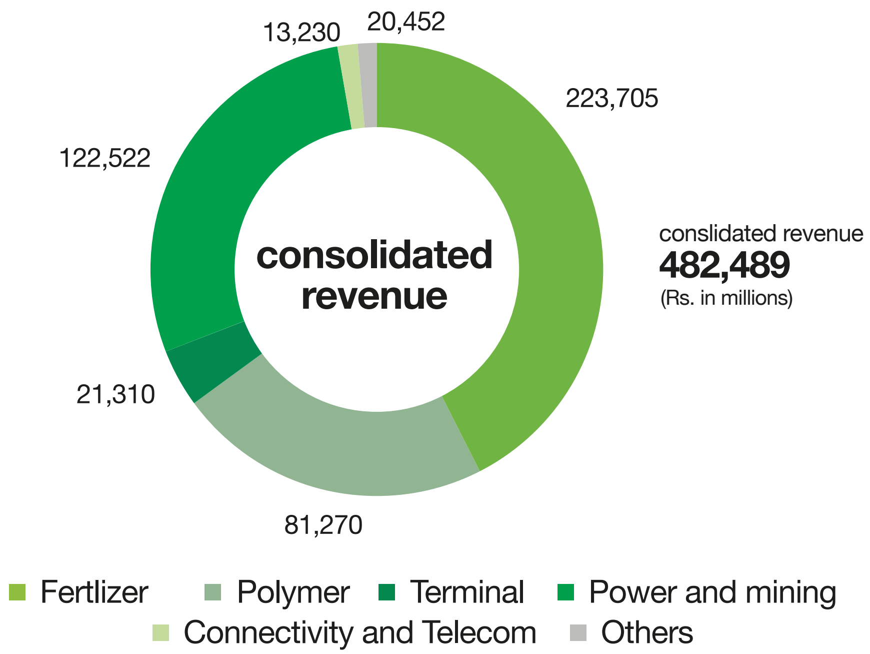
...nurtures passion to serve country, community, and company, with a strong belief in the dignity and value of people

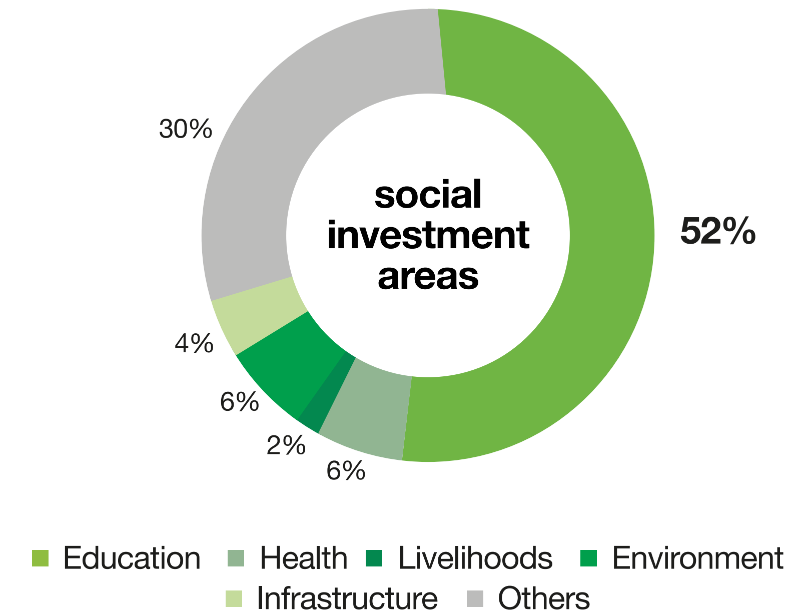
group structure

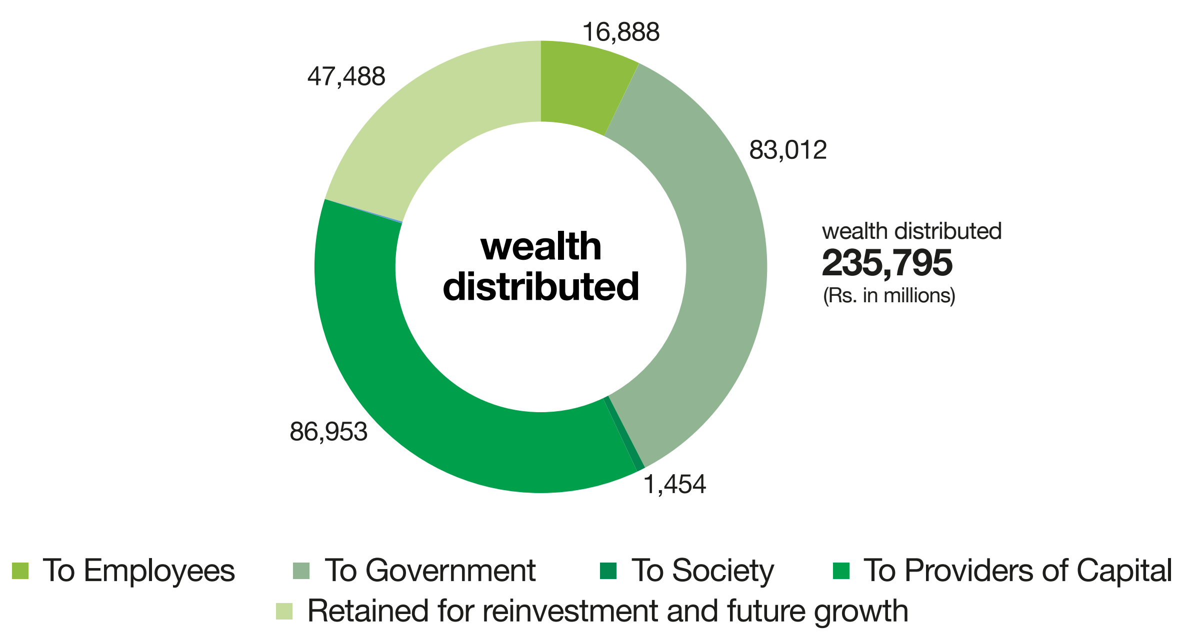


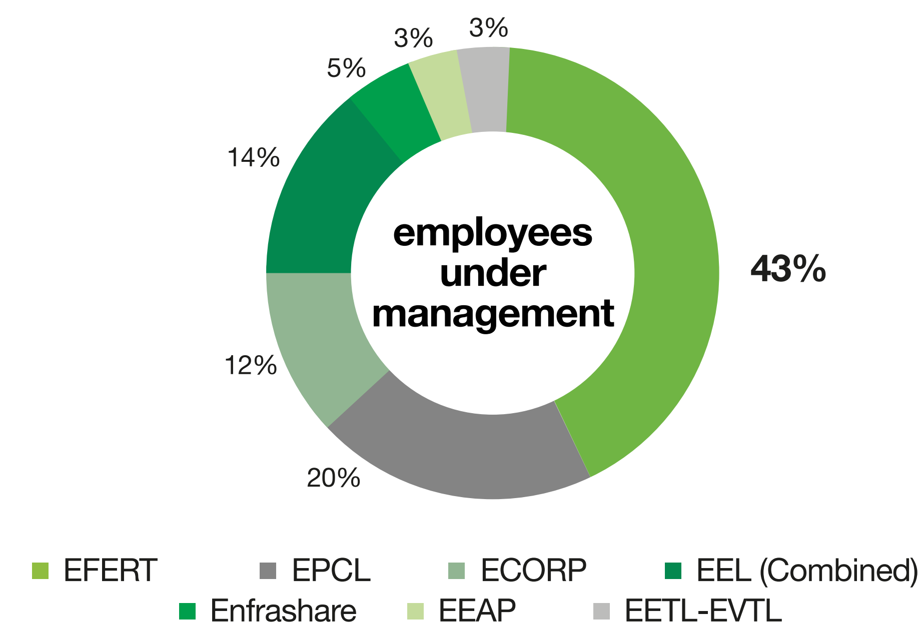
Note: The above companies include all the active business entities under Engro Corporation.

2023 at a glance









2023 snapshot

Company	Description	Figure
Engro Corporation	Engro Corporation contributed USD 297 million in taxes to the national exchequer	contributed **$297mn** in taxes to national exchequer
Engro Fertilizers	Engro Fertilizers saved Pakistan USD 835 mn in import substitution through local urea manufacturing	import substitution **$835mn** for Pakistan
Engro Energy	Engro Energy illuminated 9 mn lives through its power generation projects	illuminated **9mn** Pakistani households.
Engro Enfrashare	Enabled connectivity by operationalizing 3,952 telecom towers across Pakistan	operationalized **3,952** telecom towers
Engro Vopak Terminal	Engro Vopak Terminal ensured energy security to 5% off-grid households across Pakistan through marine LPG supply	served **5%** of off grid households
Engro Elengy Terminal	Engro Elengy Terminal helped fulfill around 15% of local Natural Gas demand	fulfilled **15%** natural gas demand
Engro Eximp Agriproducts	Generated approximately $9.4 mn in foreign exchange reserves n 2023	contributed **$9.4mn** to Pakistan's forex reserves
Engro Polymer & Chemicals	Contributed over $92.2 million in import substitution through its local PVC & VCM production	contributed **$92.2mn** in import substitution
Engro Eximp FZE	Achieved exports worth approximately USD 35 million for Engro subsidiaries	exports of approximately **$35mn** for subsidiaries
FrieslandCampina Engro	FrieslandCampina Engro helped improve farmers' livelihoods with over 32% increase in milk payments	over **32%** increase in milk payments

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

truth, trust, and transparency

corporate governance

board of directors

Hussain Dawood

Chairman

Mr. Hussain Dawood is a philanthropist and investor who serves as the Chairman of Engro Corporation Limited since 2006. He has stewarded the Company to solving pressing issues of the Nation through investments in petrochemicals, telecommunications infrastructure, chemical terminals, LNG, energy, food, and agriculture. He has played an instrumental role in instituting high standards of corporate governance and a values-driven culture; core to his style of governance is a passionate belief in perpetuating a strong value system that focuses on Character and Good Manners (CGM). Based on these, Engro Corporation Limited focuses intensely on investing in the growth potential of its people, which includes development of leadership based on Character, and competency in upskilling and reskilling.

To institutionalize these initiatives, Mr. Dawood chairs the Boards of the Karachi Education Initiative (KEI), and the Karachi School of Business & Leadership (KSBL), which strives to develop Leaders with Character who could inspire social change. The philanthropic activities include The Dawood Foundation (TDF) and Engro Foundation, which have supported and established several educational projects, the most recent of which is the TDF MagnifiScience Center, the Mariam Dawood School for Visual Arts at Beaconhouse University, and the Lahore University of Management Sciences (LUMS).

Mr. Dawood is a member of the World Economic Forum (WEF) and is a recipient of the Ufficiale Ordine al Merito della Repubblica Italiana (Order of Merit of the Italian Republic) Award. He is an MBA from the Kellogg School of Management, Northwestern University, USA, and a graduate in Metallurgy from Sheffield University, UK.

Abdul Samad Dawood

Non-Executive Director & Chairperson,
Board Finance & Investment Committee

Mr. Abdul Samad Dawood is the Vice Chairman of the Board of Dawood Hercules Corporation Limited: the holding company of Engro Corporation Limited and a key investment company of the Dawood Group that deploys capital in money markets and public equities. From 2018-2021, he was Vice Chair of the Board of Engro Corporation Limited, and now chairs its Board Finance and Investment Committee (BFIC).

Mr. Abdul Samad Dawood's experience of management and governance spans over 20 years, with a special interest in mergers and acquisitions. He has led M&A deals of over US$4 billion, including Dawood Hercules Corporation Limited's acquisition of HUBCO from National Power International Holdings B.V. in 2012 and the sale of DH Fertilizers Limited to Fatima Fertilizer Company Limited in 2015. He was also given the responsibility to lead the merger of Engro Foods (a subsidiary of Engro Corporation Limited) into global dairy giant Royal FrieslandCampina N.V. based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges; he has since served as the Chair of the Board of FrieslandCampina Engro Pakistan Limited. These efforts are a culmination of the values advocated by the Chairman, Mr. Hussain Dawood, who believes a strong code of values builds the foundation for effective problem-solving and human prosperity.

Mr. Abdul Samad Dawood is also an active director on the Board of Pakistan Business Council (PBC), a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. His corporate governance journey spans various sectors in line with his interests; he is the Chairman of Cyan Limited and a Director on the Boards of Dawood Hercules Corporation Limited, Engro Corporation Limited, FrieslandCampina Engro Pakistan Limited, The Dawood Foundation, Khaadi Corporation (Pvt) Limited, Karachi School of Business and Leadership (KSBL), Karachi Education Initiative, Dawood Corporation (Pvt) Limited, Dawood Investments (Pvt) Limited, Dawood Lawrencepur Limited, Reon Energy Limited, Pakistan Business Council (PBC), and Endeavour Pakistan. He has previously served as Chief Executive Officer for Dawood Hercules Corporation Limited and Cyan Limited, and is an active member of the Young Presidents Organization.

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

Sabrina Dawood

Non-Executive Director

Ms. Sabrina Dawood is the Vice Chair of the Board of Trustees of The Dawood Foundation (TDF). The Dawood family established TDF in 1961 as part of its efforts to give back to society through the development of communities with education. To this day, it remains the key philanthropic vehicle of the Group.

Sabrina has a passionate belief in building interactive and inclusive spaces for learning. As a result of her efforts, Dawood Public School – an institution for primary and secondary education for girls in Karachi, founded in 1983 – has built a culture that fosters diversity, tolerance, inclusion, and character, while providing education to over 2,500 women students. Sabrina has also led the development of TDF Ghar – a restoration of the 1930s home of Hajiani Hanifa Bai (mother of Group founder, Ahmed Dawood) and converted it into a safe space for youth engagement in a manner that preserves Karachi's heritage and culture.

More recently, she has spearheaded the setup of TDF MagnifiScience Center – a first-of-its-kind science museum which promotes science literacy and critical thinking through experiential learning. Since its opening in 2021, TDF MagnifiScience Center has attracted hundreds of thousands of visitors and has received praise from prominent members of society, including the President of Pakistan, the diplomatic missions of Spain and France, various government officials, actors, and journalists. These efforts are a culmination of the values advocated by Group Chairman, Mr. Hussain Dawood, who believes a strong code of values builds the foundation for effective problem-solving and human prosperity.

Sabrina also has a rich corporate governance journey. In addition to The Dawood Foundation, she is a Director on the Boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, Engro Corporation Limited, Cyan Limited, Karachi Education Initiative, and Hajiani Hanifabai Memorial Society. She is also a Trustee of Engro Foundation – the philanthropic vehicle for Engro Corporation Limited.

Sabrina has a Master's degree in Medical Anthropology from University College London (UCL), and a Bachelor's degree in Anthropology and Law from London School of Economics.

Muhammad Abdul Aleem

Independent Director

Mr. Muhammad Abdul Aleem joined the Board of Engro Corporation Limited in 2015 and is currently the CEO and Secretary General of the Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within Exxon Chemicals Limited and Engro Corporation Limited, serving in both Singapore and Pakistan. Thereafter, he worked with British American Tobacco Group UK (BAT) in Pakistan and overseas. He ultimately became CEO of BAT Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004, Mr Abdul Aleem has served in senior positions with large Government-owned organizations in Pakistan and his last assignment was as Managing Director, Pakistan State Oil Company Ltd.

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

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

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

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

Rizwan Diwan

Independent Director

Mr. Rizwan Diwan is a family member of the G&T Group, a 77-year-old business group involved in polyester textile, PET rigid and flexible packaging, cotton textile, retail, electric mobility, and energy, with operations in the Middle East and North America. He is the CEO of Novatex Ltd, which operates in the business of virgin and recycled PET Resin, preforms, bottles and BOPET film and the largest non-textile exporter of Pakistan.

Over the last 30 years, Mr Diwan has led many innovations in the field of rigid and flexible packaging in Pakistan, as well as in the region. He has been on the Board of Directors of Engro Corporation Limited since 2018 and serves on its Board Finance & Investment Committee, as well as the Board Audit & Risk Committee and the Board Peoples' Committee. He has also joined the TCF (The Citizens Foundation) board in 2022 and serves on its Audit and HR committees. Mr Diwan is a member of the Board of Trustees of "Memon Health & Education Foundation," providing educational and healthcare services to the people of Karachi.

Mr. Diwan has taught entrepreneurship at the Institute of Business Administration (IBA), Karachi, which is his alma mater. He holds a Bachelors, as well as Masters degree, in Business Administration from there.

Shabbir Hashmi

Independent Director & Chairperson
Board Audit & Risk Committee

Mr. Shabbir Hashmi joined the board of Engro Corporation Limited in August 2023. He is the Chairman of the Audit & Risk Committee, and a member of its Finance & Investment Committee. He is also serving on the Boards of Engro Powergen Qadirpur Limited, OJ Engineering Limited, and FINCA Microfinance Bank Limited, along with the Board of Governors of The Help Care Society that operates K- 12 schools in Lahore for underprivileged children.

With over 35 years of experience in development planning, impact financing, and private equity, Mr. Hashmi's multifaceted contributions reflect a seamless blend of business acumen and philanthropic spirit. He is passionate in making a positive impact in both the corporate and social spheres.

In executive roles, Mr. Hashmi has directed Pakistan operations of Actis Capital - a major PE player in the emerging market. Prior to this, he managed a substantial investment portfolio at CDC Group Plc, focusing on Pakistan and Bangladesh. In addition, he has held pivotal roles with USAID and briefly with the World Bank in Pakistan, working on policy and price setting in the Energy sector.

So far, Mr. Hashmi has served on over 24 boards as a nominee of CDC/Actis and 17 others as an independent board member. Notably, he brings heightened governance and accountability to listed companies, emphasizing their crucial need for robust oversight.

Mr. Hashmi is an engineer from Dawood College of Engineering & Technology, Pakistan, and holds an MBA from J.F.Kennedy University, USA.

Khawaja Iqbal Hassan

Independent Director & Chairperson,
Board People Committee

Khawaja Iqbal Hassan joined the Board of Engro Corporation Limited in 2018 and currently Chairs the Board People's Committee. Mr. Hassan also serves as a Director of Lucky Cement Limited and Y.B. Holdings (Private) Limited. He is a Trustee on the Boards of the Karachi Grammar School, the Layton Rehmatullah Benevolent Trust and The Tauheed Trust, as well as Chairman of the Advisory Committee of BII Pakistan (Private) Limited, a wholly-owned subsidiary of British International Investment (BII – formerly the CDC Group Plc), the development finance institution of the United Kingdom.

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

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

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

Henna Inam

Independent Director

Ms. Henna Inam joined the Board of Engro Corporation Limited in 2017 and served as Chair of the Board People Committee for 6 years. She is also part of the Board Audit Committee.

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

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

Ms. Inam is the author of 2 books – *Wired for Authenticity* and *Wired for Disruption* – and a contributor to *Forbes* on leadership. She brings a global perspective, having lived and worked in 7 countries across 4 continents. She is passionate about advancing women in leadership and on boards and founded TEDx women in Atlanta. She is a founding charter member of OPEN Atlanta – the largest Pakistani entrepreneurship and leadership community in the world.

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

Ghias Khan

President & CEO

Mr. 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 & Chemicals Limited and under his leadership, the Company enhanced its PVC capacity, diversified into new chemicals, and demonstrated efficiencies such that the market capitalization increased five-fold in 6 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 Fertilizers as the largest e-sales company in the Country.

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

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

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

chairman's message

Dear shareholders,

On behalf of the Board of Directors of Engro Corporation Limited, it is my privilege to present to you our Annual Report for 2023.

When we pen this message every year, it has become common practice to remark on how the period that passed was punctuated with challenges and uncertainty. The previous year was no different; global events continued to affect our lives in 2023, ranging from regional conflicts to climate-related challenges to economic crises. As an organisation, however, one event impacted us more than others: the loss of our Vice Chairman, Shahzada Dawood.

While words cannot express this loss, we look for strength in Shahzada's contributions, which we will passionately remember as an organisation. The Board would like to dedicate this message to his efforts and celebrate the bold leader that Shahzada was. His contributions were as varied and multifaceted as his personality, but Shahzada's participation in 2 domains really shaped the Engro enterprise: (i) fostering a problem-solving mindset and (ii) prioritising human development.

On the first count, Shahzada participated in building a resilient Engro Corporation by driving out-of-the-box thinking. He served on the Board of Engro Corporation from 2003 to 2023; during this time, he made several contributions that aided the organizational problem-solving effort and encouraged employees to think beyond conventional limits. In any discussion at the Board, Shahzada's contributions often reshaped the conversation by bringing in a perspective that few others would think of. His foresight also introduced transformative opportunities to Engro Corporation: he led us to embrace Stakeholder Capitalism Metrics, secure membership with the World Economic Forum, and foster connections with international platforms such as the Milken Institute, Virgin Unite, Wall Street Journal, and Partners Group. These efforts highlighted his vision for international collaboration as a key driver of future success.

On the second count, Shahzada's passion for human development inspired him to initiate Learning Circles across the enterprise; in his memory, these have been renamed to the Shahzada Dawood Learning Circles (SDLC). His zeal to democratise knowledge gave Engro Corporation access to influential speakers such as Bill Gates (Gates Foundation), Bob Sternfels (McKinsey), and Reuben Jayasinghe (Amazon). As a Trustee of Engro Foundation, he further advocated human development programs across our value chains, emphasising initiatives like the Sahara Community School at Daharki and farmer trainings across the agricultural value-chain.

These efforts of Shahzada's have reinforced the Organization with the necessary mindset and behaviours to achieve our goals. Engro Corporation will always remember him for his profound contributions to our cause and as we move ahead, we will continue being guided by his inspiring can-do attitude to focus on Engro Corporation's strategic priorities: (1) building global opportunities and (2) investing in human development.

On the first pillar of building global opportunities, Engro Corporation has undertaken several initiatives. In 2023, Engro Corporation was represented at the World Economic Forum's Annual Meeting in Davos; our delegation participated in dialogues on pressing issues of economic, social, and geopolitical stability and built meaningful connections with global organisations to encourage collaborative investments. Additionally, Engro Corporation's admirable stewardship of Engro Eximp FZE enabled it to become profitable in its second year of operations – the UAE-based trading company traded more than 30 product categories across 40 countries and will be a key player in Engro's export strategy. We will continue to focus on global opportunities, while driving the growth of our businesses in Pakistan; we are heartened that our listed companies at home have been recognised with prestigious PSX awards and that their financial performance has demonstrated the resilience of our business model. To further enhance productivity, we are committed to adopting AI in our business and manufacturing processes, keeping pace with the world as it races towards new technologies. We do this with the belief that these businesses can also be integrated into the global supply chain.

We also aim to invest in human development as a core part of Engro's human capital philosophy. The bedrock of this philosophy is Character and Good Manners (CGM), which we believe is the best foundation for any organisation's success. Great companies are built on the back of thousands of micro-interactions between teams; when people commit to collaboration and growth through the lens of CGM, it is our conviction that organisations perform better. For this reason, we evaluate people not only on what their objectives are but also on how they achieve them. As a result of this, Engro Corporation has earned a high internal engagement score (83%) despite battling a bleak macroeconomic outlook. Engro Corporation was also the recipient of the second Most Preferred Employer award and recognised as the runner-up for Best Investor Relations and Gender Diversity at the CFA Awards, highlighting our commitment to excellence.

CGM and human development also form the frame of reference for corporate philanthropy through Engro Foundation. In 2023, Engro continued investing in its various human development programs, most notably in farmer development in the chili agricultural value chain. With this philanthropic capital, more than 5,000 farmers, including 500 female farmers, were trained on the best crop management practices in rural Sindh. The spillover impact of these programs can be enormous as a ripple effect of productive farming practices can be created across nearby agricultural lands. Programs that uplift farm and farmer productivity will remain core to Engro Corporation's investing philosophy.

In enabling Engro Corporation to work towards its mission, the Board would like to express its profound gratitude to Ghias Khan for his service as President and CEO. Under his leadership, Engro has achieved historic performance milestones, most notably the setup of our digital infrastructure vertical through Engro Enfrashare, completion of the Thar project, and the establishment of Engro Eximp FZE in Dubai to enter regional trade. Ghias is also credited with rolling out the Company's Central Idea, leading our HR Transformation, and implementing Engro Corporation's current operating model. As he moves on to new adventures, we thank him for his service and wish him all the best.

Ahsan Zafar Syed has been appointed as President and CEO Designate of Engro Corporation to ensure an effective leadership transition. He is a stalwart of Engro, having served the enterprise for over 30 years in various capacities, most recently as the CEO of Engro Fertilizers. The Board looks forward to working with Ahsan to continue perpetuating Engro's impact.

None of the achievements of the past year would have been possible without the support of our Board. I would like to recognise them for their unwavering support in guiding the Organisation towards its long-term direction. The consistent support of our stakeholders, including the Government, regulators, service providers, partners, customers, and our people, also continues to be appreciated. And we would especially like to thank our shareholders for your continued trust and confidence in us as stewards of your capital.

Recognising that the future holds both challenges and opportunities, we are committed to progressing by embracing upcoming shifts, especially in the domains of information technology and AI. We plan to apply these as we build global opportunities and prioritise human development, pursuing our roadmap to the future. Engro Corporation is ready to navigate the path ahead with resilience, integrity, and a relentless pursuit of excellence.

Thank you again for your support, and may Allah bless you all.

Hussain Dawood
Chairman

president's message

Dear Stakeholders,

Assalam-o-Alaikum!

I am delighted to present Engro Corporation Limited's Annual Report for the year ended December 31, 2023.

During the year, 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 these reforms and are cognizant of the short-term pain associated with them. However, I urge policymakers to ensure that these reforms create a fair and level playing field for all stakeholders.

2023 proved to be one of the most challenging years in Engro's recent history, not due to economic headwinds, but due to the irreplaceable loss of our Vice Chairman, Mr. Shahzada Dawood and his son, Suleman Dawood. Their departure profoundly impacted our Organization. Despite this loss, we draw strength from Shahzada's enduring contributions and commit to passionately pursuing his vision. He will be remembered for his bold vision, tireless efforts, openness to new ideas, zest for life, and humility.

From a financial standpoint, Engro Corporation achieved significant milestones in 2023. Consolidated revenues grew by 35% to reach Rs. 482 billion, and consolidated Profit After Tax (PAT) increased by 43% to cross Rs. 66 billion before accounting impact due to the adjustment on account of thermal energy assets. After incorporating the accounting impact, the adjusted consolidated PAT was recorded at ~Rs. 36 billion, translating into EPS of RS. 38.60. Robust profitability is largely attributable to the resilient portfolio that we have constructed over time. Our portfolio is well positioned to weather macroeconomic headwinds and capitalize on growth opportunities.

The global fertilizer market remained volatile, raising concerns about an uninterrupted supply for farmers. Despite this, the Pakistani fertilizer industry not only ensured a steady supply but also offered fertilizers at a notable 40% discount compared to international prices. The domestic fertilizer industry collectively saved ~$2.3 billion in foreign exchange, with Engro Fertilizers contributing $835 million through record urea production of 2.32 million tons. It is essential to emphasize that within the fertilizer sector, Engro Fertilizers faces a significant disadvantage as 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, there will be instability in the market with multiple price points, providing the middlemen an opportunity to profiteer at the expense of farmers. During 2023, Engro Fertilizers posted a Profit After Tax (PAT) of Rs. 26 billion versus Rs. 16 billion in 2022.

In 2023, the PVC business in Pakistan faced a multitude of challenges. The local market contracted due to a weakened construction sector, influenced significantly by high construction costs and elevated interest rates. Additionally, global PVC prices remained subdued, affected by high interest rates and weak economic sentiment in major PVC-consuming markets. Moreover, energy prices in Pakistan increased by 51%, further impacting Engro Polymer & Chemicals Limited's profitability. Despite these formidable challenges, Engro Polymer and Chemicals Limited maintained a commendable 89% market share in the local market. The company not only navigated these obstacles but also spearheaded import substitution, totalling USD 92 million. Moreover, it achieved a historic export volume of 44,000 tons, generating foreign exchange revenue of USD 26 million.

In the Energy vertical, the Board approved restructuring and reorganization of the Company's thermal energy assets. Discussions are underway with Liberty Power Tech Limited for a potential sale, and we are committed to keeping all stakeholders informed about the progress in this matter.

Engro Eximp FZE, Engro's trading arm, has successfully penetrated global trading markets, yielding revenues surpassing $400 million. The company is strategically positioned to facilitate trade for related parties and third-party businesses. Our well-structured business plan instills confidence in the prospects of this enterprise.

Engro Enfrashare continued its growth, expanding to 3,952 tower sites and achieving a significant 56% market share in the independent tower company segment. The company is dedicated to increasing shareholder value. In this endeavor, Enfrashare has secured a noteworthy 30% share in the total colocations market, even with a 9% share in the overall tower market. The company is proactively working on energy optimization, enhancing contract terms, and being selective in managing its order book.

Engro Vopak experienced a 64% surge in LPG marine imports by acquiring new customers, while the chemical segment witnessed a decline due to disruptions in the operations of key customers. On another front, the LNG Terminal accounted for 13% to 15% of Pakistan's total gas supply throughout the year.

FrieslandCampina Engro Pakistan (FCEPL) sustained its growth momentum, reaching a record-breaking topline of Rs. 100 billion. The surge in revenue was propelled by factors such as expansion of our retail presence, sustained volumes, favourable pricing dynamics.

In acknowledgment of our exemplary corporate governance and business performance, Engro and its listed subsidiaries were honored with the esteemed Pakistan Stock Exchange Top 25 Companies awards. Additionally, we received notable recognition for our outstanding investor relations, being named the top company in the Industrial sector, as well as excelling in the small/mid caps sector and Environmental, Social, and Governance (ESG) standards in Pakistan, acknowledged by Asia Money.

Our commitment to sustainability secured us the second position in the 'National Enterprises' category at the Business Sustainability Awards 2023, hosted by the United Nations Global Compact (UNGC) Pakistan. Further, our e-commerce endeavors were recognized with the E-Commerce Manufacturing Excellence Award at the Asian Technology Excellence Awards 2023.

None of our remarkable business achievements would have been attainable without the exceptional dedication and talent of our team. I express my deepest gratitude to everyone for their relentless hard work, which has enabled us to achieve groundbreaking success.

Engro is steadfast in its commitment to human development, understanding that our people constitute our greatest strength. In our pursuit of retaining top-tier talent, we have implemented a comprehensive talent development program aimed at grooming individuals for key roles. Additionally, we have enriched our graduate trainee programs to ensure a robust pipeline of fresh talent. We are optimistic that, as always, our graduate programs will contribute significantly to our fresh talent pool.

In our dedication to fostering diversity in the workplace, we have enhanced our policies and infrastructure, striving to create a conducive environment for everyone. These efforts have not gone unnoticed. In 2023, we received esteemed recognition, including the 'Recognizing Gender Diversity at Workplace' award from the CFA Society and the 'Women Leaders' Development Award' from OICCI. Furthermore, Engro was honored as a runner-up for the 'Most Preferred Employer' trophy in 2023.

As one of the most blessed conglomerates of Pakistan, we remain committed to addressing pressing issues and contributing to the country's economic well-being. We are hopeful that with progressive economic reforms, the country will embark on a path of economic growth - this time a more sustainable and inclusive path.

I extend my gratitude to our Chairman and the Board of Directors for navigating us through a challenging year. We look forward to collaborating with all our stakeholders to enable growth not just for Engro, but for Pakistan.

Yours sincerely,

Ghias Khan
President & CEO

the shahzada dawood learning circle (sdlc)

The Shahzada Dawood Learning Circle (SDLC) serves as an internal platform designed to grant our employees access to sessions led by globally renowned leaders.

Embracing the ethos of lifelong learning exemplified by our esteemed late Vice Chairman, Shahzada Dawood, the SDLC fosters curiosity and empowers individuals throughout our group companies, foundations, and business school. This distinctive platform offers us the chance to engage with and pose questions to world-renowned leaders, experts, and storytellers, thereby nurturing intellectual development and catalysing innovation.

The SDLC delves through a wide array of subjects, fostering intellectual curiosity and personal development. By presenting globally relevant and forward-thinking topics, this platform ensures that participants remain at the forefront of industry trends and emerging advancements.

In 2023, the SDLC successfully hosted 10 sessions, drawing in over 1,500 participants. The impactful insights from these sessions have directly catalysed a growth mindset and innovation within the Organisation.

Shahzada's visionary legacy endures within the SDLC. Through the cultivation of curiosity and the empowerment of lifelong learning, it enables our colleagues to spearhead innovation and shape a promising future for our Organisation.

speakers of 2023

Month	Speaker	Title & Organization	Topic
January	Bill Gates	Co-chair, Bill & Melinda Gates Foundation	Human Development
April	Sven Smit	Senior Partner & Chair, McKinsey Global Institute	Cusp of a New Era
May	Qian Liu	Managing Director, The Economist Group, Greater China	China and the Global Economy
June	Danil Kerimi	Chief Business Officer, HKF Technology	Good Uses of Artificial Intelligence
June	Reuben Jayasinghe	Digital Innovation Lead for ASEAN, Amazon Web Services	Amazon Culture of Innovation
July	Usman Rabbani	Partner, Brighton Park Capital	Power of Tech Disruptions for Organisations
August	Bob Sternfels	Global Managing Partner, McKinsey	Global Outlook
September	Muhammad Aurangzeb	President & CEO, HBL	Pakistan's Economic Outlook
October	Dr Laura McHale	Founder, Conduit Consultants	Trauma Informed Organisation
December	Satish Shankar	APAC Regional Managing Partner, Bain & Company	Strategy in Uncertainty

awards & recognitions

engro corporation

- Most Outstanding Company (Industrial sector) in Pakistan at Asiamoney 2023 Asia's Outstanding Companies Poll Awards for 5th consecutive year
- Top spot (Small/Mid-Caps sector) at Asiamoney 2023 Asia's Outstanding Companies Poll Awards for 2nd consecutive year
- Inaugural Best for ESG in Pakistan Award at Asiamoney 2023 Asia's Outstanding Companies Poll Awards
- 2nd position (National Enterprises) at Business Sustainability Awards 2023 by UNGC Pakistan
- PSX Top 25 Companies Award for 4th consecutive year
- E-commerce Manufacturing Excellence Award at Asian Technology Excellence Awards 2023
- Award by National University of Sciences & Technology (NUST) for highest number of technical internships in last 5 years

engro fertilizers

- Runner-up for Best Overall Safety Program & Culture' at EHS Daily Advisor – US Safety Standout Awards 2023
- RoSPA Gold and RoSPA Fleet Gold awards (Manufacturing and E-logistics divisions respectively) for 3rd consecutive year
- Gold Award (Integrated Reporting) by South Asian Federation of Accountants (SAFA).
- ISO/IEC – 17025 lab accreditations (Zarkhez plant)
- 3rd position at Employer of Choice at Gender Diversity Awards 2023 by International Finance Corporation (IFC) and International Business Council (IBC) for 2nd consecutive year
- PSX Top 25 Companies Award for 5th consecutive year
- Amir S Chinoy Corporate Excellence Award at Management Association of Pakistan's 38th Corporate Excellence Awards for 4th consecutive year
- Best ESG Campaign for ESG Awards 2023 held by UNICEPTA (Manufacturing division)
- Environment Health & Safety Award (finalist) at Safety Culture Award (Business Awards UK)
- Best Corporate Report 2022 (Chemical & Fertilizer sector) by ICAP and ICMA
- Most Preferred Employer (Manufacturing sector) at Best Place to Work Pakistan Awards 2023
- 1st position for Best Practices in Occupational Safety, Health, and Environment (Chemical, Petrochemical, Processing and Allied sectors) at OSHE Awards by the Employers Federation Pakistan

engro polymer & chemicals

- Best Presented Annual Report at South Asian Federation of Accountants (SAFA) Awards
- Diversity Award at BIZNET 2023
- Single Region Account Response Rate Award from Customer Gauge Survey for 2022
- PSX Top 25 Companies Award
- 3 CSR Awards at 11th Annual CSR Summit & Awards
- Best Corporate Report Award by ICAP and ICMA Pakistan
- AA long-term rating and A1+ short-term rating (PACRA upgradation)
- Top 10 Best Practice Case Studies Award by ILO United Nations Project on Women Empowerment
- Highest Account Response Rate on NPS Survey
- Top 5 'Most Inclusive' Companies at GDIEB awards
- Highest annual VCM production (224 KT)
- 1,000+ days without blackout and no VCM unplanned shutdown
- 1.8 MW of energy conserved post Zero Gap Technology membranes installation
- 1st energy audit completed with reduction in losses/leakages

engro vopak & elengy terminals

- 26 years of strategic partnership with Royal Vopak of Netherlands
- 'Outstanding Sustainability Achievement-Operating Terminal' amongst 19 terminals (AME division)
- 9,531 safe days with the completion of 26 years of safe operations
- 0 LTI and 0 TRIR since 2011

engro energy

- Recognized by Govt of Pakistan for commitment towards shared prosperity

sindh engro coal mining company

- National Energy Globe Award 2022 for Thar Million Trees (TMT) Project
- 75 Leadership Development Awards' for commitment to socio-economic development
- China-Pakistan Economic Corridor (CPEC) Award for outstanding contributions to Sino-Pak economic partnership

engro powergen qadirpur

- 10 million safe man-hours without lost workday injury
- PSX Top 25 Companies Award
- 5th position at Best Corporate and Sustainability Report Awards 2022 (Fuel and Energy sectors) by ICAP
- Silver Award (Energy sector) for Annual Report 2022 at SAFA BPA Awards

engro powergen thar

- Outstanding 92% ranking in NEPRA Annual HSE Rating
- China-Pakistan Economic Corridor (CPEC)
- 5-S System Certification
- International Safety Award 2023 (Distinction)
- ISO 50001 certification for Energy Management
- China-Pakistan Economic Corridor (CPEC) Award for outstanding contributions to Sino-Pak economic partnership

engro enfrashare

- 5 years of providing accessible and affordable connectivity across Pakistan

memberships & associations

Pakistan Business Council	Council of Foreign Relations
German Pakistan Trade and Investment	Overseas Investor Chamber of Commerce & Industry
Management Association of Pakistan	UN Global Compact
Pakistan Green Building Council	Karachi Chamber of Commerce & Industry
Pakistan German Business Forum	

notice of annual general meeting

Notice is hereby given that the Fifty-Eighth Annual General Meeting ("AGM") of the members of Engro Corporation Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Thursday, April 25, 2024, at 2:00 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.engro.com/investor-relations/financial-reports/

2. To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 2.00 per share i.e. 20% for the year ended December 31, 2023. This is in addition to interim cash dividends of PKR 46.00 per share i.e. 460%.

3. To appoint Auditors for the year 2024 and fix their remuneration. The Members are hereby notified that the Board Audit & Risk 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.

4. To elect seven (7) directors as fixed by the Board in accordance with Section 159(1) of the Act for term of 3 years commencing from the date of the AGM, i.e., April 25, 2024. The names of the retiring directors are as follows: Mr. Hussain Dawood, Mr. Muhammad Abdul Aleem, Mr. Abdul Samad Dawood, Ms. Sabrina Dawood, Mr. Rizwan Diwan, Mr. Sultan Mohammad Parvez Ghias, Mr. Shabbir Hussain Hashmi, Mr. Khawaja Iqbal Hassan and Ms. Henna Inam.

b) special business

5. 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 Corporation 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.

Dated: March 6, 2024
Karachi

By Order of the Board

Mohammad Yasir Khan

Company Secretary

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.ecorp@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 the AGM, along with the weblink and QR enabled code to download the said Annual Reports 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 Wednesday, April 17, 2024, to Thursday, April 25, 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 (05:00 p.m.) on Tuesday, April 16, 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 Regulation, shall submit the proxy form as per the above requirement.

(b) The proxy form shall be witnessed by 2 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 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 be en 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 3 years from the date on which it was due and payable are required to be deposited with 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 3 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 4 years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages, like 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 166(3) of the companies act, 2017

agenda item 4

This Statement sets out the material facts pertaining to the Ordinary Business as described in the Notice of the AGM of the Company.

The term of office of the current directors of the Company will expire on April 25, 2024. In accordance with Section 159(1) of the Act, the Board of Directors have fixed the number of Directors to be elected at the AGM at seven (7) to hold the office of director for a period of three (3) years commencing from the date of the AGM.

Independent Directors shall be selected in accordance with the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Accordingly, in compliance with the provisions of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations 2019, Election of Directors will be held separately for the following 3 categories:

S. No.	Categories	No. of Seats
1	Female Director (may also be considered as an Independent Director if meets the criteria of independence set out under Section 166 of the Act)	01
2	Independent Directors	03
3	Other Directors	03

In order to safeguard the interest of the minority shareholders, any member can send his/her nomination for contesting the election in any of above-mentioned categories.

Any person who seeks to contest the election of the office of director, whether they are a retiring director or otherwise, shall submit to the Company Secretary at the Registered Office address 8th Floor, The Harbor Front Building, HC#3, Marine Drive, Block 4, Clifton Karachi, not later than fourteen (14) days before the date of AGM, the following documents:

1. Notice of his/her intention to offer himself/herself for the election of directors as per Section 159(3) of the Act, and consent to act as a director on Form 9 as prescribed under the Act, and the Companies Regulations, 2024.

2. Any person contesting the election of directors must be a member of the Company at the time of filing his/her consent unless such person is representing a member which is not a natural person.

3. A signed declaration confirming that:
   a. He/she is aware of his/her duties and powers under the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Rule Book of Pakistan Stock Exchange Limited, Memorandum and Articles of Association of the Company, and other relevant laws and regulations.

   b. He/she is not ineligible to become a director of a listed company under the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and other applicable laws/regulations.

4. A detailed profile along with his/her office address for placement on the Company's website as required under SRO 1196 (I)/2019 dated October 03, 2019.

5. Detail of other directorships held.

6. Copy of valid CNIC or Passport (in case of a foreign national) along with NTN and Folio Number/CDC Account or Sub Account number.

7. The following additional documents are required to be submitted by the candidates intending to contest the election as an independent director:
   a. Declaration of independence under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

   b. Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

All the notices received for the category of Independent Director, shall be subject to due diligence by the Company as prescribed under Section 166 of the Act and 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The final list of candidates contesting the election will be circulated not later than seven (7) days before the date of the AGM in terms of Section 159(4) of the Act, 2017. The website of the Company will be updated with the required information and Directors' profile.

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

agenda item 5

This Statement sets out the material facts pertaining to the Special Business as described in the Notice of AGM of the Company.

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.

update under the companies (investment in associated companies or associated undertakings) regulations, 2017:

In the Fifty-Seventh (57th) Annual General Meeting held on March 30, 2023, the Shareholders of the Company approved to lend/provide to the following associated companies, short term funded and unfunded financing facilities / security of up to the amount stated below in respect of each. The facility was valid for a period of one (1) year from the date of the special resolution, which may be renewed by the Company for upto four (4) consecutive periods of one (1) year each. Accordingly these facilities are being renewed as earlier approved by the shareholders.
- Engro Fertilizers Limited – PKR 12 billion
- Engro Polymer & Chemicals Limited – PKR 7 billion
- Engro Elengy Terminal (Private) Limited – PKR 4 billion
- Engro Powergen Qadirpur Limited – PKR 2 billion
- Engro Vopak Terminal Limited – PKR 2 billion
- Engro Enfrashare (Private) Limited – PKR 2 billion

During the year 2023, Engro Polymer & Chemicals Limited and Engro Powergen Qadirpur Limited had availed and repaid the above as a funded facility.

Furthermore, Engro Enfrashare (Private) Limited has also availed the above facility, which was outstanding at the year ended December 31, 2023. It shall be repaid as per the terms of the loan agreement between Engro Corporation Limited and Engro Enfrashare (Private) Limited.

UN sustainable development goals (UN SDGs)

Engro strongly believes in contributing to socio-economic growth through its integrated business model that focuses on economic value generation for the business and its stakeholders, including society at large. Maintaining the trust of our stakeholders is of utmost importance and hence, we continue to do business with the highest standards of integrity.

In the pursuit to solve the most pressing issues of Pakistan, Engro views the challenges faced by the nation as opportunities to change the status quo and has been using Sustainable Development Goals (SDGs) to integrate its business model and societal impact, and guide its actions for development in all relevant areas. Introduced in 2015 by the United Nations and adopted by Pakistan in 2016, the SDGs serve as a guiding framework that calls for action to end poverty, protect the planet, and ensure that by 2030, all people enjoy peace and prosperity. We recognize that these 17 SDGs are integrated and thus, action in one area may influence outcomes in others.

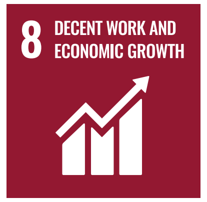
Engro's contribution to the SDGs is achieved through 3 avenues: its own business operations, its CSR arm Engro Foundation, and CSR activities and contributions through Thar Foundation. These efforts and projects towards the SDGs are presented below.

SDGs: 01 | 02 | 08
No Poverty | Zero Hunger | Decent Work & Economic Growrh

business operations

Employment and job creation play a crucial role in a country's economic growth and help meet poverty alleviation goals. Engro, through its investments and business growth, generates employment within its businesses and value chains. It is keenly focused on creating sustainable economic growth through diligent investments, providing decent work conditions within its operational boundaries for all employees, and promoting an inclusive and sustainable economy for communities at large.

Engro continues to create a thriving work environment through strong ethics and compliance practices and ensures adherence to all applicable laws and regulations such as pertaining to labor laws, environmental protection regulations, and so on. Through implementation of its employment policies, the Company rallies for equality, diversity, and inclusion within its workforce at various levels; encourages training and development of employees, and enforces rigorous health and safety practices to ensure well-being of all its employees. Engro works closely with education and skill building institutes such as universities and technical training institutes for capacity building to develop marketable skills that in turn, help increase employability. Over the years, Engro has received several awards as a testament to its contribution to the Country.



Our subsidiaries in the agriculture and food sector, work closely in the agriculture value chains to enhance food security in Pakistan. Being one of the largest players in the fertilizer market, Engro Fertilizers Limited works closely with farmers and trains and educates them in farming practices through workshops, seminars, farmer meetings, advisory forums, group discussions, and educational farm visits for advisory assistance in crop management, soil/water testing services through established labs, and 4R nutrient stewardship.

engro foundation

Engro ensures that a major component of our CSR programs aims to reduce poverty and hunger by improving livelihoods. Some of these projects undertaken by Engro Foundation include:

chili value chain project
The Seed Purification & Chili Value Chain Improvement Project (CVC), initiated by Engro Foundation with co-funding from United States Department of Agriculture (USDA) through Winrock International, was aimed to revive the traditional variety of chili. The project was primarily concentrated in Umerkot and Mirpurkhas districts with an office in Kunri which is known as the Chili Capital. This project was successfully completed by December 2023.

Pakistan's traditional round chili variety, which is locally known as either "longi" or "dandicut", is unique in its combination of taste, fruity aromatic flavor, pungency, and long-lasting red colour, and preferred by both local consumers for cooking, and by the well-established spice industry of Pakistan for use as a raw material. The use of high-quality seed was one of the most important elements for increasing chili production by 10% to 20% and for the profitability of chili farmers. For this purpose, a comprehensive, well-designed, and solution-oriented approach for the upgradation and modernization of the chili value chain was adopted with a major focus on the improvement of the seed value chain.

The CVC project has assisted to improve livelihoods of over 5,000 smallholder farmer families (including over 500 women farmers) in over 161 villages of the Umerkot and Mirpurkhas districts and provided training on Best Crop Management Practices. Amongst these farmers, 25 beneficiaries (including 1 woman) have been trained and developed as Seed Entrepreneurs. Additionally, 1,000 farmers benefitted through peer learning with additional spillover effect on another 1,000 farmers. 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 to their supply chain.

feedsol
Feedsol, a social enterprise, was launched by Engro Foundation, through ENGIVE (Engro Foundation's social impact venture fund), with the aim to improve small farmers' access to high-nutrition feed, thus making the business more inclusive. Feedsol is engaged in the production, marketing, and distribution of silage - an affordable and highly nutritious substitute for animal fodder. Additionally, it also provides animal concentrate to small and medium farmers. In the last 5 years, Feedsol has made sales of PKR 700 million+ and has worked with 4000+ farmers.

I Am The Change Impact Awards (IATC)
Launched in the year 2012, I Am The Change (IATC) is the flagship initiative of Engro Foundation, intended to pay tribute to local change agents who have worked tirelessly to make a positive impact on the lives of Pakistan's most vulnerable. The initiative aims to collaborate with the corporate and the philanthropic sectors of the Country and help individuals and institutions that are pioneering initiatives to improve lives across different spheres.

In this cycle of the IATC Impact Awards, the recipients in the 2 categories of social enterprises and social development organizations were awarded a cash prize of PKR 2.5 million in recognition of their efforts and to help scale up their initiatives. The recipients were:

social development category	National Disability & Development Forum (NDF)
social enterprise category	Connect Hear

micro-enterprise projects
12 projects of micro livelihoods were carried out in Daharki, where deserving community members were given these grants as under these projects:
- 3 livestock management (goat farming) projects
- 6 grocery store setups
- 3 ice-cream businesses

thar foundation

promoting employment
Thar Foundation works diligently to promote economic growth and employment.

- 26,500 people were provided employment through Khushhal Thar (KT), a local database managed by Thar Foundation, accounting for more than 60% of the total employment in the Thar project
- 134 persons, including women and differently-abled persons, were provided small grants to establish small enterprises for livelihood

fish breeding in gorano lake
This was developed as a pilot 'community nutrition program' by Thar Foundation. As part of the project, 10 different kinds of fish were bred in Gorano Lake, providing means of nutrition to local communities. Approximately 70,000 kg of fish bred were distributed to the community. This is the first-time saline water fisheries were introduced in this desert area.

bio-saline agriculture
Tharparkar has a large concentration area of saline water with sandy soil on approximately 2.5 million acres of saline land. The Bio-Saline Agriculture Project was initiated as a pilot to develop a business model for growing crops on abundantly available saline water in Thar that could be adopted by local communities. Under this project, various cash-crops, fruit plants, vegetables, and fodders have been grown successfully on saline water, including apple berry orchards, livestock fodder, and aloe vera. Drip irrigation has been installed at all bio-saline projects under this program.

To further the project goals:
- MoU has been signed with Pakistan Agriculture Research Council (PARC) for establishing a bio-saline fruit orchard across 20 acres
- MoU has been signed with Karachi University and Xinxiang University for growing panicum fodder on bio-saline

SDG: 03
Good Health & Well-Being

At Engro, human life, health, and well-being are considered priority. The Company endeavors to generate positive impact internally for its employees, through policies and practices related to occupational health and safety, and employee well-being, and for the society in general through social contributions.

business operations

employee occupational health and safety
Engro continuously strives to implement stringent Health and Safety standards within its facilities and operations through rigorous controls, diligent monitoring, and frequent training. Safety management involves supervising aspects concerning occupational health, industrial hygiene, behavioral safety, and process safety.

The safety and well-being of Engro employees and the populations surrounding Engro's facilities as well as the public remain a priority, with the expectation that everyone will remain safe and unharmed every day. This message is continually reinforced by our leadership at all levels and at every opportunity.

3 GOOD HEALTH AND WELL-BEING

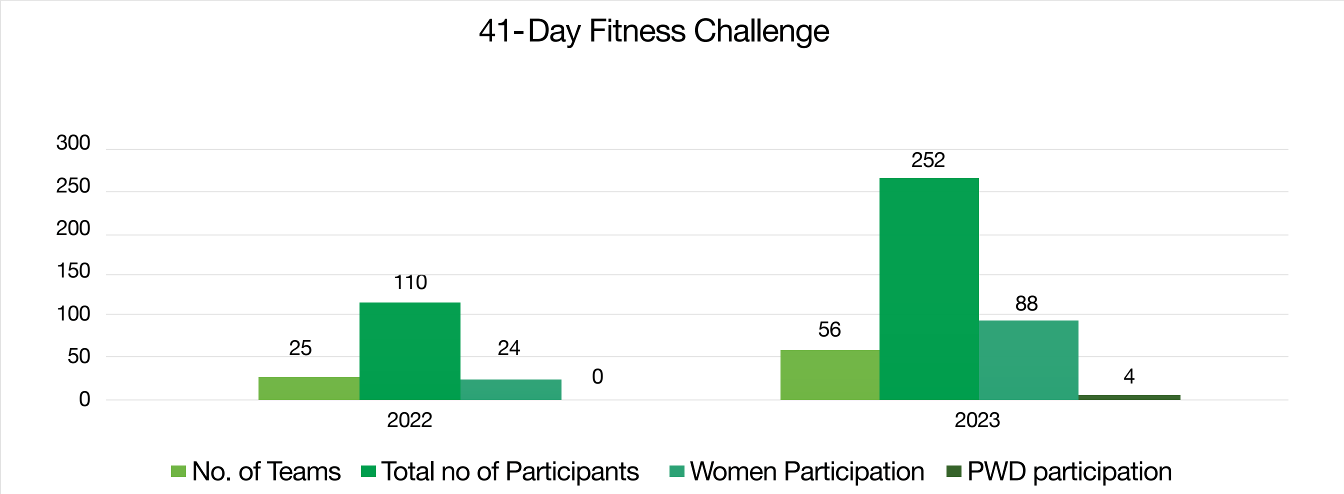
Engro operates its businesses based on international standards and best practices within the realms of regulatory rules and regulations and continuously monitors and measures safety performance to ensure compliance, taking all the necessary precautionary measures and devising routines to minimize health and safety risks. Over the years, in collaboration with world-renowned service providers such as DuPont, it has evolved, infused, and integrated a proactive and safe working culture throughout its operating footprint. Engro empowers its businesses to deliver the best-in-class HSE performance based on international standards and fosters a safety-first culture.

employees health and well-being
Employees are provided benefits pertaining to health and well-being including medical insurance, on-site clinics, expert services on nutrition, mental well-being sessions, and physical fitness programs.

Given the focus on mental and emotional health, especially post-Covid, Engro's nutritional and emotional well-being initiatives have been widely appreciated by its employees.

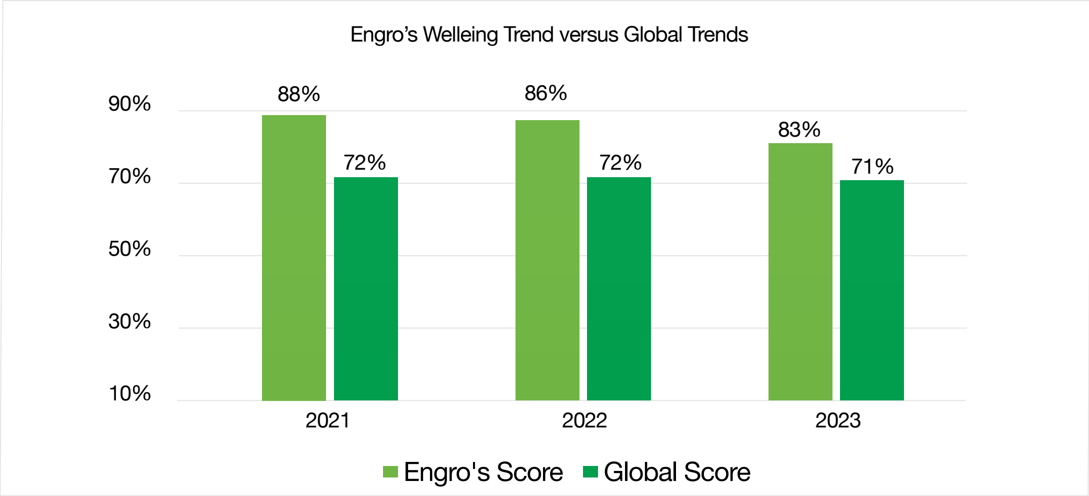
Dimensions	Initiatives
Emotional	One-on-one counselling sessions for employees and their families
	Workshops (in-person & online)
Physical	41-Day Fitness Challenge
	Yoga
	High Intensity Interval Training (HIIT)
	In-house gym
Nutritional	One-on-one sessions
	Workshops (in-person & online)

Engro's physical fitness initiatives started in 2019 with in-house yoga and HIIT sessions and have expanded to include more programs such as the 41-Day Fitness Challenge, which currently is an inclusive program that incorporates Diversity, Equity & Inclusion (DE&I) principles, allowing all to be actively involved.



41-Day Fitness Challenge statistics between 2022 and 2023. Source: Internal Data

It is deeply committed to its employee wellbeing, and compares its employee wellbeing score against the global trends as reported by Qualtrics Employee Trends Report. As a testament to our efforts towards enhancing employee wellbeing, it has consistently outperformed the global average of 71%* as per the global trends reported by Qualtrics Employee Trends Report.



**(Source: Qualtrics 2024 Employee Trends Report)*

Year-on-year trend of employee wellbeing at Engro with its comparison with global trends. Source for Engro's Trend: Employee Experience Survey and Source for Global Trend: Qualtrics 2024 Employee Trends report

engro foundation

community health programs

Beyond our employees, we strive to uplift society through social investments dedicated to healthcare. Engro Foundation has created considerable impact through the following investments:

OPD clinics and camps: A total of 64,800+ patients treated in 2023

- Sahara Clinic in Daharki, Ghotki: 10,882 patients treated
- Engro Clinic in Qadirpur, Ghotki: 11,771 patients treated
- Sina Clinic in Gaghar Phatak, Karachi: 37,000 patients treated
- Engro Clinic in Sukkur: 5,223 patients treated
- Mental Health Camps (With Sina Clinic), Karachi: 1,753 consultations done

specialized facilities: A total of 9,100+ beneficiaries in 2023

- Hepatitis program in Ghotki: 600 vaccinations and 524 treatments
- Free snake-bite treatment: 5,819 patients treated
- Free dog-bite / Rabies Centre: 1,708 patients
- Artificial Limbs Clinic: 484 patients

thar foundation

Through Thar Foundation, we provide access to healthcare for vulnerable communities with Thar Foundation Hospital, Marvi Clinic in Block-2, and Gorano Clinic being the flagship interventions. The 120-bed, state-of-the-art TF Hospital is operational in Islamkot and several vaccination and immunization drives and health camps are also regularly organized. Additionally, Thar Foundation provided health services through its mobile van in 42 villages of Taluka, Islamkot. In 2023, Thar Foundation created the following impact:

community health programs

health clinics

- Total OPD flow - 73,000 patients
- Additional services such as ultrasound, ECG, EPI, lab services, pulmonology computerized test, nutrition, digital X-ray services, and free pharmacy were provided to upcoming population across all Thar Foundation health facilities
- Tele Psychiatry Clinics started through psychiatry expert at Sir CJ Hospital Hyderabad
- In November 2023, Thar Foundation initiated weekly consultant clinics with Indus Hospital Karachi and Badin experts, where gynecologist, pediatrician, general surgeon, and physician are providing free services. OPD Flow for the services was about 750. Patients identified as needing surgery will be supported through free surgery at Indus Badin
- Thar Coal Block-02 is polio free - 100% anti polio vaccinated (zero refusal)
- Thar Block-02 is hepatitis free as a result of collaboration with The Health Foundation and massive efforts to achieve a hepatitis prevalence rate below 1%

health camps and vaccinations

- Nutrition screening for children - 7,000 children were screened
  - supplements were provided to cases of severe and acute malnourishment in children (between the ages of 6 months to 5 years)
  - 1,000 mothers were counselled about balanced diet
- Free Eye Camp with AL-Baseer were held –
  - 2,500 patient screened by ophthalmologist
  - 109 patients supported with free phaco surgery
- Thar Foundation arranged TB camps in collaboration with IRD –
  - 733 patients screened with digital X-ray technology
  - 05 patients diagnosed as TB positive. All positive cases registered with the Sindh Government TB Program and medication

partnerships

- An agreement was signed with Sindh Mental Health Authority, Sir CJ, Dawoo, JPMC, Health Department for Tele Psychiatry Project at Thar Foundation Hospital, Islamkot
- Agreement signed with Indus Hospital & Health Network for scaling up of services
- Health facilities of Marvi Clinic and Gorano Clinic connected with Global Fund Malaria Program managed by IRD, for advanced training of staff

SDG: 04
Quality Education

business operations

Engro strongly believes in the constant upskilling and development of its workforce to not only enhance productivity but also develop employees to become front-runners in a constantly evolving world.

employee training & capability development

LEAP (Learn, Empower, Adapt & Progress), Engro's capability development program, stands as an umbrella brand dedicated to advancing Group-wide upskilling through a unified platform. Its core aim is to build a comprehensive framework comprising of 3 vital elements: Onboarding, Functional/Technical Training, and Leadership Development. This framework is tailored to address capability development needs while also prioritizing the development of future skills aligned with our Organization's strategy, crucial for sustaining ongoing success and sustainability. The capability strategy is designed to align with employee preferences by offering a variety of options through a structured calendar for personal and professional development, empowering individuals to customize their learning pathways.

onboarding:

- To ensure standardized onboarding of new employees across all locations, Engro launched the digital module of onboarding, using SuccessFactors, whereby end-to-end onboarding of new hires is managed digitally. Digital onboarding service helps ensure that the experience of all new joiners, regardless of their location, remains the same.

functional/technical offerings:

- Engro has developed training programs on engineering excellence skills. The system hosts over 1,000 unique technical courses, stewarded by businesses.

leadership development offerings:

- Leadership Development is linked with our Leadership Capability Model (LCM), nurturing leadership and management skills across all tiers. Throughout the year, our learning initiatives totalled an impressive count of over 50,000 hours.

engro foundation

education for communities

At Engro, we believe education has the power to transform lives. We have, over the years, strived to increase access to quality education across communities. Engro Foundation's education programs aim to do so in underserved areas of Sindh and Punjab.

formal education
7,500 + students are benefitting through Engro Foundation supported schools

- School Adoption Programs in Daharki and Qadirpur – 12 schools with 2,700+ students enrolled
- Katcha Schools Program in Ghotki - 15 schools with nearly 2,050 students enrolled
- Sahara Community School in Daharki - 1 school with 500+ enrolment
- Schools with TCF, 3 in Karachi and 1 in Daharki - 2,100+ students enrolled
- Digital micro schools in Karachi, pilot project on informal education – 175 students enrolled This is being managed in partnership with Teach the World Foundation (TTWF)
- Under a MoU with Malala Fund, Engro Foundation helps promote STEAM education in schools

technical education
- Engro Foundation supports a Diploma in Associate Engineering (DAE) program with the Technical Training College (TTC) in Daharki. A new batch of 210 students was inducted for Diploma in Associate Engineering (DAE) in chemical, mechanical, and electrical technologies. Total enrollment stands at 460 students.
- Under EPQL's Hunar Program, 28 girls were enrolled in TTC-admission-test preparatory classes, out of which 27 appeared for the DAE entrance test at TTC and all of them have passed.

stitching centre
A stitching training center was established in Ghotki, which has trained 25 girls from the local community. After a 3-month training and distribution of stitching machines, the students can now run their own business independently.

women skills development training under sustainable fisheries and entrepreneurship program (SFEP)
SFEP successfully completed 4-months skill development training courses on 3 different trades; cloth stitching, beautician skills, and montessori teaching for 14 fisherwomen of Ibrahim Hyderi and Rehri, through the Memon Industrial and Technical Institute (MITI). The training enabled fisherwomen to develop home-based enterprises and establish a market value chain for their products. After completing the 4-month training course, SFEP provided support to these women in establishing home-based enterprises related to their respective trades. This support included the provision of furniture, fixtures, and allied materials required for cloth stitching and setting up beauty parlours.

thar foundation

formal education
4,715+ students (1,508 girls) benefited from Thar Foundation education programs
- 23 units of schools with IT labs are operational, with 166 teachers (who are all females)
  - All villages of Block-II (Thar) have 100% enrollment in primary education (4-9 years age group)
- Scholarships to 50+ students awarded during this year in various institutes i.e. IBA Sukkur and GPI Mithi
- Taleemi Basta – 50% of syllabus in the form of games (English/Sindhi)

technical education
Thar Foundation provides technical trainings and skill development programs to the people of Thar allowing them to find employment opportunities.

- In collaboration with the GPI Mithi, Thar Foundation is managing a 3-year DAE program for young Thari students to prepare them for potential technical employment opportunities at industrial plants
- Under agreement with Hunar Foundation, Thar Foundation has completed 2 vocational training courses (Solar and PV Electrical Technicians and Welding Technicians)
  - 2 batches of 46 individuals have successfully completed vocational training (solar and welding) which has empowered the youth of Thar Block-II for entrepreneurship and project needs
  - Thar Foundation welding technicians were also deployed during recent outage works at project area.
  - Solar technicians were utilized as technician helpers during Pilot Project (solarization of Block-II)
- 3,000 local youths trained on technical skills development and employed in local industry
- 250 local youths trained on mechanical and electrical courses and employed in local industry
- 100% employment of first batch of Diploma graduates from TTC in Daharki

SDGs: 05 | 10
Gender Equality | Reduced Inequalities

Engro holds Diversity, Equity, and Inclusion (DE&I) as a key strategic dimension that complements our existing efforts for a more diversified, inclusive, and future-ready workforce.

business operations

Within the DE&I theme, gender equality remains a special focus, where we endeavour to empower women and increase our workforce diversity through various programs. Engro enables women employees by offering various women-friendly policies and practices such as commute facilities, a day-care center, menstrual health awareness and management, ease of travel for women employees along with children up to a certain age (applicable to all permanent women employees and trainees) and more. To create a safe and respectful workplace environment, we also have an Anti-Harassment Committee for reporting any potential cases.

Promoting gender diversity throughout Engro is a priority, exemplified by our consistent strive to bring about balanced distribution across the Organization. The Board proudly comprises 11 accomplished women, while upper management positions, specifically at the C-1 level (those reporting directly to the CEO) have seen a significant rise of 9.09% and at the C-2 level (those reporting directly to Chief Officers), have seen a significant rise of 34.6%. This commitment to progress extends to the Management Committee level, where ongoing efforts are dedicated to continuous improvement year after year.

On the operational side, Engro subsidiaries drive gender diversity by encouraging women from various socio-economic backgrounds to work in unconventional roles such as Trade Apprentices, Graduate Trainee Engineers (GTEs), Workshop Supervisors, Warehouse In-Charges, and other field-oriented roles.

Engro remains steadfast in its commitment to empowering professionals and fostering a workplace where diverse perspectives thrive. A few of our key initiatives to promote DE&I are detailed ahead.

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

diversity, equity & inclusion leaders program

Our commitment to fostering an inclusive culture has taken a transformative leap through the DE&I Leaders Program, wherein we provided sensitization training to 100% employees across Engro through 66 self-nominated ambassadors, spanning 4 modules:

- Module 1 & 2: Awareness and Acceptance focuses on intersecting identities, understanding and leveraging privilege, difference between equality, equity and justice and biases
- Module 3: Advocacy involves understanding courageous conversations and their guidelines
- Module 4: Anti-Harassment includes types of harassment and how to identify them

As a testament to our commitment to accessibility, all 4 modules are being digitized and will be accessible to all employees on the Learning Management System (LMS). Engro's DE&I Leaders Program not only shapes our present but also paves the way for a more inclusive future for all.

The DE&I leaders program embodies our core principle, guiding our collective journey toward success.

131 full day trainings

18,416 training hours

100% of employees sensitized

break ke baad

Break Ke Baad (BKB) is a returnship program focused on empowering women to re-enter the workforce after career breaks. Aligned with our commitment to DE&I, this initiative not only provides career opportunities to women seeking to continue their careers but also builds a diverse talent pipeline, contributing to a workplace that values experience and champions inclusivity.

khudi

Khudi, introduced towards the end of 2023, is a 1-year contractual training program designed to empower and nurture People with Disabilities (PWDs). Through exposure to various roles across Engro, this initiative aims to instill pride, identity, and purpose within individuals. By creating pathways for growth, development, and meaningful contributions, Khudi actively addresses the challenges faced by PWDs in securing meaningful employment while creating a profound impact on Engro's workplace culture. This strategic approach positions Engro as a leader in fostering positive change within the corporate landscape.

Currently, Engro has 12 PWDs onboard, and with the Khudi initiative, it hopes to create more opportunities for an inclusive and diverse workplace.

Our subsidiaries have also undertaken additional initiatives to help integrate differently-abled individuals into their workforce:

- Engro Fertilizers Limited collaborated with the Karachi Down Syndrome Program (KDSP) to launch an internship program and inducted their first batch of interns in 2023

- Engro Polymer & Chemicals Limited offers a dedicated internship program titled ENableall for PwDs. It is designed to give PWDs the opportunity to gain valuable work experience and develop their skills. In 2023 three interns completed the program as our second cohort and we are very proud of including a woman internee. These interns excelled in their roles within the Finance, Commercial and HR departments

uraan

In 2021, Engro Vopak Terminal Limited launched the Uraan Associate Training Program, a technical training program targetted at inducting freshly graduated women residing in the Port Qasim area. The objective is to create a trained technical talent pool and facilitate employability among women from the local community by providing them with a 1-year program, comprising of both classroom and on-the-job training. Uraan involved a rigorous recruitment process conducting tests, multiple interviews with HR, and panel discussions.

engro foundation

gender participation in CSR activities

Engro not only strives for gender equality within its workforce but also supports it within surrounding communities. Engro Foundation contributes significantly towards education, healthcare, and employability of women through various educational, training, and livelihood programs. Some of these include:

- Sustainable Fisheries Entrepreneurship Project (SFEP) empowers fisherwomen through skill development courses that have resulted in the establishment of home-based enterprises
- Tech-Karo imparts crucial tech-skills in e-commerce and digital literacy to girls from underserved communities, eventually helping graduates in job placement
- Engro Powergen Qadirpur Limited Hunar program focuses on technical training for girls, such as stitching and DAE, which have helped them set up their own operations and generate earnings
- Tech Lab project with Consulnet is training 50 female students on front-end development in Phase I of the project
- Schools in Katcha area, set up by Engro Foundation, have helped change the lives of young girls by providing secondary and higher education and reducing early childhood marriages
- A MoU with Malala Fund has been signed by Engro Foundation to promote STEAM education amongst girls

thar foundation

Thar Foundation has helped promote gender equality through various programs and initiatives resulting in following achievements:

- Over 70 women trained as dump truck drivers
- 02 women trained as rickshaw drivers to take students to school
- 1,500 plus women students taught; 166 women teachers employed
- 64 local women entrepreneurs provided with grants
- Women trained as solar panel operators, RO plant operators, and health workers

SDG: 06
Clean Water & Sanitation

Engro recognizes the importance of water as a key shared resource for survival of life on earth. Our operations rely heavily on its availability and therefore, we put in significant efforts to efficiently manage our consumption, withdrawal, and discharge of water so as to minimize any negative impacts to our communities, environment, and operations.

business operations

Our group companies mostly operate industrial plants that use water in various processes. Hence, ensuring judicious consumption of water and proper discharge is important. Minimizing water consumption through technological improvement initiatives plays an integral part in our sustainability drive. All our sites comply with applicable local regulations and internal environmental standards for disposal of water. They focus on reusing and recycling the water used in our processes to maximize water conservation.

6 CLEAN WATER AND SANITATION

Some of our business initiatives related to optimal consumption and discharge of water are detailed below.

- Engro Polymer & Chemicals Limited has implemented close circulation cooling towers to minimize freshwater consumption via multiple layers of chemical treatment, which has optimized the performance of cooling water systems. It has also successfully implemented a strategic initiative to optimize the operation of cooling tower fans. This initiative involved a dynamic approach, tailoring the cooling tower fan operation to ambient conditions and heat load, resulting in significant water savings. Effluent Treatment Plants (ETP) reuse treated water, reducing freshwater intake, and have a remarkable environmental impact by lowering the overall plant effluent. At Engro Polymer & Chemicals Limited, the plant was designed with dual train Coagulation-Flocculation System (CFS), Activated Carbon Filters (ACF), Ultrafiltration (UF), and Reverse Osmosis (RO) technologies, with the total capability to convert 100 m^3/hr of wastewater into reusable raw water

- Engro Fertilizers Limited, in its attempts to minimize their water footprint and help address the need for freshwater sources, has been concentrating efforts on reusing water. The manufacturing facility is designed to recycle water that is 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. 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. To further reduce impact on the environment and water footprint, Engro Fertilizers Limited 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 its initiative to conserve natural resources, the geomembrane lining of all 16 of their evaporations ponds has been successfully completed

- Engro Powergen Qadirpur Limited, in 2023, took the initiative of Optimization of Cooling Water System for Partial Load Operation that resulted in minimizing water consumption by 900 T/day

engro foundation

Engro Foundation, in partnership with The Water Foundation (TWF), has installed 05 water filtration plants including 1 Reverse Osmosis (RO) unit in Karachi. These plants serve clean drinking water to the underprivileged community in Gaghar Phatak, around our business operations. Some of the impact numbers are mentioned below:

- Over 8+ million litres of clean drinking water processed and provided in 2023
- ~155,000 members of the community benefited from the water filtration plants
- An average of 22,000 litres of clean water provided per day to the communities

Moreover, 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 Engro Fertlizers Limited, mostly running on renewable solar energy. These RO plants have provided approximately 15 million litres of water to 4,000+ households and to all the daily train passengers this year. In the Sahiwal region, a water conservation drive was launched by the company with the tagline "Save Water, Save Life" for the purpose of creating water conservation awareness among our stakeholders and community members. Some 11 awareness sessions were conducted in schools, colleges, and universities, covering 3,500 community members involving teachers, staff, and students.

thar foundation

Thar Foundation contributes to Clean Water and Sanitation through the following:

- 19 RO plants supplying clean drinking water directly benefiting 35,000+ individuals
  2 new RO units inaugurated recently at Meghe Jo Tar
- RO management committees in Block-II and Gorano area, which deal with community
- issues pertaining to water distribution

SDG: 07
Affordable & Clean Energy

Engro believes in conducting sustainable operations with a focus on resource optimization and energy efficiency to manage its environmental footprint and generate alternate energy sources within its community work.

business operations

A few of our energy efficiency and clean energy projects are detailed below:

- Engro Fertlizers Limited 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 the turbine exhaust gas duct, which 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. The company has also implemented a feed gas enrichment project leading to sustainable plant operations and significant reduction of CO_2 emissions. Other energy efficiency improvement projects that were executed in 2023 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 and Ammonia-III. Engro Fertlizers Limited has also written a technical paper that was approved in the 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 alternatives to avoid the formation of gaseous mixtures, which are energy efficient, environmentally-friendly, and can be beneficial for industries operating in the same capacity.

- Engro Fertlizers Limited's Warehouse team has also initiated a solarization project across field warehouses to reduce its carbon footprint. As of 2023, the company has over 80 warehouses powered via solar power generation of 7.2 KW per day, per warehouse.

- Engro Polymer & Chemicals Limited has invested in projects such as Oxy Vent Recycle (OVR) and High-Temperature Direct Chlorination (HTDC) to reduce its energy requirements for production. Additionally, the modification of 3 electrolyzers to Zero-Gap technology has resulted in enhanced energy efficiency, leading to an annual saving of 1.8 MWh and contributing to a substantial 6% reduction in overall energy consumption.

  To improve operational efficiency, the company has also implemented a rectification initiative focused on the Heat Recovery Steam Generator (HRSG) and the Tornado gas turbine's thermal insulation systems. The rectification of HRSG and Tornado thermal insulation systems has resulted in a significant reduction in energy losses. By enhancing the insulative properties of these components, Engro Polymer & Chemicals Limited has successfully retained a greater portion of the produced heat, leading to increased operational efficiency. The improved thermal insulation has directly translated into notable natural gas savings. As less energy is lost during the production and distribution processes, the company has experienced a significant decrease in natural gas consumption, contributing to both cost savings and environmental sustainability.

- Engro Powergen Qadirpur Limited is a unique project that converts low-BTU, high sulfur content, permeate gas from Qadirpur gas field, which was previously being flared, into much needed electricity. This utilization results in lower carbon emissions compared to other thermal plants, making it one of the lowest opportunity cost thermal power plants in Pakistan.

- 50% of Engro Enfrashare's telecommunications towers are powered by solar energy

- Engro Eximp Agriproduct Ltd (EEAP) uses a biomass boiler that utilizes rice husk to generate steam for its plant.

- SECMC has installed a 5 MW solar plant for auxiliary load.

- A 158 KW solar plant is installed at Engro Vopak and Engro Elengy Terminals, catering to ~20% of plant load

engro foundation

Beyond our operational sites, we have implemented projects within communities to provide clean and affordable energy.

- Engro Fertlizers Limited has installed solar lights in educational facilities in Daharki and Ghotki, made with the support of the local community

- Engro Polymer & Chemicals Limited has facilitated the installation of solar power for its CSR activities. The clinic which hosts Sina and Karwan-E-Hayat's teams is fully operated by solar power at Ghaggar Phattak. All The Citizens Foundation (TCF) schools and Teach the World Foundation (TTWF) schools operate using solar powered facilities, as well as water filtration plants. This not only improves our environmental impact but also ensures that all our services remain uninterrupted for community residents throughout the year.

SDG: 09
Industry, Innovation & Infrastructure

business operations

We stand at a critical junction in human history, amidst the 4th industrial revolution's transformative era, fuelled by revolutionary technologies like generative Artificial Intelligence (AI). This rapid digital evolution brings both great opportunities as well as significant challenges. The central focus for the year revolved around prioritizing and harmonizing the digital strategy with the overarching business strategy. This emphasis was instrumental in ensuring that every initiative seamlessly aligned with business objectives, actively contributing to the achievement of key goals through the effective utilization of digital technologies.

A few notable projects include:

ennovate 2023
With a key strategic focus on innovation with AI, Engro Corporation Limited Information & Communication Technology (ICT) department launched Ennovate 2023, an inaugural Ideathon aimed at empowering employees and facilitating exploration of AI-driven business enhancements. After evaluating the 22 ideas submitted, the team identified the top 6 teams, who were then mentored in-house for their pitches at a Grand Finale, held before an esteemed panel of judges.

HSE MIS system
In pursuit of continuous improvement, Engro Central Technical Division's (ECTD) Group HSE team, in collaboration with ICT, implemented 2 new modules of VelocityEHS - the new and enhanced HSE MIS System. The Operational Risk module facilitates standardized work processes for risk assessment, identifies safety-critical elements, and provides dashboards for organizational risk profiling with real-time monitoring of action closeout status. The Environment, Social & Governance (ESG) module enables the ongoing monitoring of environmental parameters.

engro central
To enhance the overall employee experience and boost productivity, ICT conceived and introduced Engro Central—a centralized hub for employee applications, services, and valuable resources, providing an all-in-one user experience. Meticulously designed for simplicity and personalization, employees can seamlessly access the system by logging in with their Engro credentials.

enterprise content management
Engro generates and manages a substantial volume of critical data and documents, particularly within its manufacturing facilities, crucial for ensuring safe, reliable, and uninterrupted operations. Collaborating with ICT, the manufacturing teams of Engro Fertilizers Limited and Engro Polymer & Chemicals Limited embarked on a project to implement a cutting-edge content management system. In 2023, the team successfully introduced the EasyDMS solution at both subsidiaries. This serves as a central repository for all documents, providing several advantages, like simplified data access, storage, efficient approval processes, speedy information retrieval through Optical Character Recognition (OCR), and strong data security with proper authentication and authorization.

predictive maintenance
In pursuit of embracing best-in-class maintenance strategies, Engro subsidiaries collaborated with ICT to initiate the adoption of predictive maintenance solutions. Implementation of 2 small-scale pilot/proof of concept projects has taken place at Engro Polymer & Chemicals Limited and Engro Fertilizers Limited in 2023.

invoice management portal
To optimize invoice processing and ensure prompt payments, an innovative invoice management portal was implemented. The project scope covered invoice receipt, scanning, and processing in SAP (ERP), from validation to payment. The primary objective was to prevent delays stemming from misplaced invoices and uphold Engro's credibility. The portal, now operational, has significantly improved financial control, elevated customer satisfaction, and increased employee productivity.

customer relationship management systems

- Humsafar: As part of continuous improvement, Engro Fertilizers Limited upgraded the Humsafar application. This upgrade has successfully enabled the automation of dealer profile management, fully automated authority letter generation, and order history details, significantly enhancing the dealer's user experience and elevating customer satisfaction

- Salesforce CRM: The Engro Polymer & Chemicals Limited team collaborated with the ICT team to implement critical upgrades on Salesforce integrations. This enhancement has successfully enabled 100% reconciliation between SAP and Salesforce for the order-to-invoice cycle, along with seamless sales dashboarding and reporting within Salesforce

- Furthermore, customer payments to Engro Polymer & Chemicals Limited against orders and invoices through payment aggregators and service providers were also digitized and seamlessly integrated with Salesforce. As a result, customers can now effortlessly make digital payments directly through their Salesforce accounts, eliminating the need to visit a bank

industrial drones

Leveraging emerging technology to Engro's advantage, the Engro Vopak team embraced industrial drones for visual inspection last year. The pilot results demonstrated significant benefits, including increased safety by avoiding work at heights, enhanced productivity (up to 77% time-savings), and reduced costs (up to 70%) compared to conventional methods. Encouraged by the success of the pilot, other subsidiaries initiated the adoption of drones in 2023. Meanwhile, the team conducted a thorough analysis and identified further opportunities to scale up drones usage in 2024.

cloud computing

To align with the evolving technology landscape and ensure future-proofing, the ICT team at Engro adopted a cloud-first strategy, dedicating substantial efforts to its implementation and the formulation of future strategies. This comprehensive approach is crafted to enhance agility, cost-effectiveness, and technological advancement, strategically positioning Engro for success in the digital era.

risk mitigation

To fortify risk and security management, and shield Engro from emerging threats, the ICT and Information Security (IS) teams initiated a comprehensive effort to strengthen risk management within the Company. Partnering with the consulting firm PwC, the teams conducted a thorough risk assessment exercise in 2023, concentrating on all critical ICT assets. The primary goal was to proactively identify and address potential vulnerabilities and threats. Throughout the assessment process, they diligently examined existing technical and managerial controls, systematically pinpointing, and documenting any gaps. This meticulous approach provided valuable insights into Engro's risk landscape, facilitating the creation of a consolidated ICT and IS risk management framework.

Equipped with a consolidated and precise risk register along with comprehensive risk treatment plans for both IT and OT assets, the ICT and IS functions worked diligently on implementing these plans to ensure the robust protection of Engro's systems and data.

SDG: 11
Sustainable Cities & Communities

engro foundation

11 SUSTAINABLE CITIES AND COMMUNITIES

As a result of unprecedented torrential floods in Pakistan in 2022, more than 33 million people were affected and approximately 1,700+ lost their lives. More than 2.1 million homes were damaged or destroyed by the floods.

Given this crisis, there was a dire need for immediate and effective response towards rehabilitation and resettlement of communities. Engro Foundation, with financial support of Engro Vopak Terminal Limited, and in partnership with Sindh Rural Support Organization (SRSO), built 146 climate resilient residential units for rehabilitation. The project also included 7 community water tanks. These houses were selected from the 2 villages in District Kambar Shahdadkot, where massive destruction had occurred.

Each house consists of 1 room, a kitchen, a bathroom, and a courtyard.It is elevated by 3 feet from mean ground level to avoid ingress of flood water and built with widely available construction material like bricks and cement, etc, for speedy construction. The thatched roof ensures that the temperature inside remains manageable during hot weather. Extensive community mobilization was carried out by SRSO and women, in particular, were engaged for supporting construction efforts.

thar foundation

- Thar Foundation successfully relocated 172 households to New Senhri Dars, creating a state-of-the-art model village as part of the resettlement project. The model village was designed in a manner which enhances quality of life without compromising the natural ecosystem, social fabric, lifestyle, and traditions of the Thari people
- 16 households of village Allah Dino Hajjam (Gorano area) are also resettled and a new village has been built with all basic facilities, like solar lights, proper roads, and safe drinking water
- A small village comprising of 6 households (Shafi Ji Dhani) is also under resettlement
- As part of our Village Improvement Program, 70 low-cost pit latrines have been constructed and 70 solar systems have been installed in the Gorano area
- Pilot project to solarize Block-II villages is also going, on in which 1,035 units of Block-II are benefiting 2,500+ households. About 70% (6/9) villages have been solarized successfully to provide sustainable and reliable source of electricity

SDG: 12
Responsible Consumption & Production

business operations

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

As a responsible corporate, Engro strives to ensure its activities generate a positive impact through responsible consumption of natural resources and efficient production via consistent optimization of processes, automation and digitization, and adherence to applicable local environmental and safety standards and internal protocols.

To apply consistent HSE Standards across the group, 73 Corporate HSE L1 standards aligned with international standards and best practice- were published during 2023 for the first time in Engro's history

As such, our HSE management system underwent a digital transformation with the adoption of the state-of-the-art VelocityEHS platform. This has significantly enhanced effectiveness and productivity by enabling efficient tracking, record-keeping, stewardship, and real-time data analysis.

With a drive to continually excel and bring the organization at par with a world-class HSE management system, Engro embarked on a multi-year journey with support from DuPont Sustainable Solutions (DSS++) to move from a compliance-based HSE management approach to a cutting-edge risk-based HSE management system.

To ensure smooth transition, a dedicated Risk Based HSE (RBHSE) transformation team under Engro Central Technical Division (ECTD) was formed in 2022. The rollout strategy comprises of 3 phases, including completing a review of high HSE consequence scenarios, institutionalizing a world-class barrier management program, and conducting detailed risk assessments. The first phase comprising a review of high-consequence HSE scenarios was completed in 2023 accompanied by the initiation of alignment of our Barrier Management Program with leading organizations worldwide. This momentous undertaking required an investment of over 44,000+ person-hours. The output of this exercise is fed to a high-level dashboard to provide visibility of HSE analytics to senior leadership for effective risk management. It shall also provide input to the enterprise risk register.

Additionally, significant efforts are being made to develop organizational capability on world-class HSE risk assessment methodology, including Hazard Identification (HAZID), Process Hazards Analysis (PHA), Layer of Protection Analysis (LOPA) and Bow Tie Analysis.

To achieve this, a flagship resource upskilling intervention has been meticulously designed for experienced individuals, enabling them to lead future risk assessments and train our in-house resources. For the first time in Engro's history, the PHA and LOPA classroom training was followed by the execution of 2 actual risk assessment studies under the coaching of a global subject matter expert. A total of 10,000+ hours were dedicated to empowering our resources, upskilling 450+ resources and training 21 HAZOP leaders.

engro fertilizers limited

In 2023, dedicated efforts were undertaken to enhance environmental performance at the company. Engro Fertilizers Limited was certified by the International Fertilizer Association (IFA) Protect & Sustain for robust management practices related to product quality, security, and sustainability. Several initiatives were undertaken to enhance operational efficiencies:

- 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
- 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
- Engro Fertlizers Limited 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 on site and resources were adequately trained. Additionally, the geo-membrane lining of evaporation ponds was successfully completed
- A flare system is provided at Engro Fertlizers Limited’s 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.
- The Manufacturing team implemented conversion of organic waste from the colony into compost, suitable for horticulture

engro polymer & chemicals limited

The company has made significant investments in projects like Oxy Vent Recycle (OVR) and high-efficiency Zero Gap membranes and reaped benefits in 2022-23. Moreover, high-efficiency reactors such as High-Temperature Direct Chlorination (HTDC) commissioning remained in progress throughout 2023 and is supposed to come online in 2024, which will significantly save it on the energy front. These projects are expected to reduce the company’s energy requirement, reduce the drain on Pakistan's depleting natural gas reserves, lower its carbon footprint, and improve raw material efficiency. These projects are in full swing and successfully contribute towards sustainable operations and consumption.

To extend the impact of responsible production and consumption beyond its boundaries, engro polymer & chemicals limited supports research, awareness-building, and product development for a Circular Plastic Economy.

engro powergen qadirpur limited

Engro Powergen Qadirpur Limited continued to undertake initiatives to promote innovation and responsible business practices by adopting digital processes and digital transformation initiatives. It took a major Digital Transformation initiative in 2022 and has continued the efforts, wherein the company converted many of its manual processes into digital processes. In 2023, it demonstrated operational excellence and maintained system reliability through ensuring plant availability and remaining compliant with international standards in safety and environment providing reliable and affordable energy. Engro Powergen Qadirpur Limited remained amongst the top 11 IPPs in Power Regulator Merit Order Ranking in 2023, which means that it is amongst the top 10 power plants in Pakistan with respect to generating affordable electricity. The company is providing affordable and reliable electricity to the consumers through the National Grid.

SDGs: 13 | 15

Climate Action | Life on Land

Pakistan, being one of the most vulnerable countries to climate change, requires an integrated approach where the government, businesses, and society work together to take appropriate actions that can help build resilience against impending climate change. Engro, as a responsible corporate, has developed and implemented multiple interventions to manage its environmental impact.

13 CLIMATE ACTION

business operations

climate action

Over the years, our Group companies have made significant investments in energy efficiency (as detailed under SDG 7). Climate adaptation is equally important to address the climate change issue, given Pakistan’s vulnerability to it. In 2022, Engro developed a preliminary roadmap that aims to identify climate change risks to the business and develop action plans to tackle the impacts on an ongoing basis.

15 LIFE ON LAND

celebrating world environment day

To increase awareness of environmental impacts on our health and on the planet, various awareness sessions and activities were held across Engro to mark the World Environment Day. Various themes relating to water conservation, waste management, climate resilience, energy efficiency, and plantations were adopted to help translate knowledge into action to reduce our personal ecological footprint.

partnerships for a circular economy

Engro Polymer & Chemicals Limited is an affiliate of the World Economic Forum's (WEF) Global Plastics Action Partnership (GPAP). It has also joined the Collect and Recycle Alliance (CORE), a platform of leading plastic package manufacturing and use companies.

beyond plastic

Engro Energy Limited launched the Beyond Plastic project to promote single-use plastic reduction at its sites. In Phase I, all Engro Energy Limited-owned facilities were targetted in which non -biodegradable bags and bottles reduction was focused upon. A 100% elimination of non-biodegradable bags was achieved and a 70% reduction in the consumption of plastic water bottles was observed. The target was achieved by providing ecofriendly alternatives, along with imparting awareness on minimizing the use of plastics.

waste reduction

Engro Fertilizers Limited's Manufacturing team has been actively working on waste reduction with a focus on converting organic waste into nutrient-rich compost. This compost, teeming with beneficial properties, serves as a powerful catalyst for enhancing soil health and fostering robust plant growth.

tree plantations

In May 2023, Engro Fertilizers Limited's Zarkhez plant launched the Plant a Tree, Plant a Hope project, in collaboration with Worldwide Fund for Nature (WWF) to address the impact of climate change and preserve coastal ecosystems in Pakistan. As per the project, the company has pledged to plant 1,000 mangrove saplings along the coastlines. Besides this, thousands of trees were also planted throughout the year under various campaigns. Engro Fertilizers Limited conducted a tree plantation drive in Daharki city, CAER villages, and vicinity schools where thousands of fruit trees and other all seasons trees were planted during a campaign. 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, 2,900 tree saplings were planted at 17 different schools and colleges.

engro foundation

Beyond our operational efficiencies, several initiatives to combat climate change and improve environmental impact on land have been adopted by Engro Foundation.

- **restoration of the mangrove ecosystem project**
  A collaboration between Engro Foundation, Engro Vopak Terminal Limited and International Union for Conservation of Nature (IUCN) Pakistan since 2015, this stands as a pivotal effort towards conserving Pakistan's coastal habitats. Focused on the Port Qasim area, the project aimed to restore and sustain 500 hectares of mangroves, achieving successful plantation and maintenance at Wango Creek and Tor Island PQA. While the major focus of this collaboration is on the restoration of mangroves ecosystem along the Karachi coast, it also involves extensive community engagement and awareness-raising so that ownership of this ecosystem is created and sustainability is ensured.

  The project's impact resonated beyond mere planting, evident in the National Coordinating Body meetings chaired by the Secretary of the Ministry of Climate Change, building collaboration among Sindh and Baluchistan's Forest Departments and Coastal Development Authorities.

- **afforestation & ecosystem restoration project**
  Engro Foundation, with the support of Engro Polymer & Chemicals Limited has partnered with WWF Pakistan to plant and conserve forests. We have planted trees on 650+ hectares (1,612 acres) across different parts of the Country. The project has significant outcomes in the form of ecosystem and biodiversity conservation. These plantations have been carried out with the support of farmers. Formal agreement with 84 farmers has been signed to facilitate plantation activity. These farmers have been provided with solar water pumps, and fodder seeds for livestock. The current project area, Jhelum district, being part of the Potohar Region, constitutes as the key habitat of Punjab Urial, an endemic species (vulnerable species as per IUCN) and migratory waterfowls around river Jhelum and seasonal streams. By restoring vegetation cover, raising awareness, and mobilizing local communities, the project will improve habitats of wildlife species, thus supporting conservation activities.

circular economy

In an endeavor to promote circularity, Engro Foundation, with the support of Engro Polymer & Chemicals Limited, has partnered with Karachi School of Business and Leadership (KSBL) to establish the Circular Plastics Institute (CPI). The aim is to bridge the knowledge gap around waste management and recycling. Since inception, it has led to multiple studies on a variety of topics related to waste management and life cycle assessments.

In a short time span, CPI has achieved substantial progress, conducting pioneering research and successfully securing USD 85,000 in international funding. Some examples of studies conducted or being conducted include:

- Plastic Waste Imports: Mapping Pakistan's PVC Supply Chain and Understanding Factors Impacting the Basel Convention's Implementation
- Mapping Open Burning: Identifying Plastic Burning and Pollution Impact in Karachi and Lahore
- Life Cycle Assessment (LCA) of 4 Major PVC Products: Analyzing PVC Product Life Cycle for Better Environmental Performance and Stakeholder Decision Making
- Mapping Waste Pickers: Study Waste Pickers in 3 Cities to Understand Challenges and Contributions to Pakistan's Circularity
- Marine Pollution Study: Studying Waste Sources and Types Found at Multiple Karachi Coastal Sites
- Circular Economy Potential: Advising the Board of Investment on Circular Economy Potential

thar foundation

tree plantations & conservation

Sindh Engro Coal Mining Company (SECMC)'s Thar Million Trees Program successfully planted a million trees in Thar. The IUCN has conducted a Carbon Stock Assessment study and confirmed that over the course of the execution of this project, about 319,000 tonnes of carbon were sequestered and 24 different species were planted, indicating a rich biodiversity aspect too. The project promotes biodiversity due to its positive impact on bird populations; IUCN experts confirmed the presence of 22 bird species belonging to 14 different bird families. The study also confirmed the presence of 2 birds that are of special concern from a conservation point of view, i.e. Tawny Eagle and Egyptian Vulture, which have been declared vulnerable and endangered respectively in the IUCN Red List of Threatened Species.

biodiversity conservation

- **vulture conservation through community nest protection**
  Sindh Engro Coal Mining Comapny and Thar Foundation launched the Partnerships for Biodiversity Conservation in Thar project in collaboration with IUCN in 2018. It focused on vulture conservation in Thar and attempted to address the steep decline in vulture population in the region. While the project included several conservation activities that directly and indirectly helped conserve endangered vultures in Thar, a key a key activity was nest protection via community engagement. This has been quite instrumental in supporting the cause as it helps identify trees with vulture nests and engages the local community in protecting them from any sort of damage. This allows vulture nests to remain protected and helps contribute to a smooth growth of their nestlings. About 350+ trees with vulture nests were brought under community protection on an on-going basis. Engaging community helps create ownership and through the successful performance of this activity, Thari communities have shown responsibility towards their own environment.

- **baseline ecological study of flora and fauna**
  A baseline ecological study of flora and fauna was undertaken with IUCN by Sindh Engro Coal Mining Comapny and Thar Foundation. This partnership focused on biodiversity conservation in Thar. The study is the first ever to cover Thar's flora and fauna in both textual and pictorial forms to help undertake future biodiversity conservation initiatives. Under this initiative, Thar Foundation successfully completed a groundbreaking biodiversity study in Tharpakar, in collaboration with IUCN. The study documented a total of 149 plants, 187 birds, 26 wild mammals, 3 amphibians, 20 reptiles, and 106 species of invertebrates from a wide range of habitats.

- **'ecological treasures of thar'**
  A documentary titled "Ecological Treasures of Thar" has been developed by IUCN Pakistan, in collaboration with Thar Foundation and Sindh Engro Coal Mining Company, that explores the rich and diverse natural and cultural heritage of the Thar Desert. It captures the ecological diversity of 3 different ecosystems - the Thar Desert, the Karoonjhar Mountains, and the Rann of Kuchh wetland, which is home to a variety of flora and fauna. The documentary also shows that Thar has a rich culture and history.

SDG: 14
Life Below Water

Engro, as a responsible corporation, strives to protect and conserve biodiversity under water by designing interventions that sustainably use the seas and marine resources for sustainable development.

engro foundation

indus river dolphins conservation project

Engro Foundation has been working with WWF Pakistan for 5 years to conserve Indus River Dolphins, 1 of the 6 species of freshwater dolphins endemic to the Indus River and its tributaries only. The current population is about 2,000 and marked as endangered on the IUCN Red List. Engro Foundation, with support from Engro Fertilizers Limited, is working on this project and has focused on the following during 2023:

14 LIFE BELOW WATER

- Establishing key biodiversity areas 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 dolphins. This took place in Colombia in October 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.

- Awareness: 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 1-day eco-tour guide training was conducted in Sukkur to enhance the skills and capabilities of 12 boatmen to act as eco-tour guides.

- Promoting sustainable fishing practices: Engro Foundation participated in a panel on the use of pingers in the conservation of river dolphins during World Water Week. Pingers produce sounds that keep dolphins away from fishing nets. They have turned out to be effective in preventing dolphin entanglements. Therefore, 1 key action was carrying out population surveys and rescue operations, using technology, tags, and pingers, to support conservation efforts.

sustainable fisheries entrepreneurship project (SFEP)

Engro Vopak Terminals Limited and Engro Elengy Terminals Limited, through Engro Foundation and WWF Pakistan, implemented the 'Sustainable Fisheries Entrepreneurship Program (SFEP): A Citizen-Based Approach to Saving Pakistan's Unique Marine Environment' starting in 2016. Considering the success achieved in the first 2 phases of the project, it has been mutually agreed that it should continue for Phase III, which started on January 1, 2022, and will end on December 31, 2024.

Phase III is being implemented in the 2 targetted Union Councils (UCs), namely Rehri and Ibrahim Hyderi. It intends to partner with the existing and new fishing groups, Sindh coastal fisheries and Marine fisheries departments, other relevant government departments, and the private sector. Responding to the vast challenge, the SFEP Phase III aims to address some key contributors to marine and coastal ecosystem problems. The project aims to support and promote improved fisheries management by reforming fisheries governance and management to combat illegal fishing and reduce pressure on marine ecosystems through increased awareness. Phase III's main course of action is mostly the combined reduction in post-harvest losses, a significant decrease in illegal gear, and unabated fishing efforts, thus sensitizing fishers to avoid fishing down the food web. These outcomes are achieved through the realization of the objectives, i.e., (1) sustained improvements in fishing knowledge, attitudes, and practices (FKAP) of the fishers of Ibrahim Hyderi and Rehri villages, and (2) improved livelihoods (via markets) and health conditions of fisher-folk households in Ibrahim Hyderi and Rehri villages.

Other notable program outcomes include:

- Gillnet conversion into longline gear: 8 pelagic gillnet fishing vessels were converted into bottom-set longline fishing operations, benefiting 120 crew members. The conversion of fishing gear from gillnet to longline was aimed at promoting sustainable fishing in coastal waters and minimizing the negative impact of gillnet fishing. These vessels were equipped with necessary longline fishing tools such as winch machines, fish finders, cold storage facilities, and fish handling tools.

- Provision of fishing equipment: SFEP distributed a total of 105 fishing assets, including 25 insulated iceboxes, 40 boat engine-repair toolkits, and 40 safety kits among the underprivileged fishermen in Ibrahim Hyderi and Rehri Goth. These aim to help in the combined reduction in post-harvest losses, a significant decrease in illegal gear, and unabated fishing efforts by maintaining the supply chain.

- Capacity Building of Sindh Fisheries Department officials on data collection: A 2-day training workshop titled 'Using the Fisheries Data Collection Mobile Application' was conducted for 25 officials of the Sindh Coastal Fisheries Department and Marine Fisheries Department. The workshop aimed to brief officials about collecting fishing data through an android-based mobile application in offshore and coastal waters. The participants learned how to collect fisheries data using the latest digital tools to develop evidence-based fisheries policies, plans, and strategies.

- Maintenance/upgradation of android-based Application: The mobile application developed previously is regularly upgraded by the developer and has been used by fishermen on smartphones for the last 2 years to track fish catch data by filling out digital forms detailing the number and species they catch.

- Training on sea food quality control: A 5-day training on Seafood Quality Control and its Market Value Chain was conducted for 10 fisherwomen of Ibrahim Hyderi and Rehri through Jinnah University for Women. The training aimed to enable fisherwomen to understand seafood processing at the household level. The training was conducted in 2 parts – firstly, fisherwomen were trained to (i) control unhygienic sanitary conditions and (ii) ensure proper handling, storage, and transportation of fish that help reduce bioburden in the final product. Secondly, the fisherwomen were provided with orientation regarding the market value chain and the necessary steps to establish a home-based enterprise.

thar foundation

Gorano Lake

Thar Foundation introduced a pilot program in which 10 different kinds of fish bred in Gorano Lake were used to provide means of livelihood to local communities, thus promoting life under water. Gorano has also been declared a unique wetland by the IUCN.

SDG: 16
Peace, Justice & Strong Institutions

business operations

Engro has strong governance structures and internal control systems that ensure our businesses are run in an effective, accountable, and transparent manner. Our governance structures are strengthened by clearly defined roles and responsibilities from the highest governing body to the bottom. We have a dedicated Ethics and Compliance (E&C) department that ensures all employees conduct themselves based on high principles and ethics, with zero tolerance for corruption and disregard for the law. Given the importance of the subject, E&C conducts periodic Awareness Roadshows covering Engro's Code of Conduct, anti-corruption practices, and Speak Out platform, etc.

The Company's values and commitment to ethical practices is reflected in our Statement of Ethics and Business Practices:

"Ethics and integrity are among the three core values of Engro, and we expect compliance with our standard of integrity throughout the Organization. We do not stop with legal compliance but rather hold all Engro employees and our business partners to the standard we perceive that centers morality, justice, equity, and a commitment to do good while creating value for all our stakeholders. Our commitment to ethics and sustainable business practices is reflected in our Code of Conduct which has clear policies outlining what constitutes unethical business practices and our zero-tolerance towards such practices."

We have adopted several policies related to good corporate governance which reflect the high standard of ethical and responsible conduct which we pledge ourselves to as an organization. This has always been our core strength and is reinforced through reporting of irregularities, periodic reviews and audits of business practices, and our external reporting.

Engro's Code of Conduct outlines the Group's position on an array of topics and highlights the key commitments and principles of our compliance program and applies to all Engro employees, whether full-time, part-time, permanent, or temporary, and to the members of the Board of Directors. It is reviewed periodically and is available on our website.

At Engro, we have a robust grievance mechanism which helps us identify risk, and carry out due processes for risks assessed, based on which appropriate actions are taken. The grievance platform is available for both internal and external stakeholders. Facilitating dialogue, providing channels for reporting grievances, and communicating critical concerns are important elements of our stakeholder management process.

As an additional measure, a whistleblower system is in place. The Company expects employees, suppliers, and contractors at Engro and its subsidiaries to abide by our standards. In case any of our stakeholders have or wish to report any concerns regarding business ethics, safety and environment, human rights violations, employment-related matters, or other possible breaches of compliance, they may do so using our Speak out platform, which is an independent email address that can be used to report anonymously. The Speak Out platform is managed by our Ethics and Compliance Unit. The hotline and email details are publicly available on our website. To seek advice on internal ethical and lawful practices, or address compliance queries, employees can contact the E&C team directly via email on compliance@engro.com

All negative impacts, grievances, and complaints, whether reported through Speak Out, audits and reviews, or identified otherwise, are investigated through the Internal Investigation Procedure which is a structured and systematic approach by the Ethics & Compliance department whereby independent people/teams are appointed to investigate cases confidentially. The investigations result in corrective, remedial, and/or disciplinary action being taken along with feedback to the complainant at the time of case closure.

SDG: 17
Partnerships for the Goals

Partnerships and associations can be a major source of strength to help drive the SDGs agenda. With partnerships, resources can be mobilized, capacity-building and knowledge-sharing can be attained, and institutional strengths can be leveraged for policy advocacy, awareness-building and effective implementation of programs geared towards meeting the SDGs.

business operations

Engro is part of various industry associations and forums, reflective of our commitment to long-term sustainable value creation and global cooperation. We are members or signatories to the following:

- Pakistan Business Council
- German Pakistan Trade and Investment
- Pakistan Green Building Council
- Pakistan German Business Forum
- Council on Foreign Relations
- Overseas Investor Chamber of Commerce & Industry
- Management Association of Pakistan
- Karachi Chamber of Commerce
- World Economic Forum
- UN Global Compact

engro foundation

For our philanthropic activities, Engro Foundation works in collaboration with multiple civil society organizations which include:

- Worldwide Fund for Nature Pakistan
- International Union for Conservation of Nature
- The Citizens Foundation
- Teach the World Foundation
- SINA Health, Education & Welfare Trust
- Indus Resource Center
- Sahara Welfare Society
- Hunar Foundation
- The Water Foundation

thar foundation

Thar Foundation often works in partnership with local and international organizations such as

- International Union for Conservation of Nature
- Aga Khan University Hospital
- Indus Hospital
- Aman Foundation
- SDG Support Unit (Government of Sindh)
- Mehran University of Engineering and Technology

performance with purpose

directors' report

directors' report

The Directors of Engro Corporation Limited (the Company) are pleased to present the Annual Report and audited financial statements for the year ended December 31, 2023.

principal activity

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

macroeconomic environment

global economy

In 2023, global economic uncertainty persisted due to rising geopolitical tensions, long lasting property crisis in China, and the Israel-Palestine conflict. This contributed to subdued growth, declining from 3.5% in 2022 to 3% in 2023.

Nevertheless, the global economy continued its journey towards recovery from the blows of the Russia-Ukraine conflict. In retrospect, the resilience has been remarkable, with global supply chain disruptions improving since their peak in 2022. Moreover, the unprecedented tightening of global monetary conditions has played a crucial role in mitigating inflation.

Pakistan's economy

Pakistan's economy faced a multitude of unprecedented challenges, particularly in the first half of the year, including surging inflation driven by rising energy prices, spill-over effects of floods, a significant depreciation of the Rupee, and an enduring foreign exchange crisis resulting in an average inflation of ~30%. Given the precarious state of foreign currency reserves, businesses across Pakistan faced difficulties on account of import restrictions.

In response to significant inflationary pressures and imbalances that emerged in the external sector and financial markets, State Bank of Pakistan (SBP) adopted a monetary tightening policy, raising interest rates by 600 basis points (16% to 22%) during the first half of the year.

However, Pakistan's economic situation started to show some signs of recovery in the second half of 2023. In June, the Government of Pakistan (GoP) successfully secured a 9-month IMF Standby Agreement (SBA) of USD 3 billion, subject to a series of conditions. These included increasing fuel and electricity prices to reduce the cost of subsidies, monetary tightening from the beginning of the year, a market-determined exchange rate policy, stringent taxation measures like Super Tax, and stronger controls to curb smuggling. The immediate disbursement of USD 1.2 billion from this package evaded the looming threat of default, providing much-needed relief in the short-term. Consequently, the foreign exchange reserves position with SBP has increased to USD 8.2 billion as at December 2023 from USD 3.1 billion in January 2023.

While recognizing the Government's efforts in securing the IMF loan, it's crucial to address the adverse effects across various industries due to the rise in cost of doing business. We remain committed to closely collaborate with the relevant authorities to resolve Pakistan's pressing issues while expecting the Government to take proactive measures to foster industrial growth.

year at a glance

2023 was a year of achievement for the Company. Despite economic challenges, Engro Corporation delivered strong operational performance due to its diversified portfolio, notwithstanding the impact of Super Tax. The businesses ensured prudent cost management and productivity-enhancing measures to navigate any short-term impacts that may arise from the macroeconomic environment.

In response to the high inflation and depreciation of the Rupee, the Group executed a targeted strategy ensuring business continuity, stringent cost optimization measures, and focused on improving operational efficiency. Furthermore, it strategically implemented a responsive pricing strategy to adeptly navigate the challenges posed by the inflationary environment.

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

I. Engro Fertilizers accomplished record-breaking urea production of 2,313 KT, primarily attributed to efficient plant operations. With increased product availability, the business achieved its highest-ever urea sales of 2,327 KT, encompassing noteworthy growth of 64% (400 KT vs. 245 KT) in Zabardast Urea, compared to last year.

II. Despite a slowdown in construction activity and decline in core delta, Engro Polymer & Chemicals maintained its stronghold in the domestic market, capturing an impressive 89% market share. The business also ensured uninterrupted plant operations throughout the year by strategically diverting products towards exports, achieving export volumes of 44KT to the tune of USD 26 million. This proactive initiative helped secure essential raw materials by leveraging Engro Eximp FZE – the Company's international trading arm.

III. During the year, Engro Enfrashare – catering to the growing demand for Build-to-Suit Towers – added 623 new towers to its portfolio, taking the total operational sites to 3,952 with a tenancy ratio of 1.21x. About 50% of the sites are solarized, highlighting a push toward sustainable energy and optimized energy margins. Engro Enfrashare remains committed to maintaining its position as a leading Independent Tower Company, pursuing both internal and external growth opportunities.

IV. Engro Eximp FZE embarked on its non-captive business journey, facilitating trade across more than 40 countries + 30 different products throughout the year.

V. Phase I of Sindh Engro Coal Mining Company (SECMC)'s mine expansion achieved PCD on May 25, 2023, and SECMC announced its first-ever dividend. Phase II was successfully completed, doubling existing mining capacity to 7.6 MTPA. Moreover, the Government of Sindh has approved Phase III of the expansion, which is expected to be completed by Q4 of 2024. Post-expansion, Thar coal would become the cheapest source of base load energy.

VI. Engro Powergen Thar has successfully achieved its first Type A major maintenance milestone, recognizing the critical importance of maintaining high reliability to ensure undisruptive supply of energy to the Country. Both the IPPs, Engro Powergen Thar and Engro Powergen Qadirpur, secured higher collections during the year, despite the challenging macro-economic environment of the Country.

VII. Engro Corporation remains focused on building a sustainable import substitution model and an export-oriented structure. Our businesses saved foreign exchange of ~USD 1.3 billion through indigenous production of PVC, fertilizers, and coal extraction. Additionally, we have successfully generated foreign exchange worth USD 35 million through the export of rice, caustic soda, and PVC resin.

In response to the stringent taxation measures implemented by GoP, in 2021, Engro Corporation had challenged multiple taxation of inter-corporate dividend (ICD) at Sindh High Court (SHC). During the period, the SHC adversely decided the matter, which was subsequently challenged before the Supreme Court of Pakistan (SCP). A stay order has been granted to the Company against this matter.

Relief from multiple taxation of ICD was introduced in 2008 as part of a larger reform to promote best global practices in the corporate sector via the formation of 'holding company' structures. During this period, the Group – like various other business groups in Pakistan – transformed itself into a holding company structure with separate subsidiaries for each business segment.

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

business performance review

The Company posted a standalone PAT of PKR 18 billion against PKR 21 billion in 2022, translating into an EPS of PKR 32.26. The 17% decrease in profitability is primarily owing to an additional Super Tax on dividends and lower interest income due to higher dividend declared during the year, which has been partially offset by lower research and business development expenses.

On a consolidated basis, Engro Corporation's revenue grew by 35% to PKR 482 billion in 2023 against PKR 356 billion in 2022. Consolidated PAT before accounting impact due to adjustment on account of thermal energy assets stood at PKR 66 billion (PAT attributable to shareholders: PKR 34 billion) compared to PKR 46 billion (PAT attributable to shareholders: PKR 24 billion) in 2022, recording an EPS of PKR 63.01 compared to PKR 42.23 in 2022. Major variance is attributable to higher urea sales, efficient plant operations, higher earnings from dollar-denominated businesses, and efficiencies derived through cost optimization.

However, after incorporating the accounting impact due to adjustment on account of thermal energy assets, the consolidated PAT stood at PKR 36 billion (PAT attributable to shareholders: PKR 21 billion) with an EPS of PKR 38.60 in 2023. Further details on accounting impact of thermal assets are covered in the next section.

proposed divestment of thermal assets

As notified to the Pakistan Stock Exchange (PSX) on February 26, 2024, the Company is now evaluating to execute the proposed divestment of its thermal energy assets comprising of shareholding in Engro Powergen Qadirpur Limited, Engro Powergen Thar (Pvt.) Limited and Sindh Engro Coal Mining Company Limited, held via Engro Energy Limited, through a sale of shares process with Liberty Mills Limited, along with other parties acting in concert.

In accordance with the requirements of International Accounting Standard 36, the Company has carried out an assessment of the recoverable amount the thermal energy assets for the purpose of standalone, as well as for consolidated financial statements.

Due to the specific accounting treatment for IPPs, as mentioned in note 1.1.1, the net assets of thermal energy assets in the consolidated financial statements of the Group are higher than their recoverable amounts. Accordingly, an accounting impact of PKR 30 billion (Owners' share: PKR 13 billion) has been recognized in the consolidated financial statements for the year ended December 31, 2023.

In case of standalone financial statements of the Company for the year ended December 31, 2023, no impact has been recognized as the recoverable amount of thermal energy assets is significantly higher than their carrying amount.

engro fertilizers

revenue
(amount in millions)

PKR
223,705

contributing to food security in Pakistan via import substitution of USD 0.8 billion

Pakistan's agriculture sector revived in 2023 after being adversely affected by floods in the latter half of 2022. Promising support prices and favourable weather increased the area under cultivation and improved yields of major crops. This translated into a historic milestone of our highest-ever urea sales of 2,327 KT for Engro Fertilizers, in comparison to 1,935 KT in 2022, resulting in a market share of 35% vs 29% in 2022. Phosphates sales stood at 365 KT versus 333 KT last year.

International urea prices declined by ~25% to land at USD 301/tonne (landed equivalent PKR 5,715/bag) by the end of 2023, due to a decline in coal and energy prices. At the start of the year, DAP prices stood at USD 730/tonne and then started declining to reach USD 480/tonne. However, they began to rally in the second half and reached USD 625/tonne by year-end due to limited stock availability and increasing crop prices globally. Amid global commodity price volatility, the local fertilizer industry ensured availability of locally-produced urea to farmers at a discount of ~40% over international prices. This enabled import substitution to the tune of USD 2.3 billion in 2023, wherein Engro Fertilizers' contribution stood at USD 0.8 billion, equating to 35%.

The Fertilizer business showed strong performance and recorded revenue of PKR 224 billion versus 157 billion in 2022. The business reported the highest-ever PAT of PKR 26 billion versus PKR 16 billion last year. This increase reflects efficiency through cost optimization, increased production, and long-term reliability projects executed during 2022.

engro polymer & chemicals

revenue
(amount in millions)

PKR
81,270

sole producer of pvc resin in Pakistan, providing import substitution and export opportunities

International PVC prices averaged at USD 837/MT during the year, declining towards pre-Covid levels and signaling an end to the commodity super cycle. Despite a decline in prices, the domestic PVC market in Pakistan contracted by 9% owing to high inflation, slow down in construction activity, low government spending on infrastructure development, and political turbulence. Despite headwinds, Engro Polymer and Chemicals was able to sustain an 89% market share by ensuring product availability and implementing various incentives to boost market confidence.

The Polymer business recorded a revenue of PKR 81 billion compared to PKR 82 billion last year. The Company's PAT stood at PKR 9 billion against PKR 12 billion in the last year, mainly attributable to the commodity cycle reversal, lower domestic demand, and imposition of Super Tax.

The business recorded domestic sales of 199 KT versus 231 KT last year, enabling import substitution of USD 92 million. As a mitigant to lower domestic demand, it focused on export opportunities and achieved highest-ever export volumes of 44 KT, including caustic soda exports of 22 KT, thereby generating foreign exchange of USD 26 million for the period.

engro enfrashare

revenue

(amount in millions)

PKR

13,230

growth achieved through efficient tower deployment and operational efficiencies

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

To enhance digital access across Pakistan, Engro Enfrashare continued to expand its national footprint and achieved a scale of 3,952 tower sites with a 1.21x tenancy ratio, catering to all 4 MNOs of Pakistan. Furthermore, the business demonstrated its growth potential through colocation opportunities observed during the year capturing a market share of 30% of the total colocations in the industry.

The bottom line of the business was impacted in 2023 by an unprecedented rise in interest rates, despite a strong operational performance. Given the capital structure of Engro Enfrashare, more could have been done to hedge against adverse interest rate movements through the evaluation of Interest Rate Swaps, however, the business is rigorously pursuing various options to mitigate this risk in the future, including hedging mechanisms and reassessment of its capital structure.

Though this will be a challenge in the short term, the outlook of the business is net positive as we are strategically positioned to capitalize on anticipated sector growth, driven by increased data usage and the localization of smartphone assembly.

engro energy

revenue
(amount in millions)

PKR
122,522

contributed 4,481 GWH of sustainable energy to the National Grid during 2023

Mining operations continued smoothly, ensuring 100% supply of coal to 3 Independent Power Producers (IPPs), Engro Powergen Thar, Thar Energy and ThalNova Power. Following the successful commissioning of the mine expansion to 7.6 million tonnes per annum (MTPA), in anticipation of the potential surge in energy demand, the management has committed to initiate Phase III of the expansion to enhance capacity to 11.2 MTPA. Furthermore, The Government of Sindh has provided approval on the implementation agreement to expand the mine to 16.4 MTPA.

Engro Powergen Thar Private Limited achieved 82% availability during the year and dispatched 3,611 GWH to the National Grid as compared to 3,690 GWH last year. Lower plant availability is mainly due to conducting the first major Type A maintenance to ensure reliability and efficiency of plant operations.

Qadirpur Power Plant achieved 100% availability by ensuring efficient plant operations and dispatched a Net Electrical Output of 870 GWH to the National Grid, with a load factor of 46%. The business posted a PAT of PKR 2.5 billion for the year, as compared to PKR 1.5 billion last year, mainly due to efficient plant operations and higher interest income.

engro vopak & elengy terminals

revenue
(amount in millions)

PKR
28,238

engro vopak accomplished safe operation whilst providing storage solutions for bulk liquid chemicals and LPG. Engro elengy continued to help alleviate the energy shortage in Pakistan

Engro Vopak Terminal recorded chemical throughput of 951 KT against 1,331 KT last year. This was primarily influenced by disruption in the operations of key customers (Lotte and FFBL) owing to import restrictions and gas curtailment which was partially offset by a notable 63% increase in LPG marine imports compared to last year (attributed to the acquisition of new customers).

The LNG terminal handled 73 vessels and delivered 215 bcf re-gasified LNG to the SSGC network, accounting for 13% to 15% of the total gas supply in Pakistan, with an availability factor of 97.1%.

The overall profitability of the terminal business showed strong performance driven by dollar-denominated earnings and higher LPG volumes handled, which was partially offset by the imposition of Super Tax.

frieslandcampina engro

revenue
(amount in millions)

PKR
100,235

frieslandcampina engro demonstrated a strong performance in its Dairy and Frozen Desert segments

FrieslandCampina Engro Pakistan (FCEPL) maintained its momentum, achieving a record-breaking topline of PKR 100 billion, marking a remarkable 36% increase compared to last year, despite navigating a challenging macroeconomic landscape and intense competition. The surge in revenue was propelled by factors such as expansion of our retail presence, sustained volumes and favourable pricing dynamics. The business's flagship brand, Olper's, played a pivotal role in driving this growth, solidifying its market leadership position through consistent investments in brand building and trade activities.

However, FCEPL saw a decline in PAT to PKR 1.5 billion from PKR 2.5 billion last year. This decrease is attributed primarily to a substantial rise in finance costs, with interest rates nearly doubling over the year.

engro eximp agriproducts

revenue
(amount in millions)

PKR
3,931

long-term direction of the business being evaluated

Engro Eximp Agriproducts generated a revenue of USD 9.4 million through exports of 6.9 KT rice versus 37 KT last year, alongside domestic sales of 6.1 KT due to reduced procurement during the season.

During the year, the Company's Board of Directors approved an equity injection of PKR 2.5 billion in Engro Eximp Agriproducts. This was primarily to bridge a gap stemming from inventory losses, as explained in detail in our Director's Report for 2022. In light of these challenges and the overall dynamics of the business, the Company is re-evaluating the long-term strategic direction of Engro Eximp Agriproducts.

engro eximp fze

revenue
(amount in millions)

USD
400

aspiring to transform into a global commodity trader

Engro Eximp FZE, Company's international trading arm, initiated commercial activity in UAE in 2022 with a vision to consolidate the Group's trading activities under one roof. It achieved a turnover of approximately USD 400 million.

Presently, Engro Eximp FZE conducts trade across more than 40 countries, dealing with over 30 different products through the year. The overarching aim is to establish a robust foundation for a significant global footprint over the next 5 years.

capital allocation update

Engro has taken various steps with a focus on creating shareholder value. Some of the many highlights of the year include:

I. As mentioned above, the Company is now evaluating to execute the proposed divestment of its thermal energy assets held via Engro Energy Limited through a sale of shares process.

II. The management team, with the endorsement of the Board of Directors, stands firm in their confidence regarding Engro's ability to consistently generate value for shareholders. This conviction drove the successful conclusion of its share buyback program on July 25, 2023, in accordance with the Special Resolution adopted by our esteemed members on January 26, 2023.

During the purchase period from February 03, 2023, to July 25, 2023, the Company purchased an aggregate of 39.5 million shares representing 6.86% of the issued and paid-up capital for a total value of PKR 11,629 million at an average purchase price of PKR 293.6/- per share (Dividend adjusted price of PKR 253.6/- per share).

III. The Company ventured into the telecommunication infrastructure industry with the goal of enabling telecom access throughout Pakistan and unlocking significant value in the sector. It is exploring new investment opportunities keeping in mind the current macro-economic situation and high interest rates.

IV. Engro Fertilizers, in collaboration with other fertilizer manufacturers, is making progress on the Gas Pressure Enhancement Facilities (PEF) project. This initiative involves the construction of a compression unit at the Mari Field, aimed at ensuring appropriate level of delivery pressure allowing the manufacturing facility to function at optimal levels on indigenous gas for a foreseeable future. The total capital outlay for this project is USD ~100 million.

V. Engro Polymer and Chemicals is strategically diversifying its business with the introduction of a Hydrogen Peroxide production facility with capacity of ~28KTM. The expansion is expected to positively contribute to the profitability of the business and create value for the shareholders. The project is scheduled to commence operations in the second half of 2024.

2024 – focus buckets

We are delighted to announce that, despite facing unprecedented challenges in the operating environment, the Group has showcased resilience and delivered a strong performance throughout the year. In our commitment to unlocking long-term sustainable value and maximizing returns for our shareholders, we have developed a proactive strategy aimed at effectively managing potential disruptions and expanding our operations across diverse regions.

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

- Despite economic headwinds, plant reliability and efficiency have and will remain a priority. Targeted interventions will be proactively taken to secure the wellbeing of assets.

- Considering substantial cost pressures, the Group remains steadfast in implementing stringent cost optimization measures. By prioritizing cost optimization, prudence, and agility, we have effectively steered through recent challenging times.

- Recognizing the challenges posed by volatile currency fluctuations and supply chain disruptions, our strategy will entail preemptive measures to secure essential resources efficiently and cost-effectively. Emphasizing foresight and agility, we are committed to staying ahead of market dynamics and safeguarding our supply chain against external uncertainties.

- The Company is also developing an export strategy that aims to utilize its valuable resources, including land, natural resources, and human capital. Our intent is to further develop our export base and explore export opportunities in various industries such as food, agriculture, chemicals, and technology.

  Aligned with our strategic vision of focusing on international ventures and cultivating partnerships with global entities, Engro Eximp FZE is committed to initiate collaborations that will expand Engro's global footprint. By actively pursuing opportunities in the non-captive space, we aim to achieve geographical diversification and bolster the market presence of our brand worldwide. This strategic approach will lay the foundation for substantial global expansion over the next 5 years.

- The Group will remain steadfast in its commitment to fostering a culture of excellence where Character and Good Manners (CGM) are prioritized, nurturing an environment of ethical conduct and transparency. We are committed to attracting and retaining top talent by providing ample opportunities for career advancement and diverse learning experiences. This strong foundation not only fosters sustainable and profitable growth but also reinforces our belief that our people are the driving force behind our success.

By focusing on these strategic areas, we aim to fortify our financial resilience, navigate uncertainties, and position the Group for sustained success in an ever-evolving business landscape.

near-term outlook

Engro foresees economic challenges arising from political dynamics, inflationary pressures, high taxation, and monetary tightening to continue in the short term. At this juncture, the right mix of fiscal and monetary policies aimed at fostering economic growth will lead to the revival of business confidence.

Our Group is well-positioned to play a significant role in addressing some of Pakistan's most pressing issues and improving the lives of its citizens. We are committed to creating sustainable value for all our verticals while maintaining a resilient and agile business model.

fertilizers

Agriculture in Pakistan has shown strong recovery in 2023 after the devastating floods of 2022, where the output of key crops has delivered promising numbers. However, the sector is still facing significant challenges due to economic uncertainty, mainly arising from persistent inflationary pressures.

As the economy relies on agricultural output heavily, Engro Fertilizers remains dedicated to playing its part by providing discounted prices on essential fertilizers from international markets. The agriculture sector is expected to remain resilient on the back of good farm economics and the right government interventions to ensure availability of farm inputs at the right price.

petrochemicals

The Polymer business plays a pivotal role in preserving foreign currency reserves, as well as generating foreign currency through exports. The challenges of the construction sector will impact demand for PVC in 2024, however, the business will continue to explore avenues such as exports to mitigate this impact.

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

telecommunication infrastructure

The short-term business outlook for Engro Enfrashare remains challenging due to high interest rates, and the consolidation of the MNO market from 4 to 3 players. However, business fundamentals are strong, owing to growing demand for mobile data usage and high-quality services, in turn driving MNOs to enhance availability and quality. Engro Enfrashare remains committed to maintaining its position as a leading ITC, pursuing both internal and external growth opportunities.

energy

The Company is evaluating divestment of the thermal asset portfolio through Engro Energy Limited as mentioned above. The consummation of the transaction remains subject to successful negotiations, execution of definitive documents, and receipt of regulatory and third-party approvals and consents.

terminal operations

The LNG terminal is positively playing its role in partially alleviating the energy shortage faced by the Country. The Elengy terminal remains one of the most utilized terminals in the world, with availability factor for over 95%, ensuring continued national gas supply. As the market demand for energy grows, we will continue to explore new opportunities to increase shareholder value.

Engro Vopak's unique position in the liquid chemicals handling industry allows it to remain a market leader in the chemical handling and storage business. With import restrictions easing, the chemical handling segment is anticipated to perform better than the previous year, facilitating businesses in maintaining uninterrupted operations.

foods

The business anticipates challenges stemming from both demand and supply sides, given elevated levels of inflation and the diminishing purchasing power of consumers. Nevertheless, it will continue to pursue growth from category conversion. Equipped with an agile business model, the management remains confident in its ability to streamline operations across the dairy value chain, fortify its position among competition, and sustain growth by staying closely attuned to consumer needs.

As a responsible corporate citizen, operating in Pakistan for nearly 60 years, Engro is committed to actively contribute and adopt a proactive approach in shaping and driving the Nation's economic revival.

distribution to shareholders

The Board endeavors to maximize overall portfolio returns and is pleased to propose a final cash dividend of PKR 2.00 per share for the year ended December 31, 2023. The total dividend attributable to the year is PKR 48.00 per share, including the total interim cash dividend of PKR 46.00 per share during the year.

credit ratings & gearing

During 2023, credit rating agencies reaffirmed the credit strength of the Company and its subsidiaries.

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

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

Consolidated borrowings at year-end remained stable at PKR 268,047 million from PKR 255,291 million on December 31, 2022. The gearing for the year ended 2023 is 54% versus 51% as at the end of 2022, leaving sufficient room to increase leverage for future growth opportunities.

risk management

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

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

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

Economic & Regulatory Risk
Continuous proactive efforts and dialogues with policymakers help our businesses respond to tough economic conditions and regulatory challenges

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

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

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

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

Business Operation Risk
Concerns of energy, sourcing imported raw materials, and other operational risks are assessed on a regular and ongoing basis. The Company proactively takes measures to ensure disaster recovery and business continuity

board of directors

The Board of Directors reviews all significant matters of the Company. These include its strategic direction, annual business plans and targets, and decision on long-term investments and borrowings. It is committed to maintaining high standards of Corporate Governance. The existing Board was elected on April 26, 2021. As at December 31, 2023, it comprises of 10 directors, including the Chief Executive Officer, and possesses a diverse mix of gender, knowledge, and expertise to enhance its effectiveness.

The Board consists of 2 women directors and 7 men directors, and 1 casual vacancy categorized as follows:

- 4 Independent men directors
- 1 Independent woman director
- 2 Non-Executive men directors
- 1 Non-Executive woman director
- 1 Executive director
- 1 Casual Vacancy

Following are the names of the personnel who, at any time during 2023, were Directors on the Board of the Company:

1. Mr. Hussain Dawood
2. Mr. Abdul Samad Dawood
3. Ms. Sabrina Dawood
4. Mr. Muhammad Abdul Aleem
5. Ms. Henna Inam
6. Mr. Khawaja Iqbal Hassan
7. Mr. Ghias Khan
8. Mr. Rizwan Diwan
9. Mr. Shabbir Hussain Hashmi (Appointed on August 21, 2023)
10. Mr. Mazhar Hasnani (Appointed on August 18, 2023, and resigned on December 29, 2023)
11. Mr. Shahzada Dawood (Ceased on June 18, 2023)
12. Ms. Dominique Russo (Resigned on August 15, 2023)

In 2023, the Board held 8 meetings to cover its complete cycle of activities. It has established 3 committees to assist it in carrying out fiduciary duties. These committees, along with their membership details, are as follows:

Board Audit & Risk Committee	Board Finance & Investment Committee	Board People Committee
5 meetings held in 2023	5 meetings held in 2023	7 meetings held in 2023
Mr. Shabbir Hussain Hashmi	Mr. Abdul Samad Dawood	Ms. Sabrina Dawood
Mr. Muhammad Abdul Aleem	Mr. Shabbir Hussain Hashmi	Ms. Henna Inam
Mr. Rizwan Diwan	Mr. Muhammad Abdul Aleem	Mr. Khawaja Iqbal Hasan
Ms. Henna Inam	Mr. Rizwan Diwan	
	Mr. Khawaja Iqbal Hassan	

statement of directors' responsibilities

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

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

remuneration policy for non-executive & independent directors

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

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

compensation of directors

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

The remuneration, including the director fee for attending the Board or Board Committee Meeting, paid to the Directors and Chief Executive Officer, is disclosed in Note 27 to the Unconsolidated Financial Statements.

adequacy of internal financial controls

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

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

related parties

The Company maintains a comprehensive list of all related parties. All such parties with whom the Company has entered into transactions during the year, along with the nature of the relationship and percentage holdings, have been appropriately disclosed in Note 54 of the financial statements.

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

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

auditors

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

human capital

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

Diversity and Inclusion are fundamental enablers of our culture. All interventions are geared towards embedding Diversity, Equity, and Inclusion (DE&I) into our work environment and levelling the playing field for all. As we remain committed to creating an informed and equitable workplace, the DE&I Leaders Program has successfully sensitized 100% of our workforce and made role models who truly exhibit our inclusive values. Engro has ensured this by introducing family-friendly policies such as maternity leave, paternity leave, and day care facilities, amongst other policies, which led to the Company receiving the award for "Recognizing Gender Diversity at Workplace" by the CFA Society, as well as OICCI's "Women Leaders' Development Award.". Engro was also named the runners up for "Most Preferred Employer" across industries. This year, we launched our flagship program Khudi as well to incorporate People with Disabilities into our talent pipeline.

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

social capital

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

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

health, safety, & environment (HSE)

At Engro, Health, Safety and Environment (HSE) is a core value, and we maintain an unwavering commitment to be at the forefront of HSE by adopting international standards and global best practices to ensure a strong HSE culture in our facilities. Our approach is rooted in continual learning from renowned HSE experts, best-performing companies, and from our in-house experiences.

In 2023, Engro achieved a significant milestone in its risk-based journey to transform from a compliance-based HSE management system to a cutting-edge and more effective risk-based HSE management system. This entails implementing a robust risk assessment process, effectively managing critical safety and environmental barriers, and integrating risk management of top risks into every operational step.

As a first step, a comprehensive review of high-consequence HSE scenarios was completed in 2023. This momentous undertaking required an investment of over 44,000+ person-hours, with 10,000+ person-hours dedicated to upskilling and empowering resources. Through this unparalleled dedication, Engro has embarked on a journey to further strengthen its ability to identify, assess, and manage potential major accident hazards, with no compromise on HSE. The next (ongoing) step involves deploying a world-class barrier management program across the Group and conducting baseline risk assessments at all facilities. To develop HSE risk assessment capability, a flagship resource upskilling intervention has been meticulously designed for experienced individuals, enabling them to lead future risk assessments and train our in-house resources. For the first time in Engro's history, the PHA and LOPA classroom training was followed by the execution of 2 actual risk assessment studies under the coaching of a global subject matter expert.

Furthermore, Group HSE undertook the revamping of the HSE Management Information System (MIS) across the Group. VelocityEHS is a highly rated EHS platform by Verdantix that is accessible to all Engro employees and will serve as a single source of truth for HSE for the entire Engro conglomerate. All 3 modules – namely EHS (Environment, Health & Safety), ESG (Environmental Social & Governance), and OR (Operational Risk) – of the VelocityEHS platform have been successfully launched and configured to meet the best-in-class HSE practices currently being followed across the globe, while ensuring that Engro's HSE requirements are completely met. The implementation of the new HSE MIS will enable deeper insights, ease of compliance, tracking, monitoring, and maintenance of HSE data and running of analytics, a user-friendly interface, better data visibility to manage and minimize risk, and easily accessible reports and custom dashboards to analyze and get fast, effective, and actionable insights.

In a bold move to stay at the forefront of HSE practices, Group HSE also unveiled the groundbreaking HSE Lighthouse Series. This visionary initiative aims to bridge the gap between Engro and global HSE experts, allowing the exchange of valuable knowledge and insights. As part of this transformative series, esteemed professionals conducted a successful session with Dr. Tekin Kunt and William Bridges, who shed light on the strategies leading global organizations employ to establish and foster a world-class Process Safety Culture. This series will ensure that Engro maintains its position as a trailblazer in the HSE field and remains aligned with the latest advancements and best practices across the globe.

pattern of shareholding

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

A statement of the general pattern of shareholding, along with the pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework, and the statement of purchase and sale of shares undertaken in 2023 by Directors, Executives, their Spouses, and/or Minor Children, is shown in the shareholding section of this Report.

material changes due to subsequent events

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

acknowledgment

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

Hussain Dawood
Chairman

Ghias Khan
President & CEO

governance control framework

internal control framework

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

framework

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

review

The Board meets quarterly to consider Engro's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. The Board Audit and Risk 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 appraisals and approval of investment expenditure and asset disposals.

audit

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

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

directors

As at December 31, 2023, the Board comprises of 1 executive director, 5 independent directors and 3 non-executive directors (including 1 casual vacancy on the Board). The Board has the collective responsibility for ensuring that the affairs of Engro are managed competently and with integrity.

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

A Board of Directors' meeting calendar is issued annually which schedules the meetings of the Board and the Board Audit & Risk Committee. The full Board met 8 times including meetings for longer term planning, giving consideration both to the opportunities and risks of future strategy.

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

statement of compliance with listed companies (code of corporate governance) regulations, 2019

for the year ended december 31, 2023

Engro Corporation 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 nine (9) in the following manner:
   a. Male: 7 (refer note)
   b. Female: 2

   Note:
   a) Including the CEO, who is a Deemed Director.

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Muhammad Abdul Aleem Mr. Rizwan Diwan Mr. Khawaja Iqbal Hassan Mr. Shabbir Hussain Hashmi*
Independent Director - Woman	Ms. Henna Inam
Non-Executive Directors	Mr. Hussain Dawood Mr. Abdul Samad Dawood
Non-Executive Director - Woman	Ms. Sabrina Dawood
Executive Director	Mr. Ghias Khan

*Mr. Shabbir Hussain Hashmi was appointed on August 21, 2023, in place of Ms. Dominique Russo, who resigned as a Director on August 15, 2023

**There is a casual vacancy on the Board due to the resignation of Mr. Mazhar Abbas Hasnani on December 29, 2023. Mr. Hasnani was co-opted as a Director in place of Mr. Shahzada Dawood on August 18, 2023. Mr. Shahzada Dawood ceased to be a director effective from June 18, 2023, due to his untimely demise.

3. The directors have confirmed that none of them are serving as a director on 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 have duly obtained training under the Directors' Training Program or are exempted from the Directors' Training Program.

10. The Board had approved the appointment of the Chief Financial Officer, and Company Secretary including with their remuneration and terms and conditions of employment, and complied with the Regulations. The Board has also reviewed the renumeration of the existing Chief Executive Officer and Chief Internal Auditor 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 & Risk Committee and the Board for approval.

12. The Board has formed committees comprising of members given below:

Board Audit & Risk Committee	Mr. Shabbir Hussain Hashmi - Chairman Mr. Muhammad Abdul Aleem Mr. Rizwan Diwan Ms. Henna Inam

*The Committee was reconstituted on August 16, 2023
*The Committee TOR was amended on October 24, 2023, to include the mandate for Risk Governance.

Board People Committee (i.e. HR & Remuneration Committee)	Mr. Khawaja Iqbal Hassan - Chairman Ms. Sabrina Dawood Ms. Henna Inam

*The Committee was reconstituted on August 16, 2023.

Board Finance & Investment Committee	Mr. Abdul Samad Dawood - Chairman Mr. Muhammad Abdul Aleem Mr. Rizwan Diwan Mr. Khawaja Iqbal Hassan Mr. Shabbir Hussain Hashmi*

*The Committee was reconstituted on August 16, 2023 and Mr. Shabbir Hussain Hashmi was appointed as BFIC member on September 14, 2023.
*The Committee TOR was amended on October 23, 2023 to extend the scope to include Finance activities.

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 & Risk Committee - 5 meetings held during the year;
    b) Board People Committee - 7 meetings held during the year; and
    c) Board Finance & Investment Committee - 5 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:

a) **nomination committee (regulation 29)**
The Functions of Nomination Committee are being performed by Board itself. Therefore, a separate committee for Nomination is not required.

b) **risk management committee (regulation 30)**
The mandate of the Board Audit & Risk Committee has been amended to include the functions of the Risk Management Committee. Therefore, a separate committee for Risk Management is not required.

c) **directors training program for female executive & head of department (regulation 19(3))**
Out of the 6 heads of department, 2 have already undergone the Directors Training Program in previous years. The Company plans to arrange training for a female executive and the head of the department in the next year, 2024.

Mr. Hussain Dawood
Chairman

Mr. Ghias Khan
President & CEO

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Corporation Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Corporation Limited for the year ended December 31, 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: April 2, 2024

UDIN: CR202310113ZOhukWARe

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	12	31,813,597	5.93
2	Executives	4	121,850	0.02
3	Associated Companies, Undertakings and Related Parties	10	229,809,785	42.82
4	NIT and ICP	1	105	0.00
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	23	10,752,838	2.00
6	Insurance Companies	20	31,301,418	5.83
7	Mutual Funds and Modarabas	91	17,542,658	3.27
8	Shareholder holding 5% or more	1	214,469,810	39.97
9	General Public:			
	a. Local	15,838	135,734,673	25.29
	b. Foreign	-	-	-
10	Others	416	79,549,544	14.82
Total (excluding shareholder holding 5% or more)		16,415	536,626,468	100.00

free float shares as of december 31, 2023

Total outstanding ordinary shares	536,626,468
Free Float shares	263,540,522
Free Float as a % of total outstanding shares	49.11%

information of shareholding required under reporting framework is as follows:

1. directors, chief executive officer, & their spouses and minor children

S.No.	Name	No. of Shares Held
1	Mr. Hussain Dawood	17,791,927
2	Mr. Muhammad Abdul Aleem	304,153
3	Mr. Abdul Samad Dawood	1,263,941
4	Ms. Sabrina Dawood	3,662,370
5	Mr. Rizwan Diwan	110
6	Mr. Shabbir Hussain Hashmi	83,097
7	Mr. Khawaja Iqbal Hassan	50,000
8	Ms. Henna Inam	110
9	Mr. Ghias Uddin Khan	750,000
10	Ms. Kulsum Dawood W/o Hussain Dawood	7,857,659
11	Ms. Humera Aleem W/o Muhammad Abdul Aleem	50,186
12	Ms. Ayesha Dawood W/o Abdul Samad Dawood	44
	Total	**31,813,597**

2. executives

S.No.	Name	No. of Shares Held
	Total	**121,850**

3. associated companies, undertakings & related parties

S.No.	Name	No. of Shares Held
1	Dawood Hercules Corporation Limited	214,469,810
2	Dawood Investments (Private) Limited	11,579,845
3	Dawood Corporation (Private) Limited	3,436,290
4	Engro Corporation Limited Provident Fund	143,510
5	Engro Corporation Limited MPT Employees Defined Contribution Gratuity Fund	104,639
6	Dawood Foundation	41,861
7	Engro Foods Limited Employees Gratuity Fund	16,620

S.No.	Name	No. of Shares Held
8	Engro Corporation Limited MPT Employees Defined Contribution Pension Fund	7,630
9	Engro Fertilizers Limited Non-MPT Employees Gratuity Fund	5,780
10	Engro Corporation Limited Gratuity Fund	3,800
	Total	**229,809,785**

4. NIT & ICP

S.No.	Name	No. of Shares Held
	Total	**105**

5. banks, development financial institutions, non-banking financial institutions

S.No.	Name	No. of Shares Held
	Total	**10,752,838**

6. insurance companies

S.No.	Name	No. of Shares Held
	Total	**31,301,418**

7. mutual funds & modarabas

S.No.	Name	No. of Shares Held
1	Meezan Islamic Fund	2,379,350
2	NBP Stock Fund	1,947,197
3	NIT Equity Market Opportunity Fund	1,739,684
4	Al-Ameen Shariah Stock Fund	1,075,028
5	Atlas Stock Market Fund	999,181
6	KSE Meezan Index Fund	881,537
7	Meezan Tahaffuz Pension Fund	833,252
8	NIT Islamic Equity Fund	788,269
9	Al Meezan Mutual Fund	787,629
10	Atlas Islamic Stock Fund	623,875
11	NBP Islamic Stock Fund	556,547
12	UBL Stock Advantage Fund	437,159
13	National Investment (Unit) Trust	318,598
14	NBP Islamic Sarmaya Izafa Fund	301,481
15	NAFA Islamic Pension Fund Equity Account	288,300
16	JS Growth Fund	273,537
17	Al Ameen Islamic Retirement Saving Fund	240,508
18	ABL Stock Fund	235,405
19	ABL Islamic Stock Fund	220,108
20	Lakson Equity Fund	204,320
21	Alfalah GHP Islamic Stock Fund	166,045
22	Pak-Qatar Islamic Stock Fund	112,200
23	Atlas Pension Islamic Fund	107,500
24	Unit Trust of Pakistan	107,343
25	Meezan Balanced Fund	100,273
26	UBL Retirement Saving Fund	99,437
27	Atlas Islamic Dedicated Stock Fund	88,200
28	NAFA Pension Fund	87,431
29	Faysal Islamic Stock Fund	85,556
30	AKD Index Tracker Fund	80,561
31	Al Habib Islamic Stock Fund	63,000
32	Al-Ameen Islamic Asset Allocation Fund	60,565
33	Meezan Dedicated Equity Fund	59,534
34	Atlas Pension Fund	58,250
35	Alfalah GHP Stock Fund	57,925
36	NBP Balanced Fund	57,218
37	HBL Income Fund	53,100
38	Punjab General Provident Investment Fund	50,000
39	JS Large Capital Fund	49,000
40	NBP Sarmaya Izafa Fund	45,170
41	NIT Islamic Pension Fund	44,750
42	JS Islamic Fund	43,300
43	HBL Financial Sector Income Fund Plan I	42,534
44	Meezan Asset Allocation Fund	34,515
45	Meezan Pakistan Exchange Traded Fund	31,650

S.No.	Name	No. of Shares Held
46	NIT Asset Allocation Fund	30,000
47	HBL Investment Fund	29,616
48	Faysal MTS Fund	28,000
49	JS Pension Savings Fund	27,800
50	Al Habib Stock Fund	27,500
51	Alfalah GHP Alpha Fund	27,084
52	AWT Islamic Stock Fund	25,220
53	NIT Pension Fund	24,100
54	AWT Stock Fund	23,246
55	IAML Equity Fund	22,933
56	First Capital Mutual Fund	22,800
57	Faysal Asset Allocation Fund	19,762
58	Lakson Tactical Fund	19,662
59	NBP Pakistan Growth Exchange Traded Fund	19,005
60	Alfalah GHP Value Fund	18,380
61	Lakson Islamic Tactical Fund	16,879
62	ABL Islamic Dedicated Stock Fund	15,697
63	Faysal Islamic Dedicated Equity Fund	15,210
64	UBL Asset Allocation Fund	14,500
65	NIT Pakistan Gateway Exchange Traded Fund	13,690
66	ABL Islamic Pension Fund	13,370
67	UBL Pakistan Enterprise Exchange Traded Fund	12,850
68	Al Habib Asset Allocation Fund	12,000
69	Al Habib Islamic Pension Fund	11,500
70	HBL Islamic Asset Allocation Fund	11,100
71	Alfalah GHP Islamic Pension Fund	10,590
72	Pak Oman Advantage Asset Allocation Fund	10,000
73	Pak Oman Islamic Asset Allocation Fund	10,000
74	HBL Islamic Stock Fund	9,700
75	HBL Stock Fund	9,300
76	ABL Pension Fund	8,180
77	Alfalah GHP Islamic Dedicated Equity Fund	8,079
78	HBL Islamic Pension Fund	7,940
79	JS Islamic Pension Savings Fund	7,700
80	Al Habib Pension Fund	7,000
81	Alfalah GHP Pension Fund	6,510
82	Al Ameen Islamic Dedicated Equity Fund	6,455
83	UBL Dedicated Equity Fund	5,800
84	Faysal Pension Fund	4,000
85	Faysal Islamic Pension Fund	4,000
86	Alfalah GHP Dedicated Equity Fund	3,900
87	Pak Qatar Islamic Pension Fund	2,780
88	Faysal Stock Fund	1,300
89	Tri-Star Mutual Fund Limited	1,004
90	First Interfund Modaraba	492
91	First UDL Modaraba	2
	Total	**17,542,658**

8. shareholder holding 5% or more voting rights in the Company

S.No.	Name	No. of Shares Held
1	Dawood Hercules Corporation Limited	214,469,810
	Total	**214,469,810**

9. general public (local)

S.No.	Name	No. of Shares Held
	Total	**135,734,673**

10. others

S.No.	Name	No. of Shares Held
	Total	**79,549,544**

pattern of shareholding

as at december 31, 2023

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
4,464	1	100	165,576
3,614	101	500	988,898
1,790	501	1,000	1,398,696
3,483	1,001	5,000	8,536,977
1,166	5,001	10,000	8,505,766
471	10,001	15,000	5,784,033
276	15,001	20,000	4,905,630
183	20,001	25,000	4,152,499
146	25,001	30,000	4,041,933
105	30,001	35,000	3,474,201
56	35,001	40,000	2,125,157
57	40,001	45,000	2,437,189
56	45,001	50,000	2,692,192
65	50,001	55,000	3,445,354
34	55,001	60,000	1,962,794
19	60,001	65,000	1,173,251
28	65,001	70,000	1,899,234
23	70,001	75,000	1,685,302
25	75,001	80,000	1,952,563
13	80,001	85,000	1,060,752
10	85,001	90,000	879,509
17	90,001	95,000	1,582,627
22	95,001	100,000	2,176,274
13	100,001	105,000	1,325,271
11	105,001	110,000	1,193,168
6	110,001	115,000	676,885
10	115,001	120,000	1,179,307
4	120,001	125,000	490,966
8	125,001	130,000	1,031,231

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
6	130,001	135,000	796,927
4	135,001	140,000	552,292
4	140,001	145,000	571,329
14	145,001	150,000	2,075,339
4	150,001	155,000	605,879
2	155,001	160,000	313,115
4	160,001	165,000	656,403
6	165,001	170,000	1,001,063
5	170,001	175,000	861,514
4	175,001	180,000	708,209
3	180,001	185,000	543,253
4	185,001	190,000	750,232
6	190,001	195,000	1,154,769
6	200,001	205,000	1,215,661
1	205,001	210,000	210,000
3	210,001	215,000	639,965
1	215,001	220,000	220,000
4	220,001	225,000	1,114,644
1	225,001	230,000	229,365
1	230,001	235,000	231,940
6	235,001	240,000	1,425,602
4	240,001	245,000	961,552
4	245,001	250,000	992,019
1	255,001	260,000	260,000
3	260,001	265,000	787,594
4	265,001	270,000	1,070,129
2	270,001	275,000	546,070
1	275,001	280,000	279,976
1	280,001	285,000	281,950
2	285,001	290,000	573,894
1	290,001	295,000	291,511
4	295,001	300,000	1,193,240

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
3	300,001	305,000	909,177
1	305,001	310,000	310,000
1	310,001	315,000	313,209
4	315,001	320,000	1,268,903
1	320,001	325,000	321,138
1	335,001	340,000	336,870
1	340,001	345,000	341,051
1	355,001	360,000	357,172
1	360,001	365,000	364,292
1	365,001	370,000	369,600
1	380,001	385,000	381,040
1	390,001	395,000	390,960
2	395,001	400,000	800,000
1	400,001	405,000	401,959
1	405,001	410,000	407,127
1	410,001	415,000	415,000
1	435,001	440,000	437,159
1	440,001	445,000	443,449
1	450,001	455,000	450,141
1	455,001	460,000	456,000
2	500,001	505,000	1,003,110
1	515,001	520,000	518,239
3	520,001	525,000	1,571,974
1	525,001	530,000	527,474
2	535,001	540,000	1,072,761
1	545,001	550,000	550,000
1	550,001	555,000	552,500
2	555,001	560,000	1,113,297
2	580,001	585,000	1,164,929
1	585,001	590,000	587,986
1	600,001	605,000	600,630
2	610,001	615,000	1,227,552

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	620,001	625,000	623,875
2	630,001	635,000	1,265,677
1	640,001	645,000	644,212
2	665,001	670,000	1,338,531
1	675,001	680,000	677,927
1	685,001	690,000	686,518
2	695,001	700,000	1,395,509
1	710,001	715,000	712,000
1	715,001	720,000	716,700
1	730,001	735,000	732,297
1	745,001	750,000	748,000
2	775,001	780,000	1,553,522
1	780,001	785,000	780,685
2	785,001	790,000	1,575,898
1	800,001	805,000	803,000
1	830,001	835,000	833,252
2	850,001	855,000	1,705,360
1	865,001	870,000	867,790
2	880,001	885,000	1,764,993
1	920,001	925,000	925,000
1	955,001	960,000	956,790
2	995,001	1,000,000	1,999,181
2	1,015,001	1,020,000	2,038,000
1	1,075,001	1,080,000	1,075,028
1	1,150,001	1,155,000	1,154,124
1	1,200,001	1,205,000	1,203,707
1	1,250,001	1,255,000	1,251,525
1	1,260,001	1,265,000	1,263,941
1	1,295,001	1,300,000	1,299,046
2	1,300,001	1,305,000	2,602,252
1	1,370,001	1,375,000	1,372,082
1	1,395,001	1,400,000	1,400,000

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	1,470,001	1,475,000	1,470,515
1	1,485,001	1,490,000	1,489,931
1	1,530,001	1,535,000	1,530,466
1	1,535,001	1,540,000	1,535,454
2	1,570,001	1,575,000	3,144,164
1	1,735,001	1,740,000	1,739,684
1	1,755,001	1,760,000	1,757,934
1	1,795,001	1,800,000	1,800,000
1	1,865,001	1,870,000	1,867,217
1	1,875,001	1,880,000	1,875,638
1	1,895,001	1,900,000	1,897,740
1	1,900,001	1,905,000	1,901,728
1	1,935,001	1,940,000	1,936,299
1	1,945,001	1,950,000	1,947,197
1	1,960,001	1,965,000	1,962,057
1	2,000,001	2,005,000	2,004,950
1	2,030,001	2,035,000	2,033,000
1	2,105,001	2,110,000	2,105,699
1	2,375,001	2,380,000	2,379,350
1	2,590,001	2,595,000	2,591,943
1	3,105,001	3,110,000	3,109,370
1	3,435,001	3,440,000	3,436,290
1	3,660,001	3,665,000	3,662,370
1	3,795,001	3,800,000	3,800,000
1	3,880,001	3,885,000	3,880,786
1	4,235,001	4,240,000	4,239,721
1	4,430,001	4,435,000	4,434,856
1	6,020,001	6,025,000	6,021,609
1	6,535,001	6,540,000	6,536,109
1	7,855,001	7,860,000	7,857,659
1	8,800,001	8,805,000	8,803,825
1	11,575,001	11,580,000	11,579,845

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	11,575,001	11,580,000	11,579,845
1	17,790,001	17,795,000	17,791,927
1	20,005,001	20,010,000	20,007,634
1	24,050,001	24,055,000	24,053,899
1	214,465,001	214,470,000	214,469,810
16,415			**536,626,468**

Details of purchase/sale of shares by Directors, Executive* and their spouses / minor children during 2023:

S. No.	Name	Date of Transaction	No. of Shares Purchased	Price per share
1	Jahangir Piracha	October 31, 2023	3000	282.47
2	Jahangir Piracha	October 13, 2023	3000	267.59
3	Jahangir Piracha	October 02, 2023	6000	249.40

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

shareholder information

as at december 31, 2023

annual general meeting (AGM)

The annual shareholders meeting will be held at Karachi School of Business & Leadership (KSBL), National Stadium Road, Opp. Liaquat National Hospital, Karachi on Thursday, April 25, 2024, at 2:00 pm.

Shareholders as of April 16, 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 passports, along with the participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

ownership

On December 31, 2023, there were 16,415 shareholders on record of the Company's ordinary shares.

electronic transmission of annual report 2023

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 notices 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 1 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.engro.com and send the same to your brokers/the Central Depository Company Ltd. if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form.

quarterly results

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

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

change of address

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

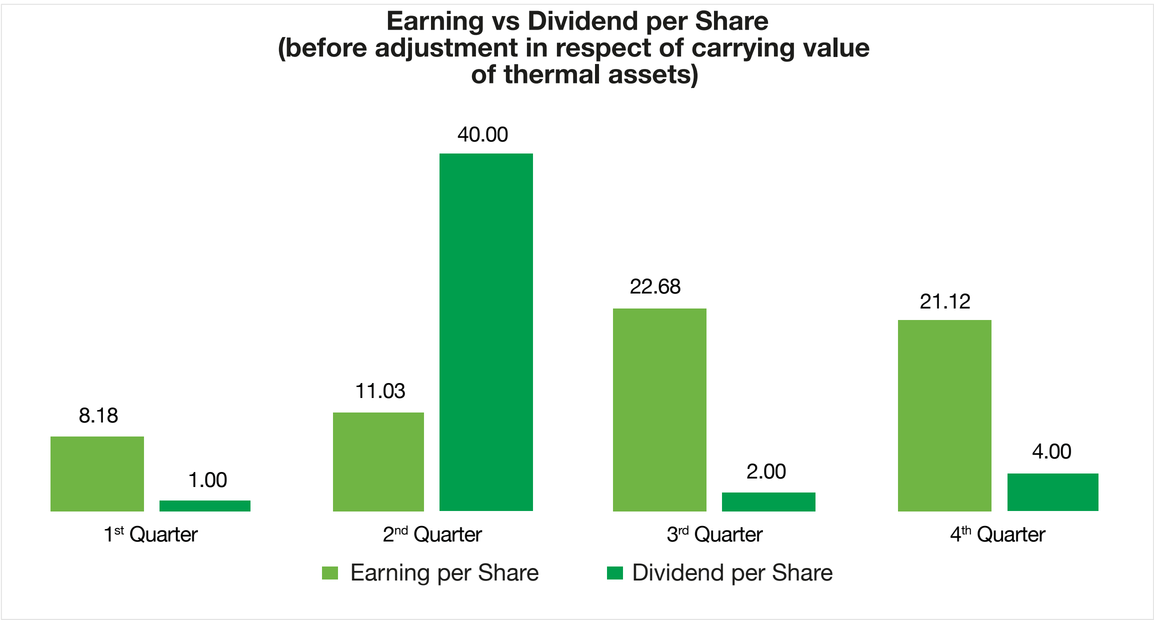
FAMCO Share Registration Services (Private) Limited
8-F, Near Faran Hotel, Nursery, Block-6
PECHS, Shahrah-e-Faisal, Karachi
Info.shares@famcosrs.com

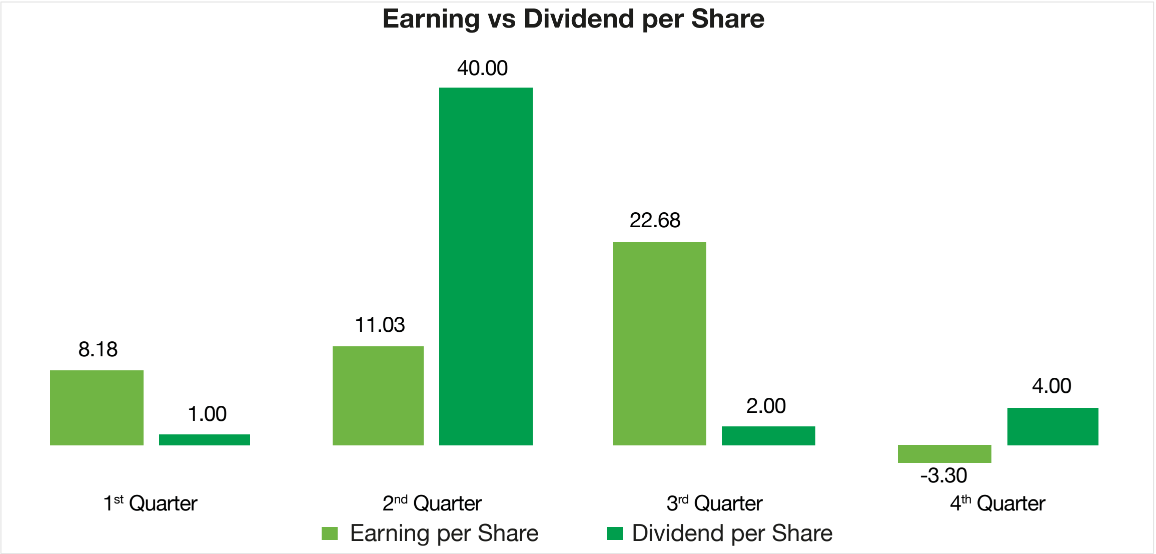
profit & loss

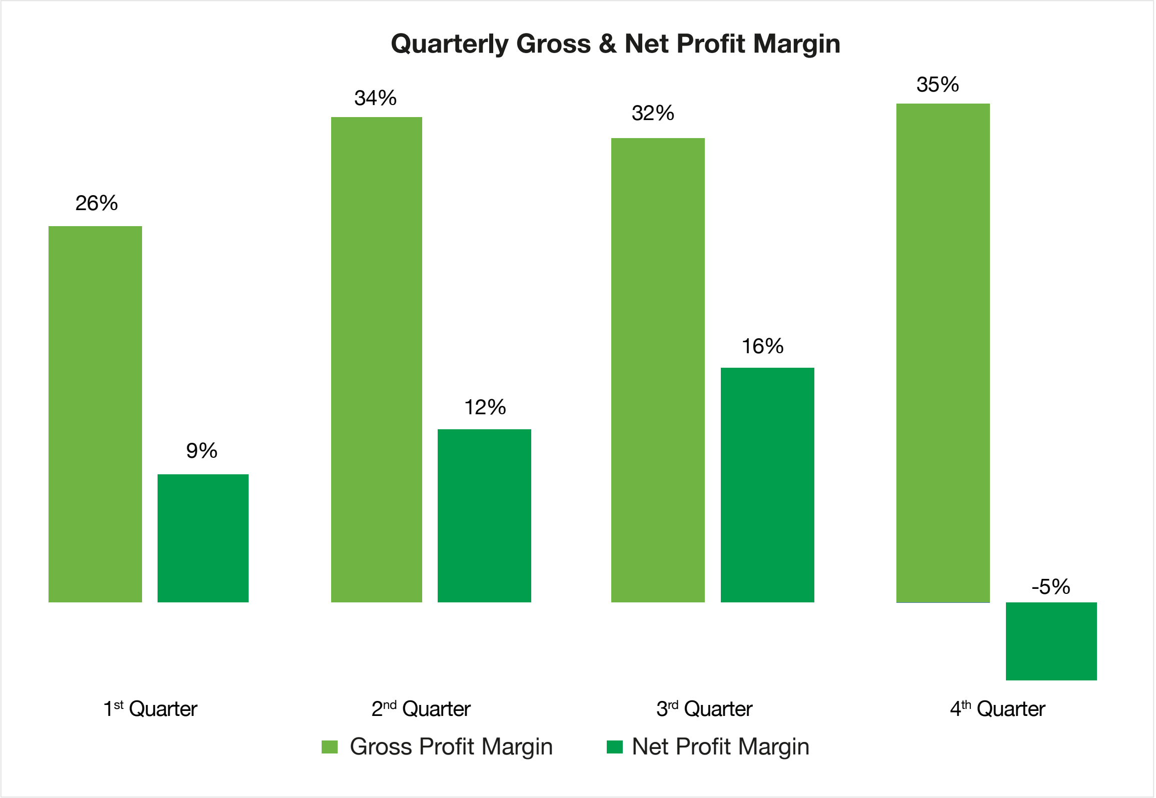
quarterly analysis

amount in millions

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Sales	97,332	105,150	136,817	143,190	482,489
Cost of Sales	(71,770)	(69,496)	(92,400)	(93,187)	(326,853)
Gross Profit	**25,563**	**35,654**	**44,416**	**50,003**	**155,636**
Selling and distribution expenses	(2,087)	(1,948)	(2,787)	(4,799)	(11,621)
Administrative expenses	(3,061)	(2,874)	(2,683)	(7,099)	(15,716)
Other Income	6,856	6,896	7,056	8,765	29,572
Other operating expenses	(1,788)	(1,457)	(2,457)	(3,318)	(9,020)
Finance Cost	(11,105)	(11,391)	(11,919)	(10,124)	(44,538)
Reversal of expected credit loss on subsidy receivable from Government of Pakistan	(633)	(457)	(97)	(1,253)	(2,440)
Adjustment in respect of carrying value of thermal assets	-	-	-	(29,950)	(29,950)
Share of (loss) / income from joint venture and associates	(124)	1,729	1,480	2,157	5,242
Profit Before Taxation	**13,622**	**26,151**	**33,010**	**4,381**	**77,164**
Tax	(4,825)	(13,474)	(10,616)	(12,154)	(41,069)
Profit After Taxation	**8,797**	**12,678**	**22,393**	**(7,773)**	**36,095**
Profit attributable to					
Owners of the Holding Company	4,647	5,927	12,173	(1,727)	21,020
Non-Controlling Interest	4,149	6,751	10,220	(6,046)	15,075
	8,797	**12,678**	**22,393**	**(7,773)**	**36,095**
Profit After Taxation (before adjustment in respect of carrying value of thermal assets)	**8,797**	**12,678**	**22,393**	**22,177**	**66,045**







horizontal analysis

balance sheet

amount in millions	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 AND LIABILITIES											
EQUITY											
Share Capital	5,366	(6.9)	5,762	-	5,762	-	5,762	-	5,762	10.0	5,238
Share Premium	13,068	-	13,068	-	13,068	-	13,068	-	13,068	-	13,068
Unappropriated Profits	119,651	(15.8)	142,128	3.5	137,386	10.4	124,425	9.4	113,729	0.6	113,101
Reserves	7,120	21.4	5,864	6.2	5,523	7.0	5,161	1.4	5,088	3.7	4,908
Non-Controlling Interest	77,928	5.6	73,762	(9.0)	81,061	13.9	71,179	23.6	57,603	16.9	49,272
	223,133	(7.3)	240,584	(0.9)	242,800	10.6	219,595	12.5	195,249	5.2	185,587
NON-CURRENT LIABILITIES											
Borrowings	162,072	3.8	156,174	11.7	139,818	3.4	135,230	(2.4)	138,600	14.4	121,110
Government grant	2,020	37.2	1,472	36.3	1,080	100	-	-	-	-	-
Lease liability	66,777	7.1	62,370	17.3	53,163	5.0	50,625	(0.6)	50,941	100.0	-
Deferred Taxation	18,653	39.3	13,395	(17.6)	16,257	11.6	14,568	8.7	13,399	59.0	8,428
Others	4,453	(32.2)	6,566	(40.4)	11,018	(35.9)	17,202	635.4	2,339	800.4	260
	253,975	5.8	239,977	8.4	221,336	1.7	217,625	6.0	205,280	58.2	129,799
CURRENT LIABILITIES											
Current portion of Borrowings	28,580	3.2	27,700	19.9	23,110	1.9	22,688	14.3	19,856	92.5	10,316
Current maturity of lease liability	10,617	17.4	9,047	48.0	6,111	24.6	4,906	11.3	4,407	100.0	-
Others	27,780	1.0	27,505	42.9	19,247	54.9	12,423	(57.1)	28,926	25,307	114
Government grant	452	28.2	353	92.2	184	100.0	-	-	-	-	-
Trade and Other Payables	210,674	35.4	155,541	47.4	105,555	18.6	88,996	15.4	77,142	33.0	58,014
Accrued Interest / Mark up	2,808	1.6	2,765	102.3	1,366	(0.4)	1,372	(58.6)	3,316	47.8	2,243
Short-term Borrowings	31,640	(4.1)	32,985	41.7	23,270	86.1	12,505	(19.4)	15,512	133.6	6,641
Others	12,837	(0.9)	12,959	866.1	1,341	255.8	377	(32.3)	557	26.3	441
	325,388	21.0	268,855	49.2	180,186	25.8	143,267	(4.3)	149,716	92.5	77,769
TOTAL EQUITY AND LIABILITIES	802,496	7.1	749,416	16.3	644,321	11.0	580,487	5.5	550,245	40.0	393,155
ASSETS											
NON-CURRENT ASSETS											
Property, Plant and Equipment	339,279	2.9	329,877	16.9	282,155	7.7	261,957	3.4	253,374	24.0	204,409
Right of use asset	13,119	(1.6)	13,329	35.7	9,819	40.4	6,992	44.1	4,851	100.0	-
Net investment in lease	56,961	9.2	52,160	15.4	45,204	1.5	44,557	(2.2)	45,564	100.0	-
Long-term Investments	34,485	(4.4)	36,081	5.4	34,217	6.8	32,045	6.9	29,963	(5.2)	31,590
Derivative financial instrument	963	30.6	737	694.5	93	100.0					
Intangible Assets	2,031	(10.7)	2,275	(5.2)	2,398	120.6	1,087	13.1	961	202.6	318
Financial asset at amortised cost	1,052	(72.2)	3,783	5.3	3,593	(30.4)	5,161	(12.8)	5,921	100.0	-
Others	4,926	25.7	3,920	45.3	2,697	23.1	2,191	(38.0)	3,533	(21.1)	4,477
	452,816	2.4	442,162	16.3	380,175	7.4	353,990	2.9	344,168	42.9	240,794
CURRENT ASSETS											
Store, Spares and Loose Tools	12,939	31.6	9,835	5.6	9,310	2.7	9,069	18.7	7,637	(0.7)	7,688
Stock-in-Trade	33,737	11.6	30,243	(4.0)	31,513	75.7	17,938	(9.9)	19,913	15.6	17,228
Trade Debts	75,498	6.0	71,195	19.5	59,563	17.7	50,617	(2.7)	51,995	179.1	18,629
Advances, Deposits and Prepayments	9,558	39.5	6,850	45.4	4,712	22.0	3,861	(20.7)	4,868	53.5	3,171
Other Receivables	71,360	36.3	52,356	64.3	31,867	28.3	24,843	8.5	22,897	91.2	11,972
Current portion of net investmnet in lease	7,887	38.8	5,683	41.9	4,005	23.0	3,255	28.0	2,544	100.0	-
Cash and Bank Balances	67,096	49.1	44,987	10.2	40,805	74.7	23,353	11.8	20,893	75.9	11,881
Short-term Investments	70,080	(18.6)	86,105	4.5	82,372	(11.9)	93,493	26.3	74,004	(9.5)	81,791
Assets classified as held for sale	1,525	100.0	-	-	-	(100.0)	67	(94.9)	1,326	100.0	-
	349,681	13.8	307,254	16.3	264,146	16.6	226,496	9.9	206,077	35.3	152,361
TOTAL ASSETS	802,496	7.1	749,416	16.3	644,321	11.0	580,487	5.5	550,245	40.0	393,155

vertical analysis

balance sheet

amount in millions	2023 Rs.	2023 %	2022 Rs.	2022 %	2021 Rs.	2021 %	2020 Rs.	2020 %	2019 Rs.	2019 %	2018 Rs.	2018 %
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	5,366	0.7	5,762	0.8	5,762	0.9	5,762	1.0	5,762	1.0	5,238	5,238
Share Premium	13,068	1.6	13,068	1.7	13,068	2.0	13,068	2.3	13,068	2.4	13,068	13,068
Unappropriated Profits	119,651	14.9	142,128	19.0	137,386	21.3	124,425	21.4	113,729	20.7	113,101	113,101
Reserves	7,120	0.9	5,864	0.8	5,523	0.9	5,161	0.9	5,088	0.9	4,908	4,908
Non-Controlling Interest	77,928	9.7	73,762	9.8	81,061	12.6	71,179	12.3	57,603	10.5	49,272	49,272
	223,133	27.8	240,584	32.1	242,800	37.7	219,595	37.8	195,249	35.5	185,587	185,587
NON-CURRENT LIABILITIES												
Borrowings	162,072	20.2	156,174	20.8	139,818	21.7	135,230	23.3	138,600	25.2	121,110	121,110
Government grant	2,020	0.3	1,472	0.2	1,080	0.2	-	-	-	-	-	-
Lease liability	66,777	8.3	62,370	8.3	53,163	8.3	50,625	8.7	50,941	9.3		
Deferred Taxation	18,653	2.3	13,395	1.8	16,257	2.5	14,568	2.5	13,399	2.4	8,428	8,428
Others	4,453	0.6	6,566	0.9	11,018	1.7	17,202	3.0	2,339	0.4	260	260
	253,975	31.6	239,977	32.0	221,336	34.4	217,625	37.5	205,280	37.3	129,799	129,799
CURRENT LIABILITIES												
Current portion of Borrowings	28,580	3.6	27,700	3.7	23,110	3.6	22,688	3.9	19,856	3.6	10,316	10,316
Current maturity of lease liability	10,617	1.3	9,047	1.2	6,111	0.9	4,906	0.8	4,407	0.8	-	-
Others	27,780	3.5	27,505	3.7	19,247	3.0	12,423	2.1	28,926	5.3	114	114
Government grant	452	0.1	353	0.0	184	0.0	-	-	-	-	-	-
Trade and Other Payables	210,674	26.3	155,541	20.8	105,555	16.4	88,996	15.3	77,142	14.0	58,014	58,014
Accrued Interest / Mark up	2,808	0.3	2,765	0.4	1,366	0.2	1,372	0.2	3,316	0.6	2,243	2,243
Short-term Borrowings	31,640	3.9	32,985	4.4	23,270	3.6	12,505	2.2	15,512	2.8	6,641	6,641
Others	12,837	1.6	12,959	1.7	1,341	0.2	377	0.1	557	0.1	441	441
	325,388	40.5	268,855	35.9	180,186	28.0	143,267	24.7	149,716	27.2	77,769	77,769
TOTAL EQUITY AND LIABILITIES	802,496	100.0	749,416	100.0	644,321	100.0	580,487	100.0	550,245	100.0	393,155	393,155
ASSETS												
NON-CURRENT ASSETS												
Property, Plant and Equipment	339,279	42.3	329,877	44.0	282,155	43.8	261,957	45.1	253,374	46.0	204,409	204,409
Right of use asset	13,119	1.6	13,329	1.8	9,819	1.5	6,992	1.2	4,851	0.9		
Net investment in lease	56,961	7.1	52,160	7.0	45,204	7.0	44,557	7.7	45,564	8.3		
Long-term Investments	34,485	4.3	36,081	4.8	34,217	5.3	32,045	5.5	29,963	5.4	31,590	31,590
Derivative financial instrument	963	0.1	737	0.1	93	0.0	-	-	-	-	-	-
Intangible Assets	2,031	0.3	2,275	0.3	2,398	0.4	1,087	0.2	961	0.2	318	318
Financial asset at amortised cost	1,052	0.1	3,783	0.5	3,593	0.6	5,161	0.9	5,921	1.1		
Others	4,926	0.6	3,920	0.5	2,697	0.4	2,191	0.4	3,533	0.6	4,477	4,477
	452,816	56.4	442,162	59.0	380,175	59.0	353,990	61.0	344,168	62.5	240,794	240,794
CURRENT ASSETS												
Store, Spares and Loose Tools	12,939	1.6	9,835	1.3	9,310	1.4	9,069	1.6	7,637	1.4	7,688	7,688
Stock-in-Trade	33,737	4.2	30,243	4.0	31,513	4.9	17,938	3.1	19,913	3.6	17,228	17,228
Trade Debts	75,498	9.4	71,195	9.5	59,563	9.2	50,617	8.7	51,995	9.4	18,629	18,629
Advances, Deposits and Prepayments	9,558	1.2	6,850	0.9	4,712	0.7	3,861	0.7	4,868	0.9	3,171	3,171
Other Receivables	71,360	8.9	52,356	7.0	31,867	4.9	24,843	4.3	22,897	4.2	11,972	11,972
Current portion of net investmnet in lease	7,887	1.0	5,683	0.8	4,005	0.6	3,255	0.6	2,544	0.5		
Cash and Bank Balances	67,096	8.4	44,987	6.0	40,805	6.3	23,353	4.0	20,893	3.8	11,881	11,881
Short-term Investments	70,080	8.7	86,105	11.5	82,372	12.8	93,493	16.1	74,004	13.4	81,791	81,791
Assets classified as held for sale	1,525	0.2	-	-	-	-	67	0.0	1,326	0.2		
	349,681	43.6	307,254	41.0	264,146	41.0	226,496	39.0	206,077	37.5	152,361	152,361
TOTAL ASSETS	802,496	100.0	749,416	100.0	644,321	100.0	580,487	100.0	550,245	100.0	393,155	393,155

horizontal analysis

profit & loss account

amount in millions

	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.	18 Vs. 17 %	2017 Rs.
Sales	482,489	35.37	356,428	14.39	311,587	25.23	248,818	10.21	225,765	31.59	171,568	33.42	128,593
Cost of Sales	(326,853)	29.97	(251,485)	18.55	(212,133)	22.78	(172,773)	9.93	(157,167)	30.47	(120,460)	28.44	(93,786)
Gross Profit	155,636	48.31	104,943	5.52	99,455	30.78	76,045	10.85	68,599	34.22	51,108	46.84	34,806
Selling and Distribution Expenses	(11,621)	24.61	(9,326)	19.27	(7,819)	(0.33)	(7,845)	(3.19)	(8,103)	(4.54)	(8,488)	8.13	(7,850)
Administrative Expenses	(15,716)	29.89	(12,100)	57.98	(7,659)	6.59	(7,185)	18.96	(6,040)	34.31	(4,497)	13.71	(3,955)
	128,299	53.62	83,517	(0.55)	83,977	37.63	61,015	12.05	54,456	42.84	38,123	65.74	23,002
Other Expenses	(11,460)	(7.95)	(12,450)	14.10	(10,912)	42.54	(7,655)	(6.64)	(8,199)	48.56	(5,519)	129.84	(2,401)
Adjustment in respect of carrying value of thermal assets	(29,950)	(100.00)	-	-	-	-	-	-	-	-	-	-	-
Other Income	29,572	35.19	21,874	78.97	12,222	(31.10)	17,738	30.01	13,643	49.15	9,147	(12.79)	10,489
Operating Profit	116,461	25.31	92,941	8.97	85,287	19.96	71,098	18.70	59,900	43.47	41,752	34.30	31,089
Finance Cost	(44,538)	59.32	(27,955)	61.83	(17,274)	(15.63)	(20,473)	38.80	(14,750)	170.49	(5,453)	6.29	(5,131)
Share of Income from Joint Venture and associates	5,242	63.04	3,215	(0.36)	3,227	15.40	2,796	143.55	1,148	792.36	129	(91.21)	1,463
Net Profit Before Taxation	77,164	13.14	68,201	(4.27)	71,240	33.36	53,421	15.39	46,297	27.10	36,427	32.84	27,422
Provision for Taxation	(41,069)	85.92	(22,090)	18.40	(18,657)	106.61	(9,030)	(42.52)	(15,710)	22.78	(12,795)	14.94	(11,132)
Profit / (loss) from discontinued operations	-	(100.00)	-	(100.00)	29	(110.48)	(279)	(6.81)	(300)	(100.00)	-	-	-
Net Profit After Taxation	36,095	(21.72)	46,111	(12.36)	52,612	19.27	44,112	45.64	30,288	28.17	23,632	45.07	16,290
Non-Controlling Interest	15,075	(30.78)	21,779	(11.72)	24,670	29.77	19,011	38.21	13,755	25.92	10,924	58.72	6,883
Profit attributable to Owners of the Holding Company	21,020	(13.61)	24,332	(12.92)	27,942	11.32	25,100	51.82	16,533	30.10	12,708	35.08	9,407

vertical analysis

profit & loss account

amount in millions

	2023		2022		2021		2020		2019		2018	
	Rs.	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**	**%**
Sales	482,489	100.00	356,428	100.00	100.00	311,587	248,818	100.00	225,765	100.00	171,568	100.00
Cost of Sales	(326,853)	(67.74)	(251,485)	(70.56)	(68.08)	(212,133)	(172,773)	(69.44)	(157,167)	(69.62)	(120,460)	(70.21)
Gross Profit	155,636	32.26	104,943	29.44	31.92	99,455	76,045	30.56	68,599	30.38	51,108	29.79
Selling and Distribution Expenses	(11,621)	(2.41)	(9,326)	(2.62)	(2.51)	(7,819)	(7,845)	(3.19)	(8,103)	(4.54)	(8,488)	8.13
Administrative Expenses	(15,716)	(3.26)	(12,100)	(3.39)	(2.46)	(7,659)	(7,185)	(2.89)	(6,040)	(2.68)	(4,497)	(2.62)
	128,299	41.18	83,518	26.80	26.95	83,977	61,015	35.56	54,456	24.12	38,123	22.22
Other Expenses	(11,460)	(2.38)	(12,450)	(3.49)	(3.50)	(10,912)	(7,655)	(3.08)	(8,199)	(3.63)	(5,519)	(3.22)
Adjustment in respect of carrying value of thermal assets	(29,950)	(6.21)	-	-	-	-	-	-	-	-	-	-
Other Income	29,572	6.13	21,874	6.14	3.92	12,222	17,738	7.13	13,643	6.04	9,147	5.33
Operating Profit	116,461	24.14	92,941	26.08	27.37	85,287	71,098	28.57	59,900	26.53	41,752	24.34
Finance Cost	(44,538)	(9.23)	(27,955)	(7.84)	(5.54)	(17,274)	(20,473)	(8.23)	(14,750)	(6.53)	(5,453)	(3.18)
Share of Income from Joint Venture and associates	5,242	1.09	3,215	0.90	1.04	3,227	2,796	1.12	1,148	0.51	129	0.07
Net Profit Before Taxation	77,164	15.99	68,201	19.13	22.86	71,240	53,421	21.47	46,297	20.51	36,427	21.23
Provision for Taxation	(41,069)	(8.51)	(22,090)	(6.20)	(5.99)	(18,657)	(9,030)	(3.63)	(15,710)	(6.96)	(12,795)	(7.46)
Profit / (loss) from discontinued operations	-	-	-	-	0.01	29	(279)	(0.11)	(300)	(0.13)	-	-
Net Profit After Taxation	36,095	7.48	46,111	12.94	16.89	52,612	44,112	17.73	30,288	13.42	23,632	13.77
Non-Controlling Interest	15,075	3.12	21,779	6.11	7.92	24,670	19,012	7.64	13,755	6.09	10,924	6.37
Profit attributable to Owners of the Holding Company	21,020	4.36	24,332	6.83	8.97	27,942	25,100	10.09	16,533	7.32	12,708	7.41

six years summary

of financial statement

amount in millions	2023	2022	2021	2020	2019	2018
Summary of Balance Sheet						
Shareholders' Funds / Equity	223,133	240,584	242,800	219,595	195,249	185,587
Long-term Borrowings	190,652	183,874	162,928	157,918	158,456	131,426
Lease Liabilities - IFRS 16	77,395	71,417	59,274	55,531	55,348	-
Capital Employed	413,785	424,458	405,728	377,513	353,705	317,014
Property, Plant & Equipment	339,279	329,877	282,155	261,957	253,374	204,409
Net Current Assets / Working Capital	63,490	75,146	113,182	110,823	80,625	84,908
Summary of Profit and Loss						
Sales	482,489	356,428	311,587	248,818	225,765	171,568
Gross Profit	155,636	104,943	99,455	76,045	68,599	51,108
Earning before interest, tax & Share of profit from JV	116,461	92,941	85,287	71,098	59,900	41,752
Depreciation	18,520	14,619	11,889	13,137	10,428	7,557
Depreciation ROU	1,515	1,341	1,041	832	751	-
Amortization	439	412	245	181	188	70
EBITDA	142,176	113,318	101,690	88,017	72,331	49,507
Profit After Tax	36,095	46,111	52,612	44,112	30,288	23,633
Summary of Cash Flows						
Net Cash Flow from Operating Activities	106,963	76,882	48,574	63,392	38,866	28,940
Net Cash Flow from Investing Activities	5,255	(88,882)	35,750	(7,323)	(78,262)	(12,397)
Net Cash Flow from Financing Activities	(93,699)	(55,644)	(45,155)	(31,774)	(4,632)	14,213
Summary of Actual Production						
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	140,552	134,784	132,790
PVC Resin	230,000	239,000	243,000	153,000	197,000	202,000
EDC	100,000	102,000	94,000	79,000	110,000	107,000
Caustic Soda	96,000	97,000	92,000	77,000	105,000	105,000
Caustic Flakes	13,000	9,000	8,000	2,000	4,000	-
VCM	224,000	219,000	203,000	148,000	184,000	195,000
Power	4,493,475	4,454,669	5,086,123	4,582,884	3,097,604	1,526,309
Dairy and Juices	375,894	373,722	334,986	314,979	328,627	281,903
Drying Unit of Rice Processing Plant	12,995	87,856	148,839	132,115	93,689	77,008
Ice Cream	24,820	29,392	24,218	18,157	21,392	18,254

financial ratios of six years

2018 through 2023

amount in millions	2023	2022	2021	2020	2019	2018
Profitability Ratios:						
Gross Profit Margin	32%	29%	32%	31%	30%	30%
Net Profit Margin (before adjustment in respect of carrying value of thermal assets)	14%	13%	17%	18%	14%	14%
Net Profit Margin	7%	13%	17%	18%	14%	14%
EBITDA Margin to Sales (before adjustment in respect of carrying value of thermal assets)	36%	32%	33%	34%	32%	29%
EBITDA Margin to Sales	29%	32%	33%	34%	32%	29%
Operating Leverage Ratio	0.75	0.60	0.78	2.06	1.45	0.86
Return on Equity (after Tax) (before adjustment in respect of carrying value of thermal assets)	20%	15%	18%	18%	12%	9%
Return on Equity (after Tax)	13%	15%	18%	18%	12%	9%
Return on Equity (before Tax) (before adjustment in respect of carrying value of thermal assets)	33%	22%	24%	21%	18%	15%
Return on Equity (before Tax)	29%	22%	24%	21%	18%	15%
Return on Assets (before Tax)	10%	9%	11%	9%	8%	9%
Return on Capital Employed	27%	22%	22%	19%	18%	14%
Operating Margin	24%	26%	27%	29%	27%	24%
Liquidity Ratios:						
Current Ratio	1.07	1.14	1.47	1.58	1.38	1.96
Quick / Acid Test Ratio	0.93	0.99	1.24	1.39	1.19	1.64
Cash and Cash Equivalent to Current Liabilities	0.42	0.49	0.68	0.45	0.27	1.01
Cash Flow from Operations to Sales	0.22	0.22	0.16	0.25	0.17	0.17
Activity / Turnover Ratios:						
Total Assets Turnover Ratio	0.62	0.51	0.51	0.44	0.48	0.48
Fixed Assets Turnover Ratio	1.42	1.08	1.10	0.97	0.99	0.95
Operating cycle	(113)	(78)	(60)	(55)	(45)	(51)
No. of Days Inventory	36	45	43	40	43	46
No. of Days in Receivables	55	67	65	75	57	34
No. of Days in Payables	204	189	167	170	145	131
Corporate Social Responsibility:						
Donation as a percentage of PAT	4%	2%	2%	2%	2%	1%

financial ratios of six years

2018 through 2023

amount in millions	2023	2022	2021	2020	2019	2018
Investment / Market Ratios:						
Earnings per Share (before adjustment in respect of carrying value of thermal assets)	63.01	42.23	48.50	43.57	28.69	22.06
Earnings per Share	38.60	42.23	48.50	43.57	28.69	22.06
Price Earnings Ratio (before adjustment in respect of carrying value of thermal assets)	4.68	6.20	5.62	7.06	12.03	13.20
Price Earnings Ratio	7.64	6.20	5.62	7.06	12.03	13.20
Price to Book Ratio	0.71	0.63	0.65	0.81	1.02	0.90
Dividend Yield Ratio	16%	13%	10%	7%	9%	8%
Dividend Payout Ratio	122%	81%	54%	57%	87%	95%
Dividend Cover Ratio	0.82	1.24	1.87	1.74	1.15	1.05
Cash Dividend per Share	47.00	34.00	26.00	25.00	25.00	21.00
Breakup value per share	415.81	417.56	421.41	381.13	338.88	322.11
Market Value per Share at the end of the year; and	294.91	262.01	272.42	307.36	345.25	291.08
- High during the year	325.10	298.40	319.90	366.00	351.54	350.22
- Low during the year	240.14	225.30	265.31	237.65	226.14	280.30
Capital Structure Ratios:						
Financial Leverage Ratio	1.00	0.90	0.77	0.78	0.89	0.74
Weighted Average Cost of Debt	20%	14%	10%	12%	9%	5%
Debt to Equity Ratio - Book Value	0.85	0.76	0.67	0.72	0.81	0.71
Debt to Equity Ratio - Market Value	1.20	1.22	1.04	0.89	0.80	0.86
Interest Cover Ratio	2.73	3.44	5.12	3.61	4.14	7.68
Debt to Asset Ratio	0.24	0.25	0.25	0.27	0.29	0.33
Retention Ratio	-22%	19%	46%	43%	13%	5%
Sustainable Growth Rate	-3%	3%	8%	7%	2%	0

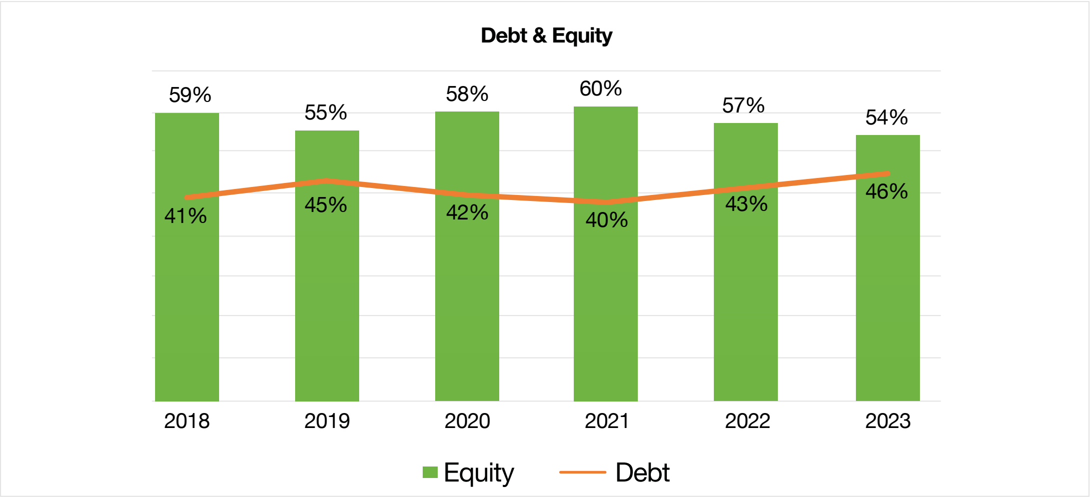
Market value of Specie dividend of 1 Engro Fertilizer share for every 10 shares of Engro Corp.

financial analysis & graphical presentation

of consolidated statement of financial position

shareholders' equity

Share Capital has decreased from Rs. 5,762 million to Rs. 5,366 million in 2023 due to treasury shares acquired and cancelled during the year.

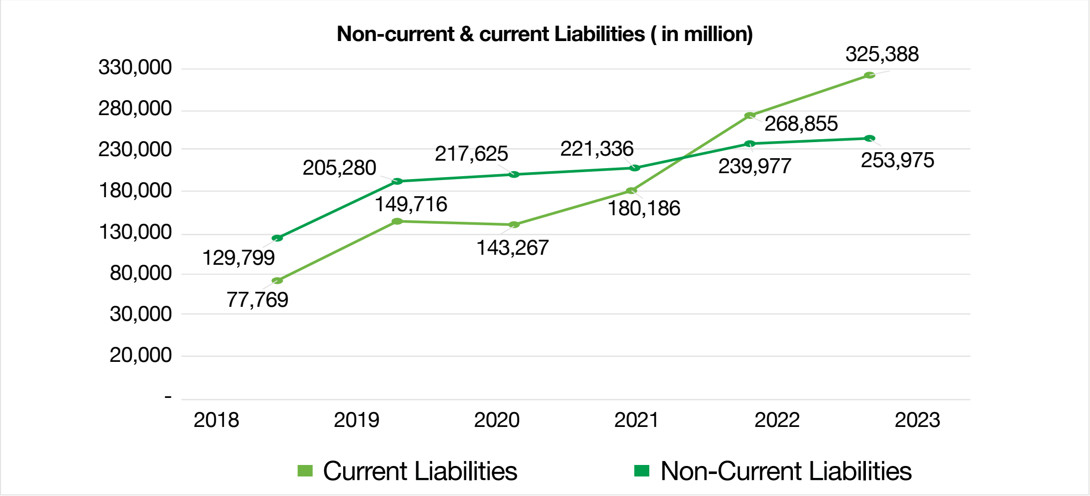


non-current liabilities

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

Considering the 6 years trend, borrowings have increased from Rs. 121,110 million to Rs. 162,072 million to fund business expansion in Energy, Connect and Polymer verticals. Deferred tax liability has increased from Rs. 8,428 million to Rs. 18,653 million. Deferred tax liability as at December 31, 2023 is mainly represented by temporary differences due to accelerated depreciation allowance.

Liabilities have increased by 6% vs. last year. Subsequent to the adoption of IFRS-16 in 2019, lease liability of Rs. 66,777 million has been recorded as at December 31, 2023.



current liabilities

Liabilities have increased by 21% vs last year which is mainly due to increase in trade and other payables.

Considering the 6 years trend, current liabilities have increased from Rs. 77,769 million to Rs. 325,388 million which includes increase in trade and other payables by Rs. 152,660 million. Trade and other payables as at December 31, 2023 mainly comprise of payable to SECMC against purchase of coal and increase in advances from customers. In 6 years, short term borrowings increased by Rs. 24,998 million (to provide liquidity to polymer and energy segments). Subsequent to the adoption of IFRS-16 in 2019, lease liability has been recorded and current portion amounts to Rs. 10,617 million as at December 31, 2023.

non-current assets

Non-current assets have increased by 2% compared to last year which pertains to expansion in Polymer and Enfrashare businesses.

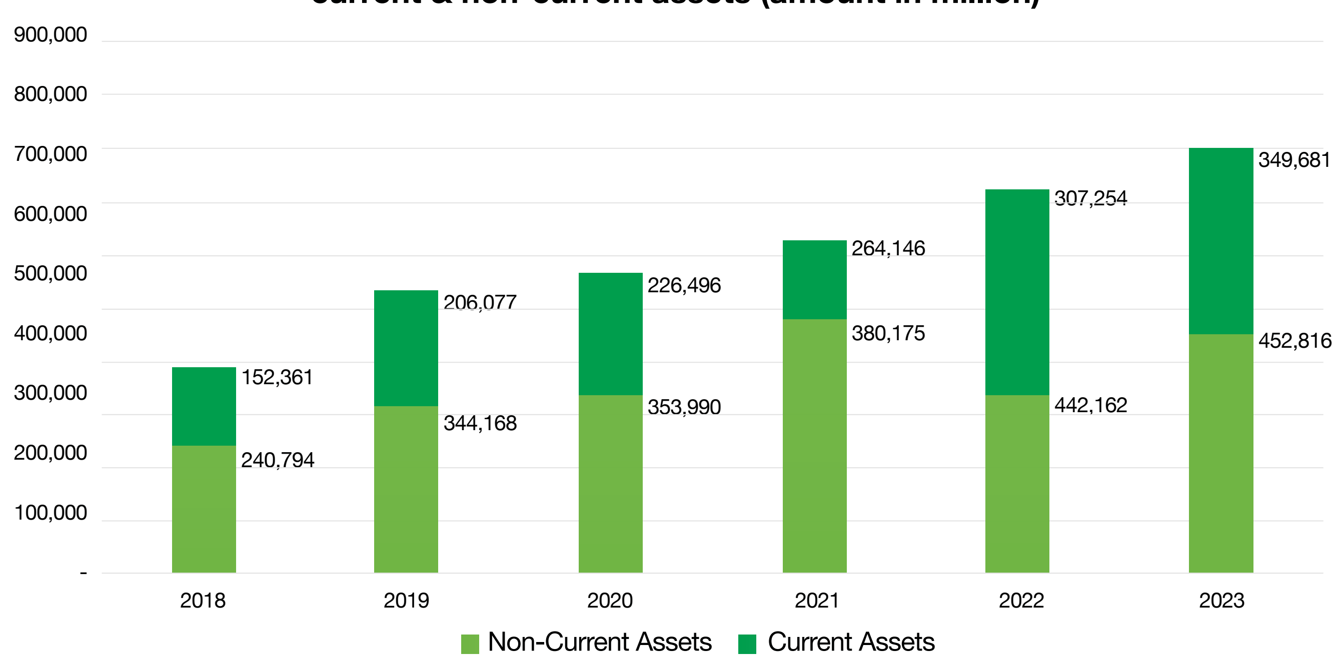
Furthermore, right of use assets were recognised against lease agreements entered by Enfrashare with landlords in respect of tenanted sites.

Non-current assets increased from Rs. 240,794 million to Rs. 452,816 million in last 6 years which consist of an increase in PPE by Rs. 134,870 million (mainly capitalization of Thar Power Project), increase in Net Investment in Lease by Rs. 56,961 million (sub-letting of FSRU in Elengy).

current assets

Current assets increased by 14% compared to last year. Considering the 6 years trend, the increase in current assets from Rs. 152,361 million to Rs. 349,681 million is due to increase in Trade Debts by Rs. 56,868 million (increase in Energy related receivables) and other receivables by Rs. 59,388 million (includes contract asset, subsidy receivable from GoP, sales tax receivable and delayed payment interest receivable in energy business).

current & non-current assets (amount in million)



financial analysis & graphical presentation

of consolidated statement of profit or loss

revenue

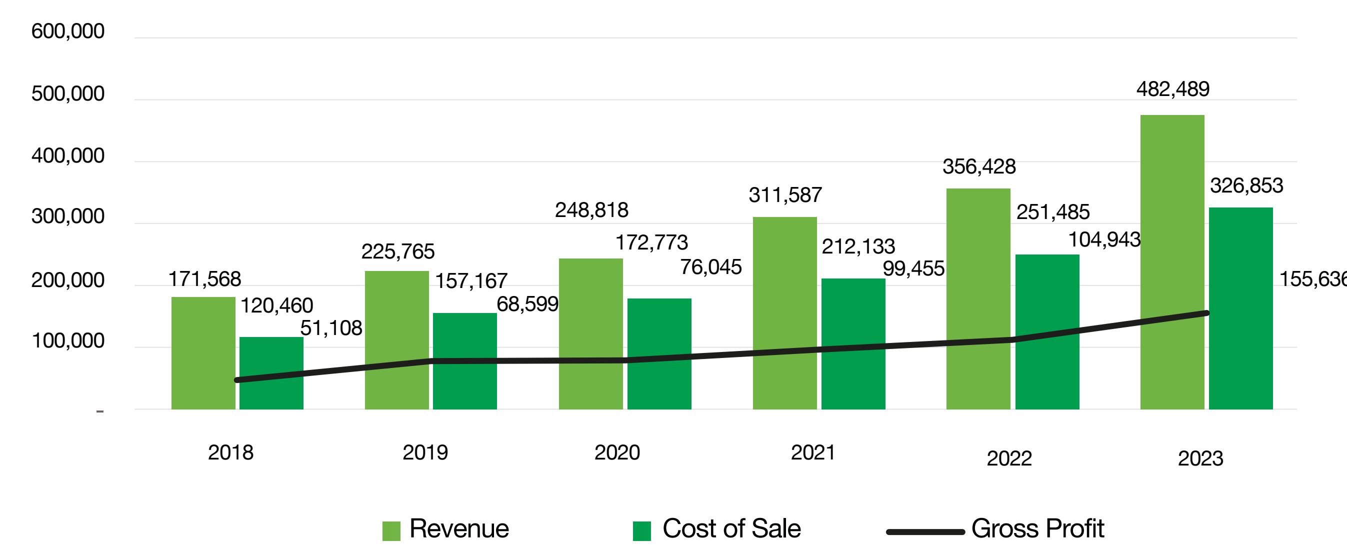
Revenue has increased by 35% (CY: 482,489 vs LY: 356,428). The main contributor in the revenue is Polymer, Fertilizer and Power & Mining segment.

Considering the 6 years trend, the consolidated revenue has an increasing trend from 2018 and onward mainly contributed by Fertilizer segment and Power & Mining segment (Thar power project started contributing in the consolidated revenue from 2019).

cost of revenue

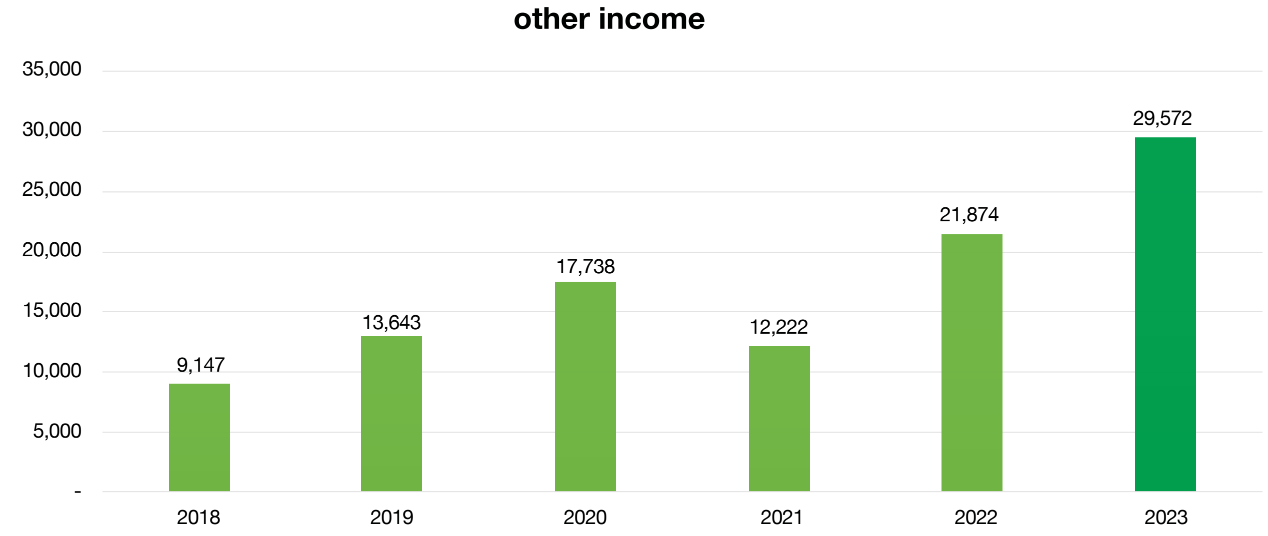
Cost of revenue has increased by 30% (CY:326,853 vs LY:251,485). Cost trend of last 6 years is in line with the variation in revenue.

gross profit analysis (amount in millions)



other income

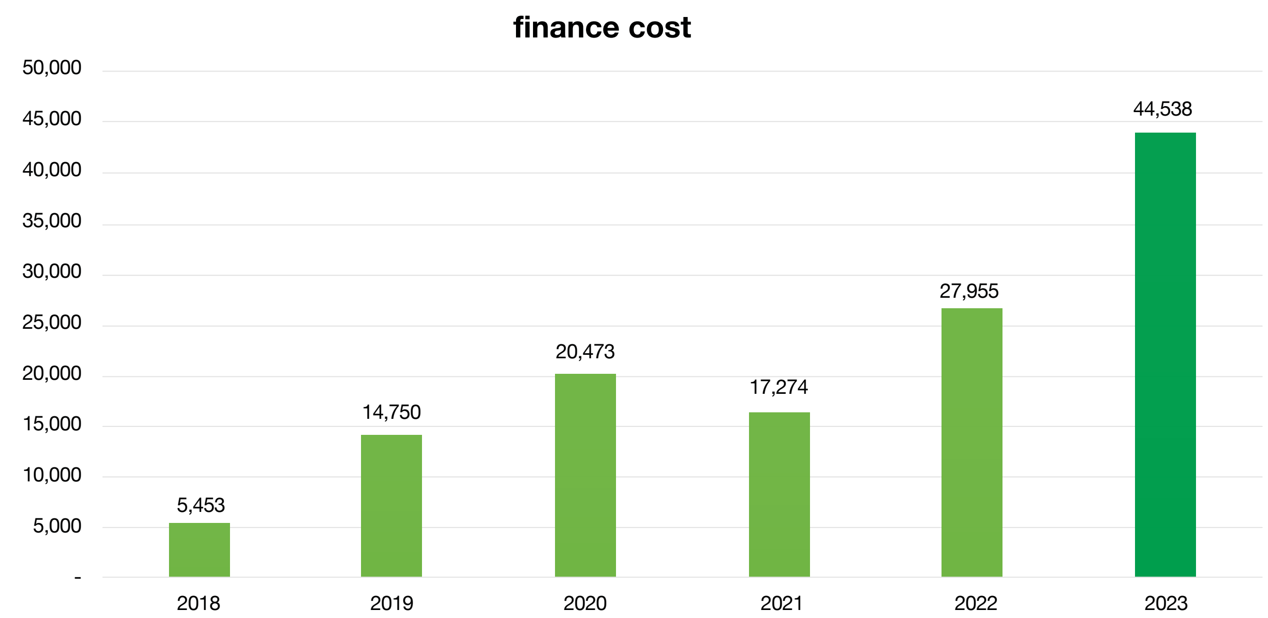
Income has Increased by 35% vs. LY which is mainly due to increase in income on deposits and other financial assets by Rs. 4,046 million and delayed payment income by Rs. 5,223 million . Over the period of 6 years, income has increased mainly due to delayed payment charges on overdue receivables and income from financial assets.



finance cost

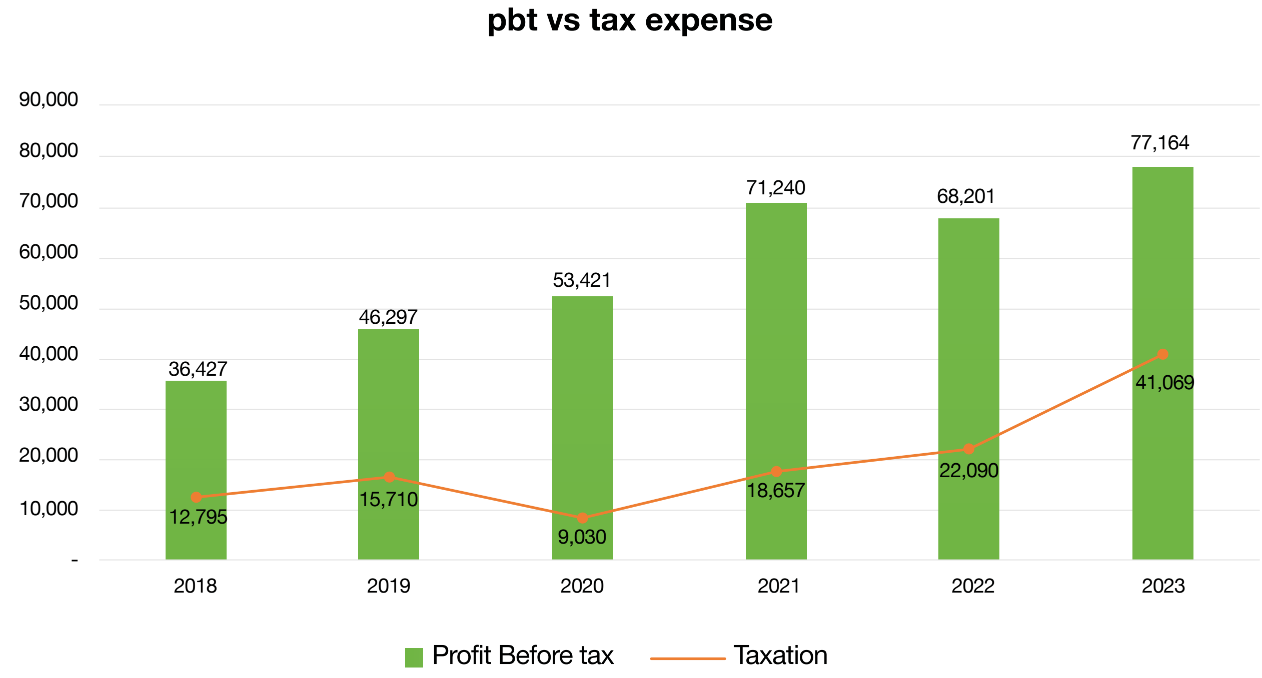
Finance cost has increased by 59% (CY: 44,538 vs LY: 27,955). The main reason is increase in interest expense of Polymer, Fertilizer, Connectivity & Telecom and Power and Mining segment owing to repayment of loans.

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



taxation

Tax expense has increased by 86% vs LY mainly due to higher super tax.
6 years trend shows steady increase in tax due to increase in profitability of the group.



financial analysis & graphical presentation

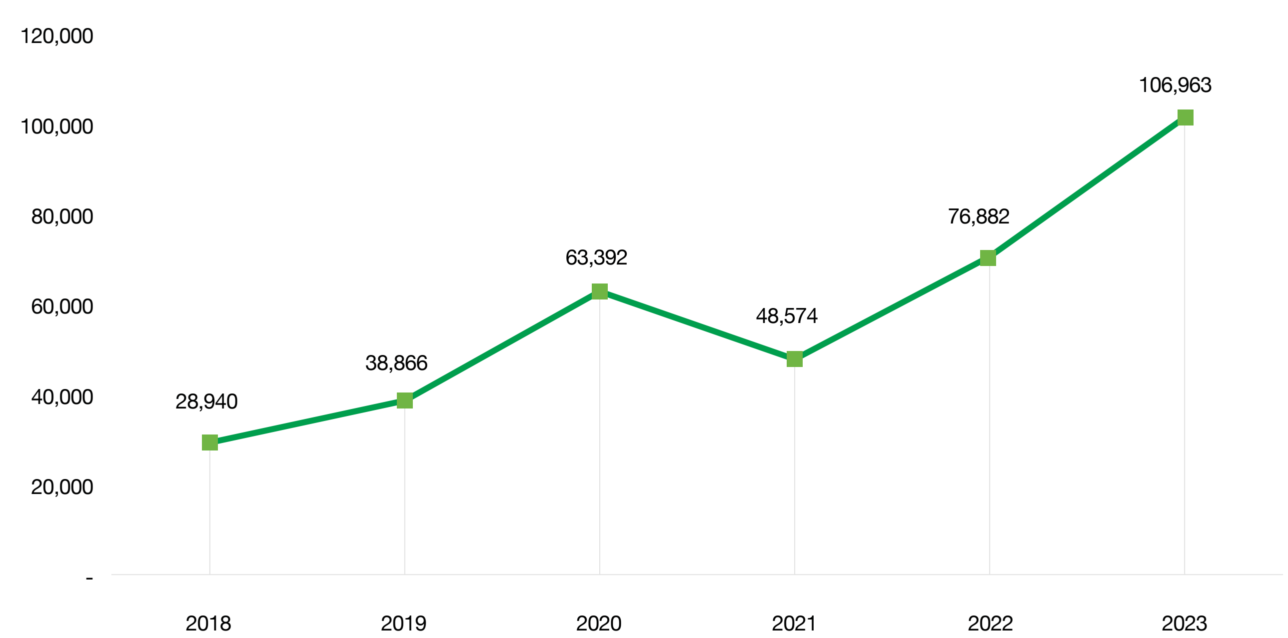
of consolidated statement of cashflow

cash flow from operating activities

Cash inflows from operations have increased by 39% (CY: Rs. 106,963 million vs. LY: Rs. 76,881 million). This mainly pertains to an increased in trade and other payables by Rs. 17,219 million. Taxes paid have increased by Rs. 24,424 million vs LY as in 2022.

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

net cashflow from operating activities

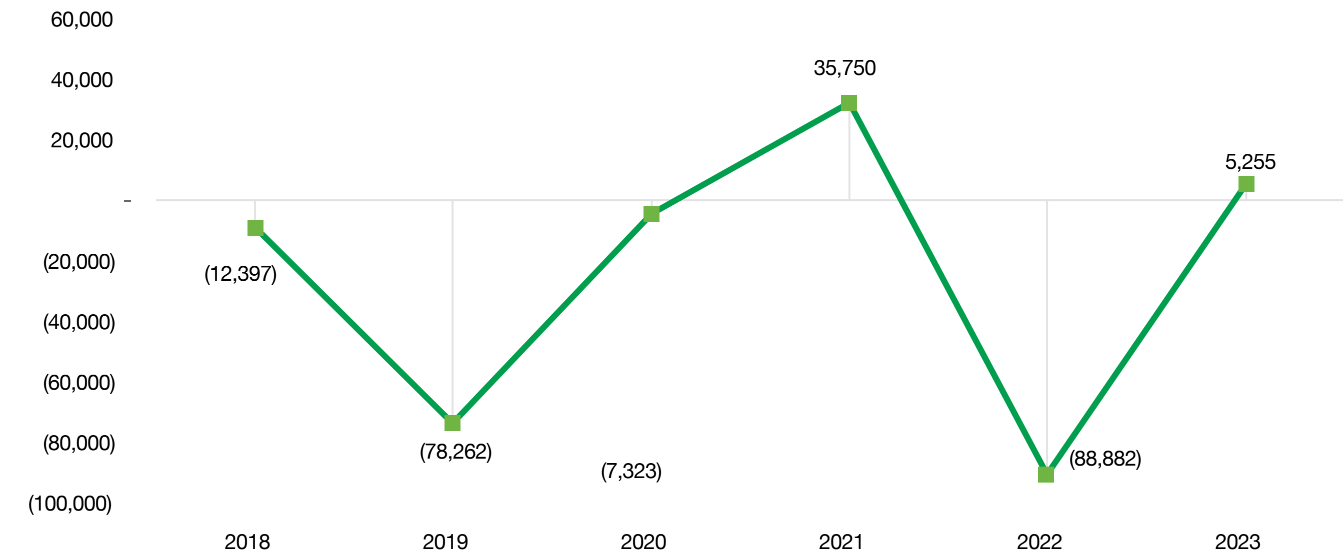


cash flow from investing activities

Net cash inflow from investing activities has significantly increased by 106% vs. LY. This is mainly due to investment redeemed/made during the year by Rs. 79,980 million.

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

net cash flow from investing activities

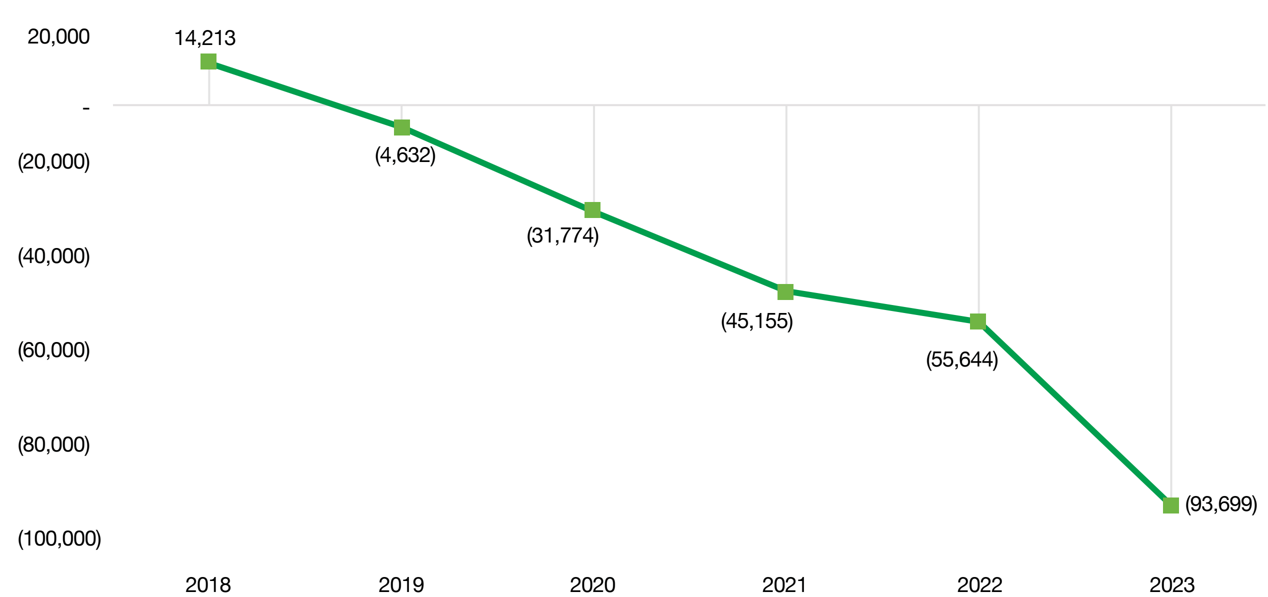


cash flow from financing activities

Net cash outflow from financing activities has increased by Rs. 38,055 million (CY:Rs.-93,699 million vs LY: Rs. -55,644 million). This is mainly due to increased dividend payments by Rs. 5,372 million, increased repayment of lease liability by Rs. 7,334 million and increased effect of borrowings of Rs. 16,924 million.

Considering the 6 years trend, the group has significantly raised finance between 2018 to 2023 through borrowings to fund its new projects and operations.

net cash flow from financing activities

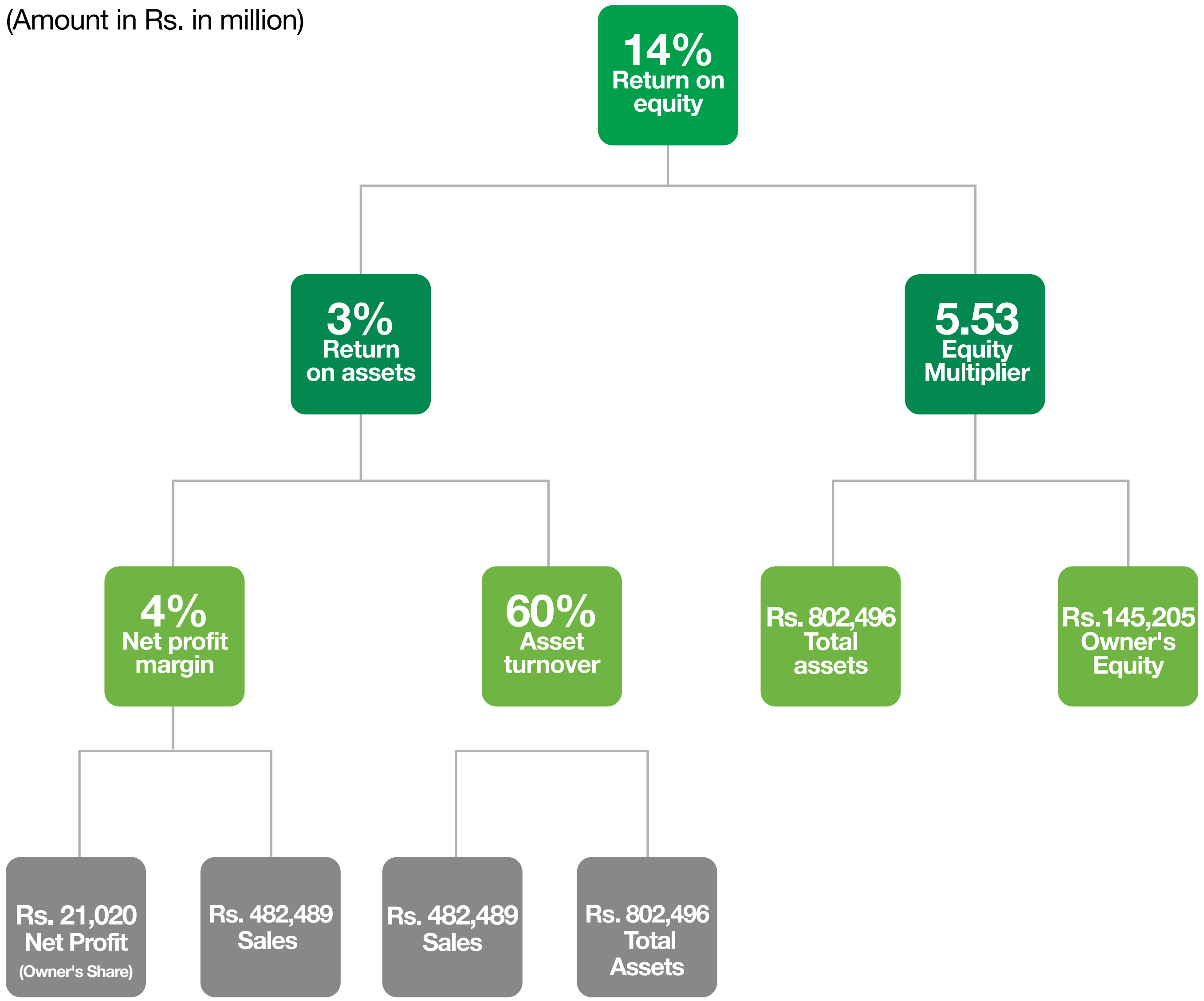


statement of value addition & distribution

Rs. in million	2023		2022	
Wealth Generated				
Total revenue inclusive of sales tax and other income	554,877		409,914	
Bought-in-material and services	(319,082)		(246,176)	
	235,795		163,738	
Wealth Distributed				
To Employees				
Salaries, benefits and other costs	16,888	7.16%	14,137	8.60%
To Government				
Taxes, duties and development surcharge	83,012	35.21%	62,566	38.20%
To Society				
Donation towards education, health, environment and natural disaster	1,454	0.62%	801	0.50%
To Providers of Capital				
Dividend to shareholders	42,414	17.99%	37,042	22.60%
Mark-up/interest expense on borrowed money	44,538	18.89%	28,744	17.60%
Retained for reinvestment and future growth				
Depreciation, amortization, adjustment in respect of thermal assets and retained profit	47,489	20.14%	20,448	12.50%
	235,795	**100.00%**	**163,738**	**100.00%**

dupont analysis

(Amount in Rs. in million)



investor relations

Trading Performance During the Financial Period	2023
Opening price (Rs. / share)	270.07
Closing price (Rs. / share)	294.91
Highest closing price (Rs. / share)	325.1
Lowest closing price (Rs. / share)	240.14
Turnover of shares - transaction volume per annum (million shares)	220.53
Turnover of shares - average daily volume traded (million shares)	0.90

Total Shareholder Return*	
1- year period (01 January 2023 to 31 December 2023)	27.4%
3 - year period (01 January 2021 to 31 December 2023)	9.4%
5 - year period (01 January 2019 to 31 December 2023)	10.0%

financial calendar

Financial Year ended December 31, 2023	
April 20, 2023	Announcement of first quarter results
August 17, 2023	Announcement of second quarter results
October 24, 2023	Announcement of third quarter results
February 26, 2024	Announcement of fourth quarter results
April 25, 2024	58th Annual General Meeting

Financial Year ended December 31, 2024	
April 25, 2024	Announcement of first quarter results
August 20, 2024	Announcement of second quarter results
October 23, 2024	Announcement of third quarter results
February 21, 2025	Announcement of fourth quarter results

year in review

financial statments

standalone financial statements

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Engro Corporation Limited (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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 Matters** (Refer note 25 to the financial statements) The Company has recognised provisions and has disclosed contingent liabilities in respect of certain income 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 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 provisions and contingencies relating to income tax involving the Company 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 tax authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants
Karachi

Date: April 2, 2024

UDIN: AR202310113AIoUxSJLO

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	1,697,803	983,764
Right-of-use assets	5	928,849	970,153
Intangible assets	6	132,583	123,807
Long term investments	7	50,835,194	46,835,094
Long term loans and advances	8	6,274	5,372,573
Deferred taxation	9	-	475,159
		53,600,703	54,760,550
Current Assets			
Loans, advances, deposits and prepayments	10	9,180,594	2,817,736
Receivables	11	2,041,529	1,316,708
Short term investments	12	23,870,113	47,604,776
Cash and bank balances	13	122,905	165,977
		35,215,141	51,905,197
Total Assets		88,815,844	106,665,747
Equity and Liabilities			
Equity			
Share capital	14	5,366,265	5,761,633
Reserves			
Share premium		13,068,232	13,068,232
Capital re-purchase reserve account		395,368	-
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits		(39,439)	(39,773)
Remeasurement of investments		(1,388,624)	(854,981)
Unappropriated profit		49,606,749	68,900,878
Total equity		71,437,791	91,265,229
Liabilities			
Non-Current Liabilities			
Lease liabilities	15	880,901	937,359
Deferred taxation	9	167,431	-
Retirement and other service benefit obligations		24,566	43,345
		1,072,898	980,704
Current Liabilities			
Trade and other payables	16	5,494,425	5,398,425
Current portion of lease liabilities	15	321,813	214,074
Taxation - provision less payments		10,255,244	8,571,977
Unclaimed dividends	17	233,673	235,338
		16,305,155	14,419,814
Total liabilities		17,378,053	15,400,518
Contingencies and commitments	18		
Total Equity and Liabilities		88,815,844	106,665,747

The annexed notes from 1 to 39 form an integral part of these financial statements.

Shabbir Hussain Hashmi	Farooq Barkat Ali	Ghias Khan
Director	Chief Financial Officer	President and Chief Executive

statement of profit or loss and other comprehensive income

for the year ended december 31, 2023

(Amounts in thousand except for earnings per share)	Note	2023 ....Rupees....	2022
Dividend income	19	21,517,861	22,174,693
Royalty income	20	2,300,860	1,328,906
		23,818,721	23,503,599
Administrative expenses	21	(4,919,254)	(4,455,338)
		18,899,467	19,048,261
Other income	22	6,061,837	7,549,556
Other operating expenses	23	(871,297)	(2,992,924)
Operating profit		24,090,007	23,604,893
Finance cost	24	(124,939)	(87,190)
Profit before taxation		23,965,068	23,517,703
Taxation	25	(6,398,833)	(2,321,283)
Profit for the year		17,566,235	21,196,420
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
- Remeasurement of post employment benefits - Actuarial gain / (loss)	28.2.7	334	(21,289)
Items that will be reclassified to profit or loss			
- Remeasurement of investments	12.2	(533,643)	(854,981)
		(533,309)	(876,270)
Total comprehensive income for the year		17,032,926	20,320,150
Earnings per share - basic and diluted	26	32.26	36.79

The annexed notes from 1 to 39 form an integral part of these financial statements.

Shabbir Hussain Hashmi	Farooq Barkat Ali	Ghias Khan
Director	Chief Financial Officer	President and Chief Executive

statement of changes in equity

for the year ended december 31, 2023

(Amounts in thousand)

	Share capital	Share premium	Capital re-purchase reserve account	General reserve	Remeasurement of post employment benefits	Remeasurement of investments	Unappropriated profit	Sub Total	Total
	Reserves								
	Capital Reserve			Revenue Reserve					
	Rupees								
Balance as at January 1, 2022	5,761,633	13,068,232	-	4,429,240	(18,484)	-	67,294,008	84,772,996	90,534,629
Profit for the year	-	-	-	-	-	-	21,196,420	21,196,420	21,196,420
Other comprehensive loss	-	-	-	-	(21,289)	(854,981)	-	(876,270)	(876,270)
	-	-	-	-	(21,289)	(854,981)	21,196,420	20,320,150	20,320,150
Transactions with owners									
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	-	(576,163)	(576,163)	(576,163)
Interim cash dividends for the year ended December 31, 2022:									
- 1st interim @ Rs. 12.00 per share	-	-	-	-	-	-	(6,913,959)	(6,913,959)	(6,913,959)
- 2nd interim @ Rs. 11.00 per share	-	-	-	-	-	-	(6,337,796)	(6,337,796)	(6,337,796)
- 3rd interim @ Rs. 10.00 per share	-	-	-	-	-	-	(5,761,632)	(5,761,632)	(5,761,632)
	-	-	-	-	-	-	(19,589,550)	(19,589,550)	(19,589,550)
Balance as at December 31, 2022	5,761,633	13,068,232	-	4,429,240	(39,773)	(854,981)	68,900,878	85,503,596	91,265,229
Profit for the year	-	-	-	-	-	-	17,566,235	17,566,235	17,566,235
Other comprehensive loss	-	-	-	-	334	(533,643)	-	(533,309)	(533,309)
	-	-	-	-	334	(533,643)	17,566,235	17,032,926	17,032,926
Cancellation of own shares purchased (note 14.2.1)	(395,368)	-	395,368	-	-	-	(11,629,302)	(11,233,934)	(11,629,302)
Transactions with owners									
Final cash dividend for the year ended December 31, 2022 @ Rs. 1.00 per share	-	-	-	-	-	-	(546,244)	(546,244)	(546,244)
Interim cash dividends for the year ended December 31, 2023:									
- 1st interim @ Rs. 40.00 per share	-	-	-	-	-	-	(21,465,059)	(21,465,059)	(21,465,059)
- 2nd interim @ Rs. 2.00 per share	-	-	-	-	-	-	(1,073,253)	(1,073,253)	(1,073,253)
- 3rd interim @ Rs. 4.00 per share	-	-	-	-	-	-	(2,146,506)	(2,146,506)	(2,146,506)
	-	-	-	-	-	-	(25,231,062)	(25,231,062)	(25,231,062)
Balance as at December 31, 2023	5,366,265	13,068,232	395,368	4,429,240	(39,439)	(1,388,624)	49,606,749	66,071,526	71,437,791

The annexed notes from 1 to 39 form an integral part of these financial statements.

Shabbir Hussain Hashmi
Director

Farooq Barkat Ali
Chief Financial Officer

Ghias Khan
President and Chief Executive

statement of cash flows

for the year ended december 31, 2023

(Amounts in thousand)	Note	2023	2022
		....Rupees....	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	29	(4,964,317)	(6,788,931)
Royalty received		2,213,396	1,249,917
Taxes paid		(4,766,213)	(806,851)
Proceeds from sale of tax losses		693,237	934,203
Retirement and other service benefits paid		(110,426)	(5,204)
Long term loans and advances - net		7,370	(13,419)
Net cash utilized in operating activities		(6,926,953)	(5,430,285)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		21,153,546	22,174,693
Income on deposits and other financial assets including income earned on subordinated loans to subsidiaries		7,996,295	5,120,417
Investment in shares of subsidiary companies		(4,000,100)	-
Loan disbursed to subsidiary companies		(8,750,000)	(19,540,000)
Repayment of loan by subsidiary companies		8,986,379	23,777,000
Purchase of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds		(51,340,676)	(605,128,276)
Proceeds from sale of Treasury bills, Units of Mutual Funds, Fixed income placements and Pakistan Investment Bonds		76,698,066	560,993,617
Purchases of property, plant and equipment		(1,062,076)	(422,681)
Sale proceeds on disposal of property, plant and equipment		99,116	76,527
Purchases of intangibles		(47,449)	(3,504)
Net cash generated from / (utilized in) investing activities		49,733,101	(12,952,207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(34,526)	(25,381)
Payment for own shares purchased and cancelled		(11,629,302)	-
Lease rentals paid		(415,428)	(247,354)
Dividends paid		(25,232,727)	(19,596,051)
Net cash utilized in financing activities		(37,311,983)	(19,868,786)
Net increase / (decrease) in cash and cash equivalents		5,494,165	(38,251,278)
Cash and cash equivalents at beginning of the year		2,850,332	41,101,610
Cash and cash equivalents at end of the year	30	8,344,497	2,850,332

The annexed notes from 1 to 39 form an integral part of these financial statements.

Shabbir Hussain Hashmi
Director

Farooq Barkat Ali
Chief Financial Officer

Ghias Khan
President and Chief Executive

notes to the financial statements
for the year ended december 31, 2023
(Amounts in thousand)

1. legal status and operations

1.1 Engro Corporation Limited (the Company) is a public listed company incorporated in Pakistan. Its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Company is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunications infrastructure and chemical terminal and storage businesses.

1.2 The business units of the Company include the following:

Business unit	Geographical location
Head / Registered Office	8th floor, The Harbour Front Building, Plot Number HC # 3, Marine Drive, Block 4, Clifton, Karachi.
Islamabad Office	22nd floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad.

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

1.4 As notified on PSX on September 28, 2023 and October 31, 2023, the Company has entered into discussions with the buyer, Liberty Power Tech Limited for execution of the scheme of arrangement by way of a strategic equity partnership for disposal of its thermal assets portfolio held through its wholly owned subsidiary Engro Energy Limited, comprising of Engro Powergen Qadirpur Limited, Engro Powergen Thar (Private) Limited and Sindh Engro Coal Mining Company.

Subsequent to the year end, the Company is now evaluating the proposed divestment of its thermal asset portfolio through a share sale.

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

(Amounts in thousand)

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, as modified by remeasurement of certain financial assets and liabilities at fair value and recognition of certain staff retirement and other service 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 in Pakistan comprise of:

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

- Provisions of and directives issued under the Act.

Where 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.

2.1.3 Initial application of Standards, Amendments or improvements to approved Accounting and Reporting Standards

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

There are certain amendments and improvements to approved accounting and reporting standards that are applicable to the Company for the financial year beginning on January 1, 2023; however, these are considered not to have any material impact on the Company's financial reporting and operations, and therefore have not been presented in these financial statements, except for the following:

i) Amendment to IAS 1 "Presentation of financial statements" (IAS 1) and IFRS Practice Statement 2:

This recent amendment provide 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 amendments or improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2023. These are not expected to have any material impact on the Company’s financial reporting and operations, and therefore have not been presented in these financial statements.

2.2 Property, plant and equipment

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

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

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

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

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

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

2.3 Right-of-use assets and lease liabilities

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

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

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

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

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

2.4 Investments

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

2.5 Impairment of non-financial assets

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

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

(Amounts in thousand)

2.6 Financial instruments

2.6.1 Financial assets

Classification, initial recognition and measurement

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

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

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Derecognition

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized 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.

2.6.2 Financial liabilities

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

(Amounts in thousand)

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

2.6.3 Offsetting of financial assets and liabilities

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

2.7 Receivables

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

2.8 Cash and cash equivalents

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

2.9 Share capital

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

2.10 Trade and other payables

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

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

2.11 Income tax

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

2.11.1 Current

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

2.11.2 Deferred

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

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

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

2.12 Retirement and other service benefit obligations

2.12.1 Defined contribution plans

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

The Company operates:

- a defined contribution provident fund for its permanent employees and permanent employees of its subsidiaries, associates and joint ventures (here-in-after referred to as Group companies). Monthly contributions are made by the Company, other Group companies and employees to the fund at the rate of 10% of basic salary;

- a defined contribution pension fund for the benefit of its management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at rates ranging from 12.5% to 13.75% of basic salary; and

- a defined contribution gratuity fund for the benefit of management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at the rate of 8.33% of basic salary.

2.12.2 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 plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior years; that benefit is discounted to determine its present value. The calculation is performed annually by an independent actuary using the projected unit credit method, related details of which are given in note 28 to these financial statements. Remeasurement gains and losses are recognized in other comprehensive income.

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

2.13 Provisions

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

2.14 Share based payment transaction

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

2.15 Revenue recognition

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

(Amounts in thousand)

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

- Royalty income from subsidiary is recognized on an accrual basis in accordance with the agreements entered therewith.

2.16 Other Income

Income on deposits and other financial assets is recognized on accrual basis

- Mark-up on deposits and other financial assets is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

- Gains and losses arising on sale of investments are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

- Unrealized appreciation / (loss) in the value of investments classified as 'financial assets at fair value through profit or loss' and 'financial assets at fair value through other comprehensive income' are included in profit or loss and other comprehensive income, respectively, in the year in which they arise.

2.17 Earnings per share

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

2.18 Dividend and appropriation to reserves

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

3. critical accounting estimates and judgements

The preparation of these financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. The accounting estimates will by definition, seldom equal the related actual results. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under thejudgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the

circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Impairment of investments in subsidiaries, associates and joint venture

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

3.2 Income taxes

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

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 28.

3.4 Share based payment transaction

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

4. property, plant and equipment

	2023	2022
	....Rupees....	
Operating assets (note 4.1)	1,004,333	604,260
Capital work-in-progress (note 4.2)	693,470	379,504
	1,697,803	983,764

(Amounts in thousand)

4.1 Operating assets

	Furniture, fixtures and equipment	Vehicles	Total
	..........Rupees..........		
As at January 1, 2022			
Cost	729,158	554,101	1,283,259
Accumulated depreciation	(392,944)	(186,345)	(579,289)
Net book value	336,214	367,756	703,970
Year ended December 31, 2022			
Opening net book value	336,214	367,756	703,970
Additions - transfers from capital work-in-progress (note 4.2)	62,700	99,730	162,430
Disposals (note 4.4)			
Cost	(3,894)	(90,403)	(94,297)
Accumulated depreciation	3,782	39,609	43,391
	(112)	(50,794)	(50,906)
Depreciation charge (note 4.3)	(119,372)	(91,862)	(211,234)
Net book value	279,430	324,830	604,260
As at December 31, 2022			
Cost	787,964	563,428	1,351,392
Accumulated depreciation	(508,534)	(238,598)	(747,132)
Net book value	279,430	324,830	604,260
Year ended December 31, 2023			
Opening net book value	279,430	324,830	604,260
Additions - transfers from capital work-in-progress (note 4.2)	85,918	662,192	748,110
Disposals (note 4.4)			
Cost	(17,132)	(115,716)	(132,848)
Accumulated depreciation	14,559	30,798	45,357
	(2,573)	(84,918)	(87,491)
Depreciation charge (note 4.3)	(112,974)	(147,572)	(260,546)
Net book value	249,801	754,532	1,004,333
As at December 31, 2023			
Cost	856,750	1,109,904	1,966,654
Accumulated depreciation	(606,949)	(355,372)	(962,321)
Net book value	249,801	754,532	1,004,333
Annual rate of depreciation (%)	15 to 33	20 to 25	

(Amounts in thousand)

4.2 Capital work-in-progress

	Furniture, fixtures and equipment	Advances to suppliers and others (note 4.5)	Total
	..........Rupees..........		
Year ended December 31, 2022			
Balance as at January 1, 2022	32,609	34,444	67,053
Additions during the year	98,705	350,889	449,594
Reclassification	-	28,791	28,791
Transferred to:			
- operating assets (note 4.1)	(62,700)	(99,730)	(162,430)
- intangible assets (note 6)	-	(3,504)	(3,504)
Balance as at December 31, 2022	68,614	310,890	379,504
Year ended December 31, 2023			
Balance as at January 1, 2023	68,614	310,890	379,504
Additions during the year	436,042	673,483	1,109,525
Transferred to:			
- operating assets (note 4.1)	(85,918)	(662,192)	(748,110)
- intangible assets (note 6)	-	(47,449)	(47,449)
Balance as at December 31, 2023	418,738	274,732	693,470

4.3 Depreciation has been allocated to administrative expenses (note 21) and capital work-in-progress amounting to Rs. 260,546 (2022: Rs. 205,548) and Nil (2022: Rs. 5,686), respectively.

(Amounts in thousand)

4.4 The details of assets disposed off / written-off during the year are as follows:

Description of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Gain) \ Loss (note 22)	Mode of disposal	Particulars of purchaser
	----------------	----------------	Rupees	----------------	----------------		
Items having net book value of Rs. 500 each or more							
Vehicle	6,157	785	5,372	6,088	716	Buy Back Policy	Mr. Jawwad Hassan -employee
Vehicle	2,616	1,149	1,467	1,652	185	Buy Back Policy	Mr. Ahmad Sohail -employee
Vehicle	2,662	1,056	1,606	1,919	313	Buy Back Policy	Miss. Rabia Zohra Farooqui -employee
Vehicle	2,674	947	1,727	2,168	441	Buy Back Policy	Mr. Muhammad Shariq Farooq -employee
Vehicle	5,532	1,397	4,135	4,792	657	Buy Back Policy	Mr. Bilal Ahmed -employee
Vehicle	3,340	615	2,725	2,915	190	Buy Back Policy	Mr. Sunaib Barkat Ali -employee
Vehicle	2,721	655	2,066	2,311	245	Buy Back Policy	Mr. Musaab Billah -employee
Vehicle	2,721	1,041	1,680	2,186	506	Buy Back Policy	Mr. Ali Shah Chandwani -employee
Vehicle	2,881	531	2,350	2,578	228	Buy Back Policy	Mr. Syed Taha Hassan Razvi -employee
Vehicle	3,400	771	2,629	2,914	285	Buy Back Policy	Mr. Eliya Syed -employee
Vehicle	2,847	928	1,919	2,250	331	Buy Back Policy	Mr. Afnan Ahmed Ansari -employee
Vehicle	5,510	1,663	3,847	3,868	21	Buy Back Policy	Mr. Sulman Malik -employee
Vehicle	2,850	565	2,285	2,557	272	Buy Back Policy	Mr. Turab Alam -employee
Vehicle	6,254	177	6,077	6,109	32	Buy Back Policy	Mr. Abdul Qadir Dal -employee
Vehicle	2,604	1,328	1,276	2,192	916	Buy Back Policy	Mr. Taha Azher -employee
Vehicle	5,542	2,198	3,344	4,157	813	Buy Back Policy	Miss. Umber Ansari -employee
Vehicle	2,712	730	1,982	2,239	257	Buy Back Policy	Mr. Ahsan -employee
Vehicle	4,157	804	3,353	3,764	411	Buy Back Policy	Mr. Mir Usman -employee
Vehicle	2,723	733	1,990	1,993	3	Buy Back Policy	Mr. Bassam Asghar -employee
Vehicle	6,421	637	5,784	5,919	135	Buy Back Policy	Mr. Mehtab Ahmed Malik -employee
Vehicle	3,391	1,585	1,806	2,200	394	Buy Back Policy	Mr. Muhammad Mubashir Hussain -employee
Vehicle	3,403	1,176	2,227	2,751	524	Buy Back Policy	Mr. Yasser Ghazali -employee
Vehicle	5,554	3,226	2,328	4,768	2,440	Buy Back Policy	Mr. Muhammad Amir Khan -employee
Vehicle	3,240	1,836	1,404	1,447	43	Buy Back Policy	Mr. Muzzaffar Islam -employee
Vehicle	2,681	1,329	1,352	2,022	670	Buy Back Policy	Mr. Ali Niaz Naqvi -employee
Vehicle	5,204	1,049	4,155	4,674	519	Buy Back Policy	Mr. Moiz Sabir -employee
Vehicle	5,864	748	5,116	5,422	306	Buy Back Policy	Mr. Ali Shah Chandwani -employee
Vehicle	5,489	622	4,867	5,293	426	Buy Back Policy	Mr. Muhammad Annas -employee
Vehicle	4,567	518	4,049	4,338	289	Buy Back Policy	Mr. Hamza Naeem -employee
Other operating assets having net book value less than Rs. 500							
	17,131	14,558	2,573	1,630	(943)		
December 31, 2023	132,848	45,357	87,491	99,116	11,625		
December 31, 2022	94,297	43,391	50,906	76,527	25,620		

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

(Amounts in thousand)

5. right-of-use assets

	2023	2022
	....Rupees....	
Balance as at January 1	970,153	263,413
Additions during the year	279,946	964,527
Depreciation charge (note 5.1)	(321,250)	(257,787)
Balance as at December 31	928,849	970,153

5.1 Depreciation charged on right-of-use assets has been allocated to administrative expenses (note 21) and capital-work-in-progress (note 4.2) amounting to Rs. 321,250 (2022: Rs. 240,064) and Nil (2022: Rs. 17,723), respectively.

6. intangible assets

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

	....Rupees....
As at January 1, 2022	
Cost	314,211
Accumulated amortization	(119,525)
Net book value	194,686
Year ended December 31, 2022	
Opening net book value	194,686
Additions - Transfers from capital work-in-progress (note 4.2)	3,504
Reclassification	(28,791)
Amortization charge (note 21)	(45,592)
Net book value	123,807
As at December 31, 2022	
Cost	288,924
Accumulated amortization	(165,117)
Net book value	123,807
Year ended December 31, 2023	
Opening net book value	123,807
Additions - Transfers from capital work-in-progress (note 4.2)	47,449
Amortization charge (note 21)	(38,673)
Net book value	132,583
As at December 31, 2023	
Cost	336,373
Accumulated amortization	(203,790)
Net book value	132,583

(Amounts in thousand)

7. long term investments

	2023	2022
	....Rupees....	
Subsidiary companies - at cost (note 7.1)	51,219,877	47,219,777
Less: Provision for impairment (note 7.1.2)	(3,900,442)	(3,900,442)
	47,319,435	43,319,335
Joint venture company - at cost		
Engro Vopak Terminal Limited		
45,000,000 (2022: 45,000,000) Ordinary shares of Rs. 10 each, equity held 50% (2022: 50%)	450,000	450,000
Associated company - at cost		
FrieslandCampina Engro Pakistan Limited		
306,075,948 (2022: 306,075,948) Ordinary shares of Rs. 10 each, equity held 39.9% (2022: 39.9%)	3,060,759	3,060,759
Others - at cost		
Arabian Sea Country Club Limited		
500,000 (2022: 500,000) Ordinary shares of Rs. 10 each, equity held 6% (2022: 6%)	5,000	5,000
	50,835,194	46,835,094

(Amounts in thousand)

7.1 Subsidiary companies

	2023		2022	
	Equity % held	Investment at cost (Rupees)	Equity % held	Investment at cost (Rupees)
Quoted				
Engro Fertilizers Limited 751,312,057 (2022: 751,312,057) Ordinary shares of Rs. 10 each	56.27	7,519,968	56.27	7,519,968
Engro Polymer and Chemicals Limited 510,733,458 (2022: 510,733,458) Ordinary shares of Rs. 10 each	56.19	6,685,616	56.19	6,685,616
Unquoted				
Engro Energy Limited 105,581,016 (2022: 105,581,016) Ordinary shares of Rs. 10 each	100	3,797,750	100	3,797,750
Thermal Vision (Private) Limited 10,000 (2022: Nil) Ordinary shares of Rs. 10 each	100	100	-	-
Engro Eximp Agriproducts (Private) Limited (note 7.1.1)				
- 440,860,900 (2022: 190,860,900) Ordinary shares of Rs. 10 each	100	7,427,000	100	4,927,000
- 10,000,000 (2022: 10,000,000) Redeemable Preference shares of Rs.10 each	100	100,000	100	100,000
		7,527,000		5,027,000
Elengy Terminal Pakistan Limited 113,493,731 (2022: 113,493,731) Ordinary shares of Rs. 10 each	56	1,134,938	56	1,134,938
Engro Infiniti (Private) Limited 58,613,144 (2022: 58,613,144) Ordinary shares of Rs. 10 each	100	1,117,000	100	1,117,000
Engro Eximp FZE 1 (2022: 1) Ordinary share of AED 1,000,000 each	100	1,972,505	100	1,972,505
Engro Connect (Private) Limited (note 7.1.1) 2,146,500,000 (2022: 1,996,500,000) Ordinary shares of Rs.10 each	100	21,465,000	100	19,965,000
		51,219,877		47,219,777

(Amounts in thousand)

7.1.1 During the year, the Company has made further investment in Engro Eximp Agriproducts (Private) Limited and Engro Connect (Private) Limited, wholly owned subsidiaries, through subscription of 250,000,000 and 150,000,000 ordinary shares of Rs. 10 each at par, respectively.

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

	2023	2022
	....Rupees....	
Balance as at beginning and end of the year (note 7.1.3)	3,900,442	3,900,442

7.1.3 Represents provision held against the Company's investment in Engro Eximp Agriproducts (Private) Limited and Engro Infiniti (Private) Limited amounting to Rs. 3,270,092 (2022: Rs. 3,270,092) and Rs. 630,350 (2022: Rs. 630,350), respectively.

7.1.4 Certain investments held by the Company have been pledged as explained in note 18.

8. long term loans and advances - considered good

	2023	2022
	....Rupees....	
Long term loans and advances to executives and other employees (notes 8.1, 8.2 and 8.3)	43,488	20,083
Less: Current portion shown under current assets (note 10)	(37,214)	(6,439)
	6,274	13,644
Loan to subsidiary (note 10.1)	-	5,358,929
	6,274	5,372,573

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

	2023	2022
Balance as at January 1	20,083	44,529
Add: Disbursements	152,172	106,555
Less: Repayments / Amortization	(128,767)	(131,001)
Balance as at December 31	43,488	20,083

8.2 The maximum amount outstanding at the end of any month during the year ended December 31, 2023 from executives aggregated to Rs. 33,591 (2022: Rs. 21,483).

8.3 Loans given to employees and executives are in accordance with the Company policy, return free and are repayable within a period of 1 to 5 years. Further, as at year-end, these include loans given to key management personnel aggregating to Rs. 4,353 (2022: Rs. 9,607).

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

9. deferred taxation

	2023	2022
	....Rupees....	
Debit / (credit) balances arising on account of:		
- depreciation allowance	(7,415)	37,455
- provisions	55,711	4,392
- right-of-use assets	(362,251)	(320,150)
- short term investments	(322,535)	-
- lease liabilities	469,059	379,973
- carried forward tax losses	-	373,489
	(167,431)	475,159

9.1 As at December 31, 2023, unutilized tax losses of the Company including brought forward deprecation amounts to Rs. 1,606,813 (2022: Rs. 3,948,996) which will be adjusted against the taxable income of ensuing years. However, as majority portion of the Company's income is subject to final tax regime, deferred tax asset has not been recognized on these losses in these financial statements.

10. loans, advances, deposits and prepayments

	2023	2022
	....Rupees....	
Loans and advances - considered good		
- Current portion of long term loans and advances to executives and other employees (note 8)	37,214	6,439
- Loan to subsidiary companies (note 10.1)	8,892,418	2,335,238
	8,929,632	2,341,677
Less: Provision for impairment (note 10.4)	-	(13,000)
	8,929,632	2,328,677
Advances	211,642	367,723
Deposits and prepayments	39,320	121,336
	9,180,594	2,817,736

(Amounts in thousand)

10.1 This includes accrued interest amounting to Rs. 2,689,868 (2022: Rs. 1,242,238). Disbursements / repayments of loan during the year are as follows:

- outstanding loan amounting to Rs. 1,000,000 from Engro Fertilizers Limited, a subsidiary company, pursuant to agreement entered into on September 02, 2022, which carried mark-up at the rate of 3-month KIBOR plus 0.1%, was repaid during the year;

- loan amounting to Rs. 1,700,000 was disbursed to Engro Polymer and Chemicals Limited, a subsidiary company, pursuant to agreement entered into on September 01, 2023. The loan carried mark-up at the rate of 1-month KIBOR plus 0.6% and the same was repaid during the year;

- loan amounting to Rs. 2,450,000 was disbursed to Engro Powergen Qadirpur Limited, an indirect subsidiary company, pursuant to agreement entered into on April 01, 2023. The loan carried mark-up at the rate of 1-month KIBOR plus 0.5% and the same was repaid during the year;

- loan to Engro Infiniti (Private) Limited, a wholly owned subsidiary company, pursuant to agreement entered into on June 26, 2019, carries mark-up at the rate of 1-month KIBOR plus 0.5%. Out of the outstanding balance, Rs. 13,000 has been written off during the year against the provision already held. The balance outstanding as at December 31, 2023 aggregated to Rs. 80,000 (2022: Rs. 80,000 - net of provision).

- loan amounting to Rs. 2,000,000 was disbursed to Engro Enfrashare (Private) Limited, an indirect subsidiary company, pursuant to agreement entered into on May 01, 2023. The loan carries mark-up at the rate of 1-month KIBOR plus 0.5%. The balance outstanding as at December 31, 2023 aggregated to Rs. 2,000,000 (2022: Nil).

- loans to Engro Energy Limited (EEL) under revolving finance facility and another finance facility which are repayable on December 22, 2024 and December 27, 2024, respectively. The total facility under revolving finance amounts to Rs. 6,000,000 and carries mark-up at the rate of 1-month KIBOR plus 0.5% per annum payable on monthly basis. Loan amounting to Rs. 1,600,000 was further disbursed and Rs. 2,836,379 was repaid during the year. The outstanding balance under this facility as at December 31, 2023 amounts to Rs. 3,738,621 (2022: Rs. 4,975,000). The limit under other finance facility aggregates to Rs. 500,000 and carries mark-up at the rate of 1-month KIBOR plus 0.5% per annum payable on monthly basis. This facility is sub-ordinated to finances provided to EEL by its creditors (other than trade creditors). The outstanding balance under this facility as at December 31, 2023 amounts to Rs. 383,929 (2022: Rs. 383,929).

- loan amounting to Rs. 1,000,000 was disbursed to Engro Connect (Private) Limited, a wholly owned subsidiary company, pursuant to agreement entered into on June 01, 2022. The loan carried mark-up at the rate of 1-month KIBOR plus 0.5% and the same was repaid during the year.

10.2 The maximum amount outstanding at the end of any month during the year ended December 31, 2023 from subsidiary companies aggregated to Rs. 10,627,060 (2022: Rs. 18,900,620).

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

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

	2023	2022
	....Rupees....	
Balance at beginning of the year	13,000	26,309
Reversal during the year	-	(13,309)
Written off during the year	(13,000)	-
Balance at end of the year	-	13,000

11. receivables considered good

	2023	2022
	....Rupees....	
Due from:		
- Parent Company - Dawood Hercules Corporation Limited	143	265
- Direct / Indirect subsidiary companies		
- Engro Energy Limited	86,357	78,379
- Engro Connect (Private) Limited	288	-
- Engro Fertilizers Limited	764,115	582,395
- Engro Elengy Terminal (Private) Limited	76,797	34,185
- Elengy Terminal Pakistan Limited	391,502	-
- Engro Infiniti (Private) Limited	1,337	-
- Engro Powergen Thar (Private) Limited	13,983	1,253
- Engro Powergen Qadirpur Limited	24,884	28,114
- Engro Eximp Agriproducts (Private) Limited	125,197	46,154
- Thar Foundation	2,229	740
- Engro Enfrashare (Private) Limited	41,804	461
- EFERT Agritrade (Private) Limited	1,106	689
- Engro Peroxide (Private) Limited	1,622	1,433
- Engro Energy Services Limited	2,715	3,767
- Think PVC (Private) Limited	1,130	452
- Engro Plasticizer (Private) Limited	840	605
- Engro Polymer and Chemicals Limited	287,910	213,971

(Amounts in thousand)

	2023 ....Rupees....	2022
- Joint venture		
- Engro Vopak Terminal Limited	106,616	47,554
- Associated companies		
- Dawood Investments (Private) Limited	27,043	-
- Dawood Corporation (Private) Limited	17	-
- FrieslandCampina Engro Pakistan Limited	5,861	-
- Sindh Engro Coal Mining Company Limited	7,425	16,085
- Thar Power Company Limited	4,036	3,483
	1,974,957	1,059,985
- Retirement benefit funds	5,426	125,797
- Others	61,146	130,926
Considered doubtful		
Due from:		
- FrieslandCampina Pakistan Holdings B.V.	143,366	143,366
- Financial advisors	-	46,952
Less: Provision against doubtful receivables	(143,366)	(190,318)
	-	-
	2,041,529	1,316,708

11.1 The movement in provision against doubtful receivables during the year is as follows:

	2023 ....Rupees....	2022
Balance at beginning of the year	190,318	190,318
Provision written off during the year	(46,952)	-
Balance at end of the year	143,366	190,318

11.2 The maximum amount due from related parties at the end of any month during the year aggregated to Rs. 3,300,544 (2022: Rs. 1,548,919).

(Amounts in thousand)

11.3 As at December 31, 2023, receivables from related parties aggregating to Rs. 1,260,317 (2022: Rs. 213,866) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2023 ....Rupees....	2022
Upto 3 months	718,508	123,740
3 to 6 months	169,297	13,842
More than 6 months	372,512	76,284
	1,260,317	213,866

12. short term investments

	2023 ....Rupees....	2022
Fair value through other comprehensive income		
- Pakistan Investment Bonds (notes 12.1 and 12.2)	10,572,006	29,380,322
Fair value through profit or loss		
- Mutual fund units - Conventional (note 12.3)	11,331	2,828,051
- Mutual fund units - Islamic (note 12.4)	4,492,088	250,000
Amortized cost		
- Treasury bills (note 12.5)	3,970,085	14,799,413
- Fixed income placements (note 12.6)	4,824,603	346,990
	8,794,688	15,146,403
	23,870,113	47,604,776

12.1 These bonds carry yield of 12.75% to 13.40% (2022: 12.75% to 17.56%) per annum and have maturity terms ranging between five to ten years.

12.2 This amount is net of loss on remeasurement of Pakistan Investment Bonds amounting to Rs. 1,388,624 (2022: Rs. 854,981).

12.3 This represents investment in 269,663 units (2022: 27,967,266 units) of Mutual Funds having cost amounting to Rs. 2,898 (2022: Rs. 550,220).

12.4 This represents investment in 103,333,444 units (2022: 2,500,000 units) of Mutual Funds having cost amounting to Rs. 4,488,019 (2022: Rs. 2,500,000).

12.5 These bills carry yield of 21.60% to 22.50% (2022: 14.75% to 16.87%) per annum and maturing on various dates between one to nine months.

(Amounts in thousand)

12.6 These represent placements with banks and carry interest at rates ranging from 21.88% to 22.35% (2022: 14.07% to 16.00%) per annum and having maturity in January 2024.

12.7 Certain investments held by the Company are pledged as disclosed in note 18.

13. cash and bank balances

	2023	2022
	....Rupees....	
Cash at banks:		
In savings accounts		
- conventional (note 13.1)	86,416	119,003
- islamic (note 13.2)	514	483
In current accounts	35,275	45,791
	122,205	165,277
Cash in hand	700	700
	122,905	165,977

13.1 These carry return ranging from 14.50% to 21.30% (2022: 8.25% to 14.50%) per annum.

13.2 These are shariah compliant bank balances and carry profit at rates ranging from 7.51% to 11.84% (2022: 4% to 9.10%) per annum.

14. share capital

14.1 Authorised capital

2023	2022		2023	2022
....Number of Shares....			............Rupees............	
700,000,000	700,000,000	Ordinary shares of Rs. 10 each	7,000,000	7,000,000

14.2 Issued, Subscribed and paid-up-capital

2023	2022		2023	2022
....Number of Shares....			............Rupees............	
197,869,803	197,869,803	Ordinary shares of Rs. 10 each, fully paid in cash	1,978,699	1,978,699
378,293,427	378,293,427	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	3,782,934	3,782,934
(39,536,762)	-	Ordinary shares of Rs. 10 each, purchased and cancelled (note 14.2.1)	(395,368)	-
536,626,468	576,163,230		5,366,265	5,761,633

(Amounts in thousand)

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

14.3 As at December 31, 2023, the Parent Company and associated companies held 214,469,810 and 39,038,015 (2022: 214,469,810 and 39,038,015) ordinary shares in the Company, respectively.

15. lease liabilities

	2023	2022
	....Rupees....	
Balance at beginning of the year	1,151,433	356,746
Additions in lease	279,946	949,468
Add: Finance cost (note 24)	186,763	105,302
Less: Lease rentals paid	(415,428)	(247,354)
Less: Rent concession on lease liability	-	(12,729)
	51,281	794,687
Total lease liabilities	1,202,714	1,151,433
Less: Current portion shown under current liabilities	(321,813)	(214,074)
Balance at end of the year	880,901	937,359

16. trade and other payables

	2023	2022
Creditors (note 16.1)	434,952	334,550
Accrued liabilities	2,741,193	3,157,809
Withholding tax payable	57,532	63,316
Payable to:		
- FrieslandCampina Pakistan Holdings B.V. (note 16.2)	929,088	932,367
- Engro Eximp FZE	701,310	452,216
- Engro Foundation	30	40,027
- Engro Power International Holding B.V.	204,710	36,887
- Engro Infiniti (Private) Limited	-	11,066
- The Dawood Foundation	16,119	17,428
Current portion of retirement and other service benefit obligations (note 16.3)	138,122	158,132
Others (note 16.4)	271,369	194,627
	5,494,425	5,398,425

16.1 Includes directors' fee amounting to Rs. 2,565 (2022: Rs. 9,448).

16.2 Includes an amount of Rs. 928,998 (2022: Rs. 928,998) recognized in respect of sales tax receivables of FrieslandCampina Engro Pakistan Limited. Under the Share Purchase Agreement (SPA) with FCP, the Company is required to pay FCP an amount equal to 51% of the sales tax receivable of FCEPL, an associated company, recognized in the financial years 2012 to 2016, if it is not recovered by FCEPL within six years after it is recognized. Accordingly, on prudence basis, the Company has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered.

16.3 Includes liability towards defined benefit gratuity fund amounting to Rs. 12,983 (2022: Rs. 86,833).

16.4 Includes liability towards Long Term Incentive Plan (LTIP) amounting to Rs. 158,353 (2022: Rs.133,993). In 2022, the Board of Directors of the Company approved LTIP for granting of cash-settled phantom shares to certain executive employees. Under the LTIP, the actual amount of phantom shares that may vest at exercise price of nil ranges from 0% to 121% of the awards, depending on the outcomes of prescribed service or performance conditions over a three-year period.

17. unclaimed dividends

Includes unclaimed dividend amounting to Rs. 233,629 (2022: Rs. 219,939) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Act, subject to fulfilment / clarification on certain pre-conditions specified in the Act.

18. contingencies and commitments

18.1 Contingencies

18.1.1 As at December 31, 2023, bank guarantees of Rs. 3,717,379 (2022: Rs. 3,801,129) have been issued in favour of third parties.

18.1.2 Following are the details of securities pledged by the Company in favour of Engro Energy Limited (EEL):

- Standby Letters of Credit (Equity SBLC) have been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 2,606 (2022: US Dollars 5,660) for its equity commitments related to Sindh Engro Coal Mining Company Limited (SECMC), its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) October 31, 2024; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Company by pledging Treasury Bills.

- Standby Letter of Credit (Put Option SBLC) has been provided by EEL, a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (2022: US Dollars 21,070) in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2029; or (ii) fulfilment of sponsor obligations pursuant to Put Option SSA. This was secured by pledging Company's shares of Engro Fertilizers Limited (EFERT) and FrieslandCampina Engro Pakistan Limited (FCEPL) of quantities 105,000,000 and 65,000,000, respectively.

18.1.3 Engro Elengy Terminal (Private) Limited has issued SBLCs amounting to US Dollars 22,500 (2022: US Dollars 22,500). This has been secured by pledging Company's shares of EFERT and Engro Polymer and Chemicals Limited (EPCL) of quantities 66,000,000 and 117,000,000 respectively.

18.1.4 On March 28, 2022, and as supplemented from time-to-time, Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account (PSRA) SBLCs amounting to US Dollars 23,316 and Rs. 1,029,044, respectively, on behalf of EEL, a wholly owned subsidiary, for its PSRA commitments related to Engro Powergen Thar (Private) Limited in favour of their project lenders. These SBLCs are secured by pledging 66,000,000, 103,500,000, 56,000,000 and 53,000,000 shares of EFERT, EPCL, FCEPL and Engro Powergen Qadirpur Limited (EPQL), respectively.

18.1.5 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Company is required to reimburse 51% of the amount together with all reasonable cost and expenses to FCP in case any such penalty materializes. The Company, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal, and accordingly, no provision has been recognized in these financial statements in this respect.

18.1.6 In the year 2016, the Company entered into a Share Purchase Agreement (SPA) with FCP for the sale of 47.1% of the total issued shares of FCEPL. In accordance with the terms of the SPA, the Company is required to pay to FCP, an amount equivalent to 47.1% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses incurred, in case any tax contingency materializes. The Company, based on the opinion of FCEPL's tax and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognized in these financial statements in this respect.

18.1.7 For tax related matters, refer note 25.

(Amounts in thousand)

18.2 Commitments

	2023	2022
	....Rupees....	
18.2.1 Commitments in respect of capital expenditure	397,723	251,063

19. dividend income

	2023	2022
	....Rupees....	
Subsidiary companies:		
- Engro Fertilizers Limited	13,147,961	10,142,713
- Engro Energy Limited	2,150,000	1,800,000
- Elengy Terminal Pakistan Limited	1,010,094	1,372,139
- Engro Polymer and Chemicals Limited	3,830,501	7,916,369
- Engro Eximp FZE	14,305	11,072
Joint venture:		
- Engro Vopak Terminal Limited	1,365,000	932,400
	21,517,861	22,174,693

20. royalty income

The Company has granted Engro Fertilizers Limited, a subsidiary company, the right to use trade marks and copy rights of the Company for marketing of fertilizer products under a licensing agreement effective October 13, 2009.

21. administrative expenses

	2023	2022
	....Rupees....	
Salaries, wages and staff welfare (notes 21.1 and 21.2)	2,068,263	1,762,922
Staff recruitment, training and safety	174,891	160,969
Purchased services	56,512	43,816
Repairs and maintenance	23,678	28,785
Advertising, promotion and corporate branding	293,716	402,261
Rent, rates and taxes	450,642	344,022
Communication, stationery and other office expenses	272,480	239,385
Travelling	604,248	494,238
Compensation expense (note 21.5)	24,360	133,993
Depreciation (notes 4.3 and 21.3)	134,469	205,548
Depreciation on right-of-use assets (notes 5.1 and 21.4)	165,798	120,609
Amortization (note 6)	38,673	45,592
Directors' fee, remuneration and travelling	611,524	473,198
	4,919,254	4,455,338

(Amounts in thousand)

21.1 Salaries, wages and other staff welfare is net-off recoveries from subsidiaries amounting to Rs. 1,876,565 (2022: Rs. 1,746,044) in accordance with the expense sharing agreements.

21.2 Includes Rs. 213,541 (2022: Rs. 226,193) in respect of staff retirement benefits.

21.3 Depreciation on operating assets is net-off recoveries from subsidiaries amounting to Rs. 126,077 (2022: Nil) in respect of their share service agreement.

21.4 Depreciation on right-of-use assets is net-off recoveries from subsidiaries amounting to Rs. 155,452 (2022: Rs. 119,455) in accordance with the expense sharing agreements.

21.5 This represents expense recognized for cash-settled share based payment transactions of Rs. 24,360 (2022: Rs. 133,993) (note 16.4).

21.6 The expenses above are net-off recoveries from subsidiaries amounting to Rs. 1,789,383 (2022: Rs. 1,040,762) in accordance with the expense sharing agreements.

22. other income

	2023	2022
	....Rupees....	
Financial assets		
Income on:		
Bank and term deposits - conventional	476,166	1,939,190
Deposits with Islamic Bank	17,108	5,709
Subordinated loans to subsidiary companies	1,591,496	1,229,333
Mutual funds - Conventional	207,834	413,360
Mutual funds - Islamic	154,888	-
Government securities	3,602,566	3,765,646
	6,050,058	7,353,238
Non-financial assets		
Gain on disposal of property, plant and equipment (note 4.4)	11,625	25,620
Reversal of impairment on loan (note 10.4)	-	13,309
Others (note 22.1)	154	157,389
	6,061,837	7,549,556

22.1 Includes income received amounting to Nil (2022: Rs. 155,910) under Emission Reduction Purchase Agreement with Holt Global Group International AGHofstrasse entered into on January 24, 2020, for the sale of contract Emission Reductions (ERs).

(Amounts in thousand)

23. other operating expenses

	2023	2022
	....Rupees....	
Auditor's remuneration (note 23.1)	38,831	39,463
Legal and professional charges	120,772	140,775
Donations (note 36)	364,290	46,264
Human resource development	35,129	21,351
Research and business development (note 23.2)	1,886	2,507,929
Others	310,389	237,142
	871,297	2,992,924

23.1 Auditor's remuneration

	2023	2022
Fee for:		
- audit of annual financial statements	1,100	930
- review of half yearly financial information	400	310
- review of statement of compliance with the Code of Corporate Governance	70	60
- certifications, secondments and other advisory / assurance services	18,933	26,682
- taxation services	18,017	11,471
Reimbursement of expenses	311	10
	38,831	39,463

23.2 This includes an amount of Rs. 504 (2022: Rs. 2,158,744) incurred in connection with propane dehydrogenation and polypropylene project.

24. finance cost

	2023	2022
	....Rupees....	
Interest expense on lease liability (note 24.1)	90,413	52,904
Others	34,526	34,286
	124,939	87,190

24.1 Interest expense is net-off recoveries from subsidiaries amounting to Rs. 96,350 (2022: Rs. 52,398) in respect of their share in rent of office premises.

(Amounts in thousand)

25. taxation

	2023	2022
	....Rupees....	
Current		
- for the year (note 25.2)	5,560,100	4,315,977
- for prior years (notes 25.1 and 25.2)	516,399	(658,869)
	6,076,499	3,657,108
Deferred (notes 25.3 and 25.4)	322,334	(1,335,825)
	6,398,833	2,321,283

25.1 Through Finance Act, 2022, levy of 'Super tax on high earning persons' under section 4C of the Income Tax Ordinance, 2001 (the Ordinance) was introduced. The levy was applicable at the rate of four percent on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) onwards.

During the year, the Supreme Court of Pakistan (SCP) issued an interim order dated February 16, 2023 in respect of the petitions filed by the tax department against the High Court of Sindh (HCS) judgement dated December 22, 2022 in which the levy of super tax under section 4C inserted through Finance Act, 2022 was decided in favor of the petitioners. The SCP in its interim order, while accepting the tax department's petition, gave directions to the Nazir of the HCS to encash bank guarantees submitted by all petitioners including the Company to the extent of 4% of super tax liability.

25.2 Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended during the year 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. Accordingly, Company has increased the super tax provision to 10% (previously recognized at 4%, based on the rate applicable at December 31, 2022) which has resulted in additional provision of Rs. 1,315,338, for prior tax year 2023. Further, this also includes super tax provision recognized at 10% for tax year 2024, amounting to Rs. 2,221,353.

Moreover, the Company filed a petition before Islamabad High Court (IHC) against retrospective increase in rate of Super tax under section 4C of the Ordinance through the Finance Act, 2023 as well as application of section 4C of the Ordinance to income that falls under the purview of final tax under other provisions of the Ordinance. The IHC has granted an interim stay against the recovery of super tax in excess of rates prescribed before the amendment through Finance Act, 2023 and on incomes subject to final tax under other provisions of the Ordinance.

25.3 Includes impact of higher deferred tax expense at the rate of 39% (including 10% super tax as explained in note 25.2 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled. Liability as at December 31, 2022 was recognized at 33% being the rate then enacted.

25.4 This includes an amount in accordance with section 59B (Group Relief) of the Ordinance, where the Company has surrendered its assessed tax losses to its subsidiary company for the year ended December 31, 2022 (Tax year 2023) for cash consideration of Rs. 319,748, being equivalent to tax benefit / effect of loss surrendered thereof.

25.5 Following is the position of the Company's open tax assessments:

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

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

During 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Company received notices of demand amounting to Rs. 105,955 and Rs. 250,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue – Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed appeals thereagainst before the CIR - Appeals and also obtained stays from the HCS from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of both tax years, the CIR (Appeals) accepted the Company's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR (Appeals) for both tax years, which were subsequently dismissed. In 2017, the Company reversed excess provision of Rs. 168,896 in respect of tax years 2011 and 2012 consequent to denovo proceedings after which the amended orders were passed in respect of the

aforementioned tax years, wherein, the Commissioner has maintained the classification of income from interest on bank deposits and from subordinated loans as ""income from other sources"". In response, the Company filed an appeal challenging this contention before the CIR (Appeals). In January 2019, the CIR (Appeals) passed the appellate orders for both the years and has again remanded the matter to the assessing officer for denovo proceedings.

During 2020, the Company received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs. 75,308 and Rs. 112,681, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as “income from other sources”. During 2022, Appellate Order was framed by CIR (Appeals) and favorable decision was made in respect of classification of interest income as “income from business” and allocation of expenses to dividend income and capital gains. The income tax department, in response there against, had filed an appeal with the HCS, which is still pending.

During the year, the Company has received appeal effect orders both dated June 27, 2023 pertaining to tax years 2011 and 2012. Through these orders, the ACIR has given effect to the findings of the combined Appellate Order of the CIR(A) dated December 30, 2021.

The Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Company.

25.5.2 In 2020, the income tax department, in respect of the tax year 2014, amended the return by creating tax demand of Rs. 401,240 whereby the Additional Commissioner Inland Revenue (ACIR) has levied tax on capital gains on disposal of shares of listed subsidiary, apportioned expenses against dividend income, disallowed the classification of 'Interest Income' as "Income from Business” as well as not allowing the adjustment of brought forward capital losses and brought forward minimum tax paid under section 113(2)(c) of the Ordinance. As a normal recourse, the Company filed an appeal against the order of ACIR before the CIR (Appeals). In 2022, Appellate Order has been framed by the CIR (Appeals) and favorable decision was made in respect of taxation of capital gains on disposal of shares of listed subsidiary whereas other matters have been remanded back to the ACIR for reconsideration. The tax department has filed an appeal on these matters before the ATIR.

During the year, the Company has received an appeal effect order dated June 26, 2023. The ACIR has given effect to the findings of the Appellate Order of the CIR(A) dated December 30, 2022, by deleting the tax levied on capital gains on disposal of shares of listed subsidiary whereas favourable effect has also been given to other matters remanded back pertaining to allocation of expenses, classification of interest income and certain ancillary calculation errors.

The Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Company.

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

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

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

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

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

In 2022, Appellate Order was framed by the CIR (Appeals) wherein the levy of Super Tax under section 4B of the Ordinance has been maintained. An appeal has been filed before the ATIR which is pending.

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

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

During the year, the ACIR initiated proceedings and further amended the order for tax year 2017 to raise demand of Rs. 19,687,430 mainly on account of tax levied on capital gains on disposal of shares of listed subsidiaries of Rs. 14,388,250 (including super tax) and tax on undistributed profits under section 5A of the Ordinance of Rs. 4,727,408.

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

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

(Amounts in thousand)

25.5.6 During the year, in respect of tax year 2022, the Assistant Commissioner Inland Revenue (ACIR) has issued an amended order under section 4C of the Ordinance and has raised a demand of Rs. 251,746 mainly due to non-consideration of taxable loss while computing the 'income' for the purpose of super tax. The Company filed an appeal before the CIR (Appeals), who has maintained the said demand. The Company has filed an appeal with ATIR against the order of the CIR (Appeals). The Company, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.

25.6 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 ....Rupees....	2022
Profit before tax	23,965,068	23,517,703
Tax calculated at the rate of 29% (2022: 29%)	6,949,870	6,820,134
Effect of Super tax of current year	2,221,353	876,892
Impact of Alternative Corporate Tax	332,982	-
Effect of tax loss surrendered	53,447	(1,307,692)
Benefit of unrecognized tax losses	(755,169)	-
Effect of applicability of different tax rate on dividend	(3,380,426)	(3,428,781)
Tax credits	-	11,600
Prior year tax charge / (reversal) (note 25.7)	966,144	(658,869)
Effect of change in tax rate	20,707	10,143
Others	(10,075)	(2,144)
Tax charge for the year	6,398,833	2,321,283

25.7 This is net of the corresponding deferred tax impact.

(Amounts in thousand)

26. earnings per share

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

	2023 ....Rupees....	2022
Profit for the year	17,566,235	21,196,420
	(Number of Shares)	
Weighted average number of ordinary shares (in thousand)	544,601	576,163
	............Rupees............	
Earning per share - basic and diluted	32.26	36.79

27. remuneration of chief executive, directors and executives

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

	2023			2022		
	Director		Executives	Director		Executives
	Chief Executive Officer	Others		Chief Executive Officer	Others	
	---Rupees---					
Managerial remuneration	107,956	16,078	2,031,980	95,931	-	1,746,001
Bonus	18,114	-	956,900	70,195	-	875,054
Staff retirement benefits	-	1,766	254,366	-	-	232,176
Fees	-	122,700	-	-	136,242	-
Other benefits	-	30	30,575	-	-	24,271
Advisory fee	-	55,224	-	-	100,484	-
Total	126,070	195,798	3,273,821	166,126	236,726	2,877,502
Number of persons including those who worked part of the year	1	11	308	1	9	308

27.1 The Company also provides household items for use of some employees and the Chief Executive Officer. Cars are also provided for use of certain employees and directors. In addition, an amount of Rs. 451,118 (2022: Rs. 318,498) has been incurred by the Company for business related travelling of the directors. Further, an amount of Rs. 24,360 (2022: Rs. 133,993) has been recognized in these financial statements for the share-based payment transactions as disclosed in note 21.5. Individual allocations of this amount will be determined upon completion of the vesting conditions.

27.2 Premium charged during the year in respect of directors' indemnity insurance policy, purchased by the Company, amounts to Rs. 449 (2022: Rs. 261).

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

28. retirement benefits

28.1 Defined benefit gratuity plan

The gratuity fund is 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 its gratuity plan:

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

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 year Defence Savings Certificates or Government Bonds. However, investments in equity instruments 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.

(Amounts in thousand)

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

28.2 Valuation results

The latest actuarial valuation of the defined benefit gratuity plan was carried out as at December 31, 2023, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

28.2.1 Statement of financial position reconciliation

	2023 ....Rupees....	2022
Present value of defined benefit obligation (note 28.2.3)	54,670	100,009
Fair value of plan assets (note 28.2.4)	(41,687)	(13,176)
Deficit	12,983	86,833
Net liability recognized in the statement of financial position (note 16.3)	12,983	86,833

28.2.2 Movement in net liability recognized

	2023	2022
Net liability at beginning of the year	86,833	49,135
Charge for the year (note 28.2.5)	13,534	7,713
Contributions made during the year	(86,836)	-
Remeasurement (gain) / loss recognized in other comprehensive income (note 28.2.7)	(548)	29,985
Net liability at end of the year	12,983	86,833

28.2.3 Movement in present value of defined benefit obligation

	2023	2022
As at beginning of the year	100,009	61,531
Current service cost (note 28.2.5)	2,722	2,251
Interest cost	9,919	7,302
Remeasurement loss recognized in other comprehensive income (note 28.2.7)	6,257	28,925
Benefits paid during the year	(64,237)	-
As at end of the year	54,670	100,009

(Amounts in thousand)

28.2.4 Movement in fair value of plan assets

	2023	....Rupees.... 2022
As at beginning of the year	13,176	12,396
Expected return on plan assets	(893)	1,840
Contributions made during the year	86,836	-
Benefits paid during the year	(64,237)	-
Remeasurement gain / (loss) recognized in other comprehensive income (note 28.2.7)	6,805	(1,060)
As at end of the year	41,687	13,176

28.2.5 Charge for the year

	2023	2022
Current service cost	2,722	2,251
Net interest cost	10,812	5,462
	13,534	7,713

28.2.6 Actual return on plan assets

	2023	2022
Actual return on plan assets	5,823	816

28.2.7 Remeasurement recognized in other comprehensive income

	2023	2022
Loss from change in experience adjustments	6,257	28,925
Actual return on plan assets (note 28.2.6)	(5,823)	(816)
Expected return on plan assets (note 28.2.4)	(893)	1,840
Difference in opening fair value of plan assets	(89)	36
	(6,805)	1,060
	(548)	29,985
Tax impact at 39% (2022: 29%)	214	(8,696)
Remeasurement of retirement benefit obligation - net of tax	(334)	21,289

28.2.8 Principal actuarial assumptions used in the actuarial valuation

	2023	2022
Discount rate	16%	13.25%
Expected per annum rate of return on plan assets	16%	13.25%
Expected per annum rate of increase in future salaries	16%	13.25%

(Amounts in thousand)

28.2.9 Plan assets comprise of the following

	2023		2022	
	Rupees	%	Rupees	%
Fixed income instruments	35,276	85	9,958	76
Equity instruments	4,806	12	2,763	21
Others (including cash)	1,605	4	455	3
	41,687	100	13,176	100

28.2.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

28.2.11 Historical information

	2023	2022	2021	2020	2019
	-----	-----	Rupees	-----	-----
Present value of defined benefit obligation	(54,670)	(100,009)	(61,531)	(55,666)	(58,898)
Fair value of plan assets	41,687	13,176	12,396	14,838	15,866
Payable to defined contribution gratuity fund	-	-	-	(374)	(374)
Deficit	(12,983)	(86,833)	(49,135)	(41,202)	(43,406)

28.2.12 Expected future cost for the year ending December 31, 2024 is Rs. 3,032.

28.2.13 Demographic assumptions

	2023	2022
Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Heavy	Heavy

28.2.14 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation will be as follows:

	Increase in assumption	Decncrease in assumption
	................Rupees	....
Discount rate	54,193	55,168
Long term salary increases	55,163	54,189

(Amounts in thousand)

28.2.15 Maturity profile

Time in years	(Rupees)
1	54,605
2	356
3	394
4	438
5-10	15,310
Weighted average duration (years)	0.87

28.3 Defined contribution plans

An amount of Rs. 440,308 (2022: Rs. 387,350) has been paid during the year in respect of defined contribution plans maintained by the Company.

29. cash utilized in operations

	2023	2022
	....Rupees....	
Profit before taxation	23,965,068	23,517,703
Adjustment for non-cash charges and other items:		
Depreciation (note 21)	134,469	205,548
Amortization (note 21)	38,673	45,592
Depreciation on right-of-use assets (note 21)	165,798	120,609
Rent concession on lease liability	-	(12,729)
Gain on disposal of property, plant and equipment (note 22)	(11,625)	(25,620)
Income on bank deposits and other financial assets (note 22)	(6,050,058)	(7,353,238)
Dividend income (note 19)	(21,517,861)	(22,174,693)
Royalty income	(2,300,860)	(1,328,906)
Finance cost	124,939	87,190
Provision for retirement and other service benefits	71,971	71,202
Reversal of impairment on loan (note 22)	-	(13,309)
Working capital changes (note 29.1)	415,169	71,720
	(4,964,317)	(6,788,931)

(Amounts in thousand)

29.1 Working capital changes

	2023	2022
	....Rupees....	
(Increase) / decrease in current assets		
- Loans, advances, deposits and prepayments	194,322	49,272
- Receivables (net)	104,837	(453,614)
	299,159	(404,342)
Increase in current liabilities		
- Trade and other payables including other service benefits (net)	116,010	476,062
	415,169	71,720

30. cash and cash equivalents

	2023	2022
	....Rupees....	
Short term investments	8,221,592	2,684,355
Cash and bank balances (note 13)	122,905	165,977
	8,344,497	2,850,332

30.1 The facility for short term running finance as at December 31, 2023 amounts to Rs. 10,000,000 (2022: Nil). The facility is secured through pledge and hypothecation charge over Treasury Bills and Pakistan Investment Bonds. The amount outstanding as at December 31, 2023 amounts to Nil (2022: Nil).

31. financial instruments by category

	2023	....Rupees.... 2022
Financial assets		
- Financial assets measured at amortized cost		
Long term loans and advances	6,274	5,372,573
Loans and deposits	8,929,632	2,328,677
Receivables	2,036,103	1,190,911
Short term investments	8,794,688	15,146,403
Cash and bank balances	122,905	165,977
	19,889,602	24,204,541
- Financial assets measured at fair value through other comprehensive income		
Pakistan Investment Bonds	10,572,006	29,380,322
- Financial assets measured at fair value through profit or loss		
Mutual fund units	4,503,419	3,078,051
Financial liabilities		
- Financial liabilities measured at amortized cost		
Lease liabilities	1,202,714	1,151,433
Trade and other payables	5,298,771	5,176,977
	6,501,485	6,328,410

32. financial risk management

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(Amounts in thousand)

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Senior Management.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk primarily with respect to receivable and payable balances denominated in foreign currencies.

As at December 31, 2023, if Pakistan Rupee appreciated / depreciated by 1% against USD with all other variables held constant, post tax profit for the year would have been higher / lower by Rs. 6,614 as a result of exchange gain / loss on translation of foreign currency denominated financial instruments.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on balances maintained with banks, government securities and loans given to subsidiary companies.

As at December 31, 2023, if interest rate on bank accounts and loans given to subsidiary companies had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been higher / lower by Rs. 124,239.

As at December 31, 2023, if interest rate on government securities had been 1% higher / lower with other all variables held constant, post tax profit for the year would have been higher / lower by Rs. 121,855.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The 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. 27,471.

(Amounts in thousand)

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, loans and advances, deposits and other receivables. The credit risk on liquid funds and mutual fund securities is limited because counter parties are financial institutions with a reasonably high credit rating. The Company maintains an internal policy to place funds with commercial banks and mutual funds having a minimum short term credit rating of A1 and management quality rating of AM3, respectively. Investments in Pakistan Investment Bonds and Treasury Bills are government guaranteed.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	....Rupees....	
Long term loans and advances	6,274	5,372,573
Loans and advances	8,929,632	2,328,677
Receivables	775,786	977,045
Short term investments	23,870,113	47,604,776
Bank balances	122,205	165,277
	33,704,010	56,448,348

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history, however, no losses incurred. The credit quality of the Company's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Bank / financial institution	Rating agency	Rating Long term	Rating Short term
Conventional			
Allied Bank Limited	PACRA	AAA	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Citibank N.A.	Moody's	Aa3	P-1
Habib Bank Limited	VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
United Bank Limited	VIS	AAA	A1+
ABL Asset Management Company Limited	PACRA	AM1	-
HBL Asset Management Limited	VIS	AM1	-
Pak Kuwait Investment Company (Private) Limited	PACRA	AAA	A1+
National Investment Trust Limited	VIS	AM1	-
UBL Fund Managers Limited	VIS	AM1	-
Faysal Asset Management Limited	VIS	AM2++	-
Alfalah Asset Management Limited	VIS	AM1	-
MCB Investment Management Limited	PACRA	AM1	-
Shariah Compliant			
Meezan Bank Limited	VIS	AAA	A1+
Faysal Bank Limited	PACRA	AA	A1+
ABL Asset Management Company Limited	PACRA	AM1	-
UBL Fund Managers Limited	VIS	AM1	-
Faysal Asset Management Limited	VIS	AM2++	-

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

These objectives are achieved by maintaining sufficient cash and marketable securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining 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						
Lease liabilities	482,918	1,048,840	1,531,758	357,915	1,117,205	1,475,120
Trade and other payables	5,298,771	-	5,298,771	5,176,977	-	5,176,977
	5,781,689	1,048,840	6,830,529	5,534,892	1,117,205	6,652,097

32.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for 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 management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The proportion of borrowings to total equity at the year end was:	2023	2022
	....Rupees....	
Borrowings (Lease liabilities)	1,202,714	1,151,433
Total equity	71,437,791	91,265,229
	72,640,505	92,416,662
Gearing ratio	1.68%	1.26%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

32.3 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 between market participants at the measurement date.

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

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

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

	Level 1	Level 2	Level 3	Total
	--------------------------Rupees--------------------------			
As at December 31, 2023				
Fair value through other comprehensive income				
- Pakistan Investment Bonds	-	10,572,006	-	10,572,006
Fair value through profit or loss				
- Mutual fund units	-	4,503,419	-	4,503,419
As at December 31, 2022				
Fair value through other comprehensive income				
- Pakistan Investment Bonds	-	29,380,332	-	29,380,332
Fair value through profit or loss				
- Mutual fund units	-	2,828,051	-	2,828,051

(Amounts in thousand)

Level 2 fair values have been determined on the basis of PKRV rates and closing Net Asset Values for government securities and Mutual Fund Units, respectively.

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

32.4 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 and robust portfolio. The Company's 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.

33. contributory retirement funds

The investments out of the contributory retirement funds have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

34. number of employees

	Number of employees as at		Average number of employees during the year	
	2023	2022	2023	2022
Management employees	428	320	390	314

35. related parties

35.1 Following are the details 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:

S.No.	Name of Related parties	Direct shareholding %	Relationship
1	Dawood Hercules Corporation Limited	39.97%	Holding Company
2	Engro Eximp Agriproducts (Private) Limited	100.00%	Subsidiary
3	Engro Energy Limited	100.00%	Subsidiary
4	Engro Infiniti (Private) Limited	100.00%	Subsidiary
5	Engro Connect (Private) Limited	100.00%	Subsidiary
6	Engro Fertilizers Limited	56.27%	Subsidiary
7	Engro Polymer and Chemicals Limited	56.19%	Subsidiary
8	Elengy Terminal Pakistan Limited	56.00%	Subsidiary
9	Engro Eximp FZE	100.00%	Subsidiary
10	Thermal Vision (Private) Limited	100.00%	Subsidiary

S.No.	Name of Related parties	Direct shareholding %	Relationship
11	Engro Enfrashare (Private) Limited	N/A	Indirect subsidiary
12	Engro Elengy Terminal (Private) Limited	N/A	Indirect subsidiary
13	Engro Power International Holding B.V - Netherlands	N/A	Indirect subsidiary
14	Engro Powergen Qadirpur Limited	N/A	Indirect subsidiary
15	Engro Powergen Thar (Private) Limited	N/A	Indirect subsidiary
16	EFERT Agritrade (Private) Limited	N/A	Indirect subsidiary
17	Engro Energy Services Limited	N/A	Indirect subsidiary
18	Engro Power Services Limited	N/A	Indirect subsidiary
19	Engro Peroxide (Private) Limited	N/A	Indirect subsidiary
20	Engro Plasticizer (Private) Limited	N/A	Indirect subsidiary
21	Think PVC (Private) Limited	N/A	Indirect subsidiary
22	Thar Power Company Limited	N/A	Associated company
23	Thar Foundation	N/A	Associated company
24	Engro Vopak Terminal Limited	50.00%	Joint venture company
25	FrieslandCampina Engro Pakistan Limited	39.90%	Associated company
26	Sindh Engro Coal Mining Company Limited	N/A	Associated company
27	Engro Foundation	N/A	Associated entity
28	Mr. Ghias Khan	0.14%	Key Management Personnel / Director
29	Mr. Hussain Dawood	3.32%	Director
30	Mrs. Kulsum Dawood	1.46%	Spouse of director
31	Mr. Mohammad Abdul Aleem	0.06%	Director
32	Mrs. Humera Aleem	0.01%	Spouse of director
33	Mr. Abdul Samad Dawood	0.24%	Director
34	Mrs. Ayesha Dawood	0.00%	Spouse of director
35	Mr. Shahzada Dawood	1.22%	Director
36	Ms. Sabrina Dawood	0.68%	Director
37	Ms. Azmeh Dawood	0.28%	Daughter of director
38	Mr. Khawaja Iqbal Hassan	0.01%	Director
39	Ms. Henna Inam	0.00%	Director
40	Mr. Rizwan Diwan	0.00%	Director
41	Ms. Dominique Russo	N/A	Director
42	Mr. Mazhar Abbas Hasnani	N/A	Key Management Personnel / Director
43	Mr. Shabbir Hussain Hashmi	0.02%	Director
44	Dawood Investments (Private) Limited	2.16%	Common Directorship
45	Inbox Business Technologies (Private) Limited	N/A	Common Directorship
46	Karachi School for Business & Leadership	N/A	Common Directorship
47	The Dawood Foundation	0.01%	Common Directorship
48	Dawood Corporation (Private) Limited	0.64%	Common Directorship
49	The Karachi Education Initiative	N/A	Common Directorship
50	Engro Corporation Provident Fund	0.03%	Post Employement Benefits
51	Engro Corporation Limited DC Gratuity Fund	0.02%	Post Employement Benefits
52	Engro Corporation Limited DC Pension Fund	0.00%	Post Employement Benefits

(Amounts in thousand)

S.No.	Name of Related parties	Direct shareholding %	Relationship
53	Engro Corporation Limited DB Gratuity Fund	0.00%	Post Employement Benefits
54	Mr. Abdul Qayoom	0.01%	Key Management Personnel
55	Mr. Shariq Abdullah	N/A	Key Management Personnel
56	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
57	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
58	Ms. Shomaila Loan	N/A	Key Management Personnel
59	Mr. Fahad Dar	0.00%	Key Management Personnel
60	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
61	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
62	Mr. Eram Hasan	N/A	Key Management Personnel
63	Mr. Nadir Salar Qureshi	N/A	Key Management Personnel

35.2 Transactions with related parties

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2023	2022
	....Rupees....	
Parent Company		
Dividend paid	10,080,081	7,291,974
Reimbursements under advisory agreement	-	14,617
Reimbursement from Parent Company	1,154	-
Purchases of goods and services	100,200	-
Reimbursements of expenses	10,073	16,098
Subsidiary companies		
Mark-up from subsidiaries	1,591,496	1,229,333
Disbursement of loan	8,750,000	19,540,000
Repayment of loan	8,986,379	23,777,000
Investment made	4,000,100	-
Dividend income	20,152,861	21,242,293
Royalty income	2,300,860	1,328,906
Reimbursements from	4,689,713	3,528,206
Reimbursements to	1,899,728	785,012
Tax losses surrendered	693,237	934,203

(Amounts in thousand)

	2023	2022
	....Rupees....	
Associated companies		
Purchases and services	255,544	126,040
Contribution for Corporate Social Responsibility	364,090	40,000
Dividend paid	723,467	526,761
Reimbursements from	72,821	73,883
Reimbursements to	54,702	86,553
Joint venture company		
Dividend income	1,365,000	932,400
Reimbursements from	209,216	157,793
Reimbursements to	4,566	1,019
Others		
Remuneration of key management personnel	561,586	541,405
Dividend paid to directors, key management personnel and others	1,768,477	1,275,703
Advisory fee	55,224	100,484
Contribution to staff retirement benefit funds	276,927	222,637
Directors' fee	122,700	136,242

35.3 Details of subsidiary companies incorporated outside Pakistan with whom the Company had transaction or arrangements in place, during the year are as follows:

	Engro Eximp FZE (EEF)
Registered address	BCW JAFZA 18 & 19, Office No 110, UAE
Country of incorporation	United Arab Emirates
Chief Executive Officer	Syed Kaleem Asghar Naqvi
Percentage of holding of the Company	100% (Direct)

(Amounts in thousand)

36. donations

36.1 During the year, the Company made the following donations which are above Rs. 1,000 or 10% of total amount of donation or where the directors are interested in the donee:

Name of Donees	2023	2022
	....Rupees....	
Engro Foundation (note 36.1.1)	364,000	40,000
Developments in Literacy	-	2,150
The Kidney Centre Post Graduate	-	2,000
Lady Dufferin Hospital	-	1,500
The Dawood Foundation (note 36.1.2)	90	-
Others	200	614
	364,290	46,264

36.1.1 During the year, the Company made donations to Engro Foundation amounting to Rs. 364,000 (2022: Rs. 40,000). Mr. Ghias Khan (chief executive officer of the Company) and Ms. Sabrina Dawood (director of the Company) are also the trustees of Engro Foundation.

36.1.2 During the year, the Company made donations to The Dawood Foundation amounting to Rs. 90 (2022: Nil). Mr. Hussain Dawood (Chairman of the Board), Mr. Ghias Khan (chief executive officer of the Company) and Mr. Abdul Samad Dawood and Ms. Sabrina Dawood (directors of the Company) are also the trustees of The Dawood Foundation.

37. non-adjusting events after reporting date

37.1 The Board of Directors of Engro Polymer and Chemicals Limited, a subsidiary company, in its meeting held on February 20, 2024 has proposed a final cash dividend of Rs. 1 per share for the year ended December 31, 2023, amounting to Rs. 908,923 of which the proportionate share of the Company amounts to Rs. 510, 733.

37.2 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on February 7, 2024 has proposed a final cash dividend of Rs. 6 per share for the year ended December 31, 2023, amounting to Rs. 540,000 of which the proportionate share of the Company amounts to Rs. 270,000.

37.3 The Board of Directors of Engro Fertilizers Limited, a subsidiary 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 of which the proportionate share of the Company amounts to Rs. 6,010,496.

(Amounts in thousand)

37.4 The Board of Directors of Engro Energy Limited, a wholly owned subsidiary company, in its meeting held on February 16, 2024 has proposed a final cash dividend of Rs. 17.05 per share for the year ended December 31, 2023, amounting to Rs. 1,800,000.

37.5 The Board of Directors of the Company in its meeting held on February 23, 2024 has proposed a final cash dividend of Rs. 2 per share for the year ended December 31, 2023 amounting to Rs. 1,073,253 for approval of the members at the Annual General Meeting to be held on April 25, 2024.

These financial statements do not include the effect of the aforementioned proposed dividends, which will be accounted for in the financial statements for the year ending December 31, 2024 once the proposed dividends are approved in the Annual General Meetings of the respective companies.

38. corresponding figures

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

39. date of authorization for issue

These financial statements were authorized for issue on February 23, 2024 by the Board of Directors of the Company.

Shabbir Hussain Hashmi	Farooq Barkat Ali	Ghias Khan
Director	Chief Financial Officer	President and Chief Executive

consolidated
financial statements

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Corporation Limited

Opinion

We have audited the annexed consolidated financial statements of Engro Corporation Limited (the Holding Company) and its subsidiaries (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.

pwc A·F·FERGUSON&Co.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Sale of thermal assets** (Refer notes 1.1.1, 4.1.1 and 7.6 to the consolidated financial statements) In view of the Group's decision to dispose its thermal portfolio, management performed an impairment assessment to determine whether the carrying amount of its thermal assets, individually considered as a cash generating unit, exceeded its recoverable amount in line with the requirements of International Accounting Standard 36 – 'Impairment of Assets'. The fair value measurement was based on multiple bids from market participants which was corroborated using management's internal model which involved estimation of future cash flows of thermal assets and determination of recoverable amount using assumptions and estimates. As a result of the assessment, management has recognized an impairment of Rs. 29,950,311 thousand against the carrying value of thermal assets. As impairment assessment required management's use of significant judgement in estimating recoverable amount with material impact on the consolidated financial statements, we considered this as a key audit matter.	Our audit procedures, amongst others, included the following: - considered indicators requiring management to carry out impairment assessment; - obtained understanding of the management's process of assessment, including methodology used to estimate recoverable amount; - evaluated reasonableness of key information, assumptions and estimates used by management to determine recoverable amount. For this purpose, we involved our internal expert, where required; and - assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the applicable accounting and reporting standards.
2.	**Income tax and sales tax provisions and contingencies** (Refer notes 34.1, 34.2.2, 34.3.1 to 34.3.3, 34.3.7, 34.3.8, 34.4.2, 34.6 and 43 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.	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 management; - circularised confirmations to the external legal and tax advisors for their views on matters being handled by them;

pwc A·F·FERGUSON&Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	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 these 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 involving the Group as a key audit matter.	- involved internal tax professionals to assess management's conclusions on tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors; - checked correspondence with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - checked the mathematical accuracy of the calculations underlying the provisions; and - assessed the adequacy of the related disclosures made in the consolidated financial statements in accordance with the applicable accounting and reporting standards.
3.	**Receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)** (Refer notes 15 and 17 to the consolidated financial statements) The Group under the Power Purchase Agreement (PPA) sells available capacity and electrical output to CPPA-G. As at December 31, 2023, the Group has following receivables from CPPA-G: • Trade debts amounting to Rs. 66,985,143 thousand which include overdue debts of Rs. 46,463,764 thousand; • Delayed payment charges amounting to Rs. 18,514,398 thousand which include overdue receivables of Rs. 14,630,961 thousand; and • Reimbursable costs amounting to Rs. 4,993,689 thousand.	Our audit procedures, amongst others, included the following: - assessed whether revenue and related receivables have been recognized in accordance with the applicable accounting policies; - tested whether invoices raised during the year were in accordance with the requirements of PPA; - circularised confirmation of receivable balance from CPPA-G; - checked receipts from CPPA-G with bank statements; - made inquiries from the management and inspected minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of outstanding amounts;

S. No.	Key Audit Matters	How the matter was addressed in our audit
	The above balances relate to subsidiary companies Engro Powergen Thar (Private) Limited (EPTL) and Engro Powergen Qadirpur Limited (EPQL). Due to delays in recovery, the subsidiary companies have financed their operations through short financing arrangements and by delaying the settlement of trade and other payables. In view of the significant delays in settlement of receivables, materiality of the amount involved, and the consequential impact of the delay in settlement on liquidity and operations of the subsidiary companies, we have considered this to be an area of higher assessed risk and a key audit matter.	- inspected terms of the Agreement and discussed the same with the management; - checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised there against; - assessed the availability of finance with EPQL and EPTL to fund their business operations through committed credit lines obtained from various financial institutions; and - assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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: April 2, 2024

UDIN: AR202310113DRxhaeLdE

consolidated statement of financial position

as at december 31, 2023

(Amounts in thousand)

	Note	2023	2022
		....Rupees....	
ASSETS			
Non-current assets			
Property, plant and equipment	4	339,278,737	329,877,228
Right-of-use assets	5	13,119,197	13,328,823
Intangible assets	6	2,030,544	2,274,561
Long term investments	7	34,485,322	36,081,246
Deferred taxation	8	-	101,660
Financial assets at amortized cost	9	1,051,611	3,783,265
Derivative financial instruments	10	963,207	737,319
Net investment in leases	11	56,961,334	52,160,406
Long term loans, advances, deposits and other receivables	12	4,925,619	3,816,788
		452,815,571	442,161,296
Current assets			
Stores, spares and loose tools	13	12,939,358	9,834,814
Stock-in-trade	14	33,736,767	30,242,789
Trade debts	15	75,497,556	71,195,463
Loans, advances, deposits and prepayments	16	9,558,431	6,849,714
Other receivables	17	50,086,058	35,962,591
Accrued income		4,393,755	2,269,306
Contract assets	18	16,880,213	14,124,293
Current portion of net investment in leases	11	7,887,464	5,683,292
Short term investments	19	70,080,028	86,105,467
Cash and bank balances	20	67,095,680	44,986,627
		348,155,310	307,254,356
Assets classified as held for sale	21	1,525,396	-
TOTAL ASSETS		802,496,277	749,415,652

(Amounts in thousand)

	Note	2023	2022
		....Rupees....	
EQUITY & LIABILITIES			
Equity			
Share capital	22	5,366,264	5,761,632
Share premium		13,068,232	13,068,232
Capital re-purchase reserve account		395,368	-
Revaluation reserve on business combination		2,678	2,678
Maintenance reserve	23	652,945	156,301
Exchange revaluation reserve		2,304,181	1,615,497
Hedging reserve		928,458	702,570
General reserve		4,429,240	4,429,240
Remeasurement of investments		(1,423,039)	(866,814)
Remeasurement of post-employment benefits		(170,256)	(176,248)
Unappropriated profit		119,650,995	142,128,483
		139,838,802	161,059,939
		145,205,066	166,821,571
Non-controlling interest		77,927,566	73,762,386
Total equity		223,132,632	240,583,957
Liabilities			
Non-current liabilities			
Borrowings	24	162,072,043	156,173,794
Government grant	25	2,020,187	1,472,279
Deferred taxation	8	18,652,979	13,395,214
Lease liabilities	26	66,777,290	62,369,918
Deferred liabilities	27	4,452,879	3,612,648
Long term provisions	28	-	2,952,970
		253,975,378	239,976,823
Current liabilities			
Trade and other payables	29	182,855,508	124,373,117
Contract liabilities	30	14,427,927	12,980,370
Accrued interest / mark-up	31	2,807,643	2,764,706
Current portion of:			
-borrowings	24	28,580,236	27,699,919
-Government grant	25	452,387	353,201
-lease liabilities	26	10,617,201	9,046,896
-deferred liabilities	27	626,493	577,116
-long term provisions	28	27,153,499	26,927,916
Taxation - provision less payments		13,390,978	18,188,222
Short term borrowings	32	31,639,719	32,984,960
Dividend payable	33	12,836,676	12,958,449
		325,388,267	268,854,872
Total liabilities		579,363,645	508,831,695
Contingencies and Commitments	34		
TOTAL EQUITY & LIABILITIES		802,496,277	749,415,652

The annexed notes from 1 to 64 form an integral part of these consolidated financial statements.

Shabbir Hussain Hashmi	**Farooq Barkat Ali**	**Ghias Khan**
Director	Chief Financial Officer	President and Chief Executive

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
CONTINUING OPERATIONS			
Revenue	35	482,488,902	356,427,526
Cost of revenue	36	(326,853,053)	(251,484,629)
Gross profit		155,635,849	104,942,897
Selling and distribution expenses	37	(11,620,761)	(9,325,850)
Administrative expenses	38	(15,716,346)	(12,100,498)
Other income	39	29,571,993	21,873,860
Other operating expenses	40	(9,019,690)	(11,926,945)
Other losses:			
- Loss allowance on subsidy receivable from GoP	17.1.1	(2,440,151)	(522,936)
- Adjustment in respect of carrying value of thermal assets	1.1.1	(29,950,311)	-
Operating profit		116,460,583	92,940,528
Finance cost	41	(44,538,446)	(27,954,920)
Share of income from joint venture and associates	42	5,241,861	3,215,276
Profit before taxation		77,163,998	68,200,884
Taxation	43	(41,069,053)	(22,089,678)
Profit from continuing operations		36,094,945	46,111,206
DISCONTINUED OPERATIONS			
Profit from discontinued operations (attributable to Owners of the Holding Company)	44	-	71
Profit for the year		36,094,945	46,111,277
Profit attributable to:			
- Owners of the Holding Company		21,020,362	24,332,052
- Non-controlling interest		15,074,583	21,779,225
		36,094,945	46,111,277
Earnings per share - basic and diluted			
- continuing operations		38.60	42.23
- discontinued operations		-	0.00
	45	38.60	42.23

The annexed notes from 1 to 64 form an integral part of these consolidated financial statements.

Shabbir Hussain Hashmi	**Farooq Barkat Ali**	**Ghias Khan**
Director	Chief Financial Officer	President and Chief Executive

consolidated statement of comprehensive income

for the year ended december 31, 2023

(Amounts in thousand)	Note	2023 ....Rupees....	2022
Profit for the year		36,094,945	46,111,277
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Hedging reserve - cash flow hedges			
Profit arising during the year		225,888	644,514
Less: Reclassification adjustment for loss in the statement of profit or loss		-	(11,577)
		225,888	632,937
Revaluation reserve on business combination			
Exchange differences on translation of foreign operations		688,684	680,006
		914,572	1,312,943
Continuing operations' loss on remeasurement of long-term investment classified at fair value through other comprehensive income	19.4	(533,643)	(854,981)
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of post employment benefits obligation - Actuarial gain / (loss)	47.1.3	43,112	(46,527)
- Remeasurement of post employment benefits obligation - Actuarial loss (associate)		(12,609)	(58,023)
		30,503	(104,550)
Less: Income tax relating to remeasurement of post employment benefits obligation		(13,157)	29,659
		17,346	(74,891)
Loss on remeasurement of long-term investment classified at fair value through other comprehensive income	7.9	(22,582)	(51,081)
Other comprehensive income for the year, net of tax		375,693	331,990
Total comprehensive income for the year		36,470,638	46,443,267
Total comprehensive income attributable to:			
- Owners of the Holding Company		21,384,701	24,672,073
- Non-controlling interest		15,085,937	21,771,194
		36,470,638	46,443,267
Total comprehensive income attributable to:			
- continuing operations		36,470,638	46,443,196
- discontinued operations		-	71
		36,470,638	46,443,267

The annexed notes from 1 to 64 form an integral part of these consolidated financial statements.

Shabbir Hussain Hashmi	**Farooq Barkat Ali**	**Ghias Khan**
Director	Chief Financial Officer	President and Chief Executive

consolidated statement of changes in equity

for the year ended december 31, 2023

(Amounts in thousand)

	Share capital	Share premium	Capital re-purchase reserve account	Revaluation reserve on business combination	Maintenance reserve (note 23)	Exchange revaluation reserve	Hedging reserve	Remeasurement of investments	General reserve	Unappropriated profit	Remeasurement of post employment benefits	Sub total	Non-controlling interest	Total
	Attributable to Owners of the Holding Company													
		Reserves												
		Capital reserves					Revenue reserves							
	Rupees													
Balance as at January 1, 2022	**5,761,632**	**13,068,232**	**-**	**2,678**	**156,301**	**937,769**	**66,031**	**39,248**	**4,429,240**	**137,385,981**	**(108,064)**	**161,739,048**	**81,060,639**	**242,799,687**
Total comprehensive income for the year ended December 31, 2022														
Profit for the year	-	-	-	-	-	-	-	-	-	24,332,052	-	24,332,052	21,779,225	46,111,277
Other comprehensive income	-	-	-	-	-	677,728	636,539	(906,062)	-	-	(68,184)	340,021	(8,031)	331,990
	-	-	-	-	-	677,728	636,539	(906,062)	-	24,332,052	(68,184)	24,672,073	21,771,194	46,443,267
Transactions with owners														
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(29,069,447)	(29,069,447)
Final cash dividend for the year ended December 31, 2021 @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	-	(576,163)	-	(576,163)	-	(576,163)
Interim cash dividends for the year ended December 31, 2022:														
- 1st interim @ Rs. 12.00 per share	-	-	-	-	-	-	-	-	-	(6,913,959)	-	(6,913,959)	-	(6,913,959)
- 2nd interim @ Rs. 11.00 per share	-	-	-	-	-	-	-	-	-	(6,337,796)	-	(6,337,796)	-	(6,337,796)
- 3rd interim @ Rs. 10.00 per share	-	-	-	-	-		-	-	-	(5,761,632)	-	(5,761,632)	-	(5,761,632)
	-	-	-	-	-	-	-	-	-	(19,589,550)	-	(19,589,550)	(29,069,447)	(48,658,997)
Balance as at December 31, 2022	**5,761,632**	**13,068,232**	**-**	**2,678**	**156,301**	**1,615,497**	**702,570**	**(866,814)**	**4,429,240**	**142,128,483**	**(176,248)**	**166,821,571**	**73,762,386**	**240,583,957**

	Share capital	Share premium	Capital re-purchase reserve account	Revaluation reserve on business combination	Maintenance reserve (note 23)	Exchange revaluation reserve	Hedging reserve	Remeasurement of investments	General reserve	Unappropriated profit	Remeasurement of post employment benefits	Sub total	Non-controlling interest	Total
	Attributable to Owners of the Holding Company													
		Reserves												
		Capital reserves					Revenue reserves							
	Rupees													
Balance as at January 1, 2023	**5,761,632**	**13,068,232**	**-**	**2,678**	**156,301**	**1,615,497**	**702,570**	**(866,814)**	**4,429,240**	**142,128,483**	**(176,248)**	**166,821,571**	**73,762,386**	**240,583,957**
Total comprehensive income for the year ended December 31, 2023														
Profit for the year	-	-	-	-	-	-	-	-	-	21,020,362	-	21,020,362	15,074,583	36,094,945
Other comprehensive income	-	-	-	-	-	688,684	225,888	(556,225)	-	-	5,992	364,339	11,354	375,693
	-	-	-	-	-	688,684	225,888	(556,225)	-	21,020,362	5,992	21,384,701	15,085,937	36,470,638
Adjustment for allocation of profit from Owners to NCI for preference dividend share	-	-	-	-	-	-	-	-	-	(6,140,842)	-	(6,140,842)	6,140,842	-
Cancellation of own shares purchased (note 22.2.1)	(395,368)	-	395,368	-	-	-	-	-	-	(11,629,302)	-	(11,629,302)	-	(11,629,302)
Transactions with owners														
Dividend by subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(17,061,599)	(17,061,599)
Final cash dividend for the year ended December 31, 2022 @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	-	(546,244)	-	(546,244)	-	(546,244)
Interim cash dividends for the year ended December 31, 2023:														
- 1st interim @ Rs. 40.00 per share	-	-	-	-	-	-	-	-	-	(21,465,059)	-	(21,465,059)	-	(21,465,059)
- 2nd interim @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	-	(1,073,253)	-	(1,073,253)	-	(1,073,253)
- 3rd interim @ Rs. 4.00 per share	-	-	-	-	-	-	-	-	-	(2,146,506)	-	(2,146,506)	-	(2,146,506)
Transfer from unappropriated profit to maintenance reservce (note 23.2)	-	-	-	-	496,644	-	-	-	-	(496,644)	-	-	-	-
	-	-	-	-	496,644	-	-	-	-	(25,727,706)	-	(25,231,062)	(17,061,599)	(42,292,661)
Balance as at December 31, 2023	5,366,264	13,068,232	395,368	2,678	652,945	2,304,181	928,458	(1,423,039)	4,429,240	119,650,995	(170,256)	145,205,066	77,927,566	223,132,632

The annexed notes from 1 to 64 form an integral part of these consolidated financial statements.

Shabbir Hussain Hashmi	**Farooq Barkat Ali**	**Ghias Khan**
Director	Chief Financial Officer	President and Chief Executive

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	48	172,238,803	104,336,891
Retirement and other service benefits paid - net		(314,625)	(242,835)
Proceeds from net investment in lease		7,084,264	4,789,991
Finance income received on net investment in lease		7,541,283	6,139,802
Deferred incentive		(183,165)	(102,595)
Financial charges paid		(37,315,346)	(19,946,602)
Taxes paid		(40,506,872)	(16,082,575)
Bank balance held under lien		(386,038)	(723,543)
Long term loans and advances - net		(1,195,347)	(1,287,068)
Net cash generated from operating activities		106,962,957	76,881,466
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(31,365,513)	(40,730,263)
Sale proceeds on disposal of property, plant and equipment		726,786	614,122
Investments redeemed / (made) during the year - net		17,558,486	(62,421,239)
Income on deposits / other financial assets		16,292,576	12,722,838
Dividends received		2,042,286	932,500
Net cash generated from / (utilized in) investing activities		5,254,621	(88,882,042)
Cash flows from financing activities			
Borrowings / deferred liabilities - net		(22,966,352)	(6,041,880)
Payment for own shares purchased and cancelled		(11,629,302)	-
Repayment of lease liability		(11,443,129)	(4,108,332)
Finance cost paid on lease liability		(5,245,713)	(8,451,670)
Dividends paid		(42,414,434)	(37,041,962)
Net cash utilized in financing activities		(93,698,930)	(55,643,844)
Net increase / (decrease) in cash and cash equivalents		18,518,648	(67,644,420)
Cash and cash equivalents at beginning of the year		25,308,939	90,789,901
Effect of exchange rate changes on cash and cash equivalents		2,882,264	2,163,458
Cash and cash equivalents at end of the year	49	46,709,851	25,308,939

The annexed notes from 1 to 64 form an integral part of these consolidated financial statements.

Shabbir Hussain Hashmi
Director

Farooq Barkat Ali
Chief Financial Officer

Ghias Khan
President and Chief Executive

notes to the consolidated financial statements

for the year ended december 31, 2023

(Amounts in thousand)

1. legal status and operations

1.1 Engro Corporation Limited (the Holding Company) is a public listed company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Holding Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Holding Company is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunications infrastructure and chemical terminal and storage businesses.

1.1.1 As notified to PSX on September 28, 2023 and October 31, 2023, the Holding Company has entered into discussions with the buyer, Liberty Power Tech Limited for execution of the scheme of arrangement by way of a strategic equity partnership for disposal of its thermal assets portfolio (part of power and mining segment) held through its wholly owned subsidiary Engro Energy Limited, comprising of Engro Powergen Qadirpur Limited, Engro Powergen Thar (Private) Limited and Sindh Engro Coal Mining Company Limited. This requires the Group to assess whether the carrying amount of the thermal assets, individually considered as Cash Generating Units, exceeds its recoverable amount in line with the requirements of International Accounting Standard 36 – “Impairment of Assets”. Accordingly, the Group has determined that the recoverable amount is lower than the carrying amount of said assets. Resultantly, an adjustment on account of impairment of Rs. 29,950,311 has been recorded in the carrying value of thermal assets (notes 4.1.1 and 7.6) in these consolidated financial statements.

Subsequent to the year end, the Group is now evaluating the proposed divestment of its thermal asset portfolio through a share sale.

SECP vide SRO 986 (I) / 2019 dated September 2, 2019, has granted specific exemptions to Independent Power Producers from applicability of IFRS 9, IFRS 16 and IAS 21, which have been availed by the Group while preparing its consolidated financial statements since the applicability of such exemptions. Had the Group not availed such exemptions, financial results and financial position of the thermal assets may have been different from their current position, including the amount recognised as adjustment to the carrying value of thermal assets.

Furthermore, as at the reporting date, the proposed divestment does not meet the classification criteria of International Financial Reporting Standard 5 – “Non-Current Assets Held for Sale and Discontinued Operations”. Accordingly, assets and liabilities of thermal assets portfolio have not been classified as Held for Sale in these consolidated financial statements.

1.1.2 The business units of the Holding Company and its subsidiaries include the following:

Business unit	Geographical location
Head / Registered offices	
- The Holding Company	8th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Fertilizers Limited	7th and 8th floors, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
- Elengy Terminal Pakistan Limited	4th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Energy Limited	16th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private) Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Eximp FZE	BCW JAFZA 18 & 19, Office Number 110 Dubai, United Arab Emirates
- Engro Infiniti (Private) Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Clifton, Karachi
- Engro Connect (Private) Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Clifton, Karachi
- Thermal Vision (Private) Limited	22nd Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad

(Amounts in thousand)

Business unit	Geographical location
Regional offices	
- The Holding Company	22nd Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad
- Engro Polymer and Chemicals Limited	6th Floor, 301-R Hally Tower, Phase II, DHA, Lahore
Manufacturing plants	
- Engro Fertilizers Limited	- District Ghotki, Sindh (Daharki Plant) - EZ/1/P-1-II Eastern Zone, Port Qasim, Karachi (Zarkhez Plant) - Rahim Yar Khan, Punjab (Seeds Processing Plant)
- Engro Polymer and Chemicals Limited	EZ/I/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi
- Engro Eximp Agriproducts (Private) Limited	13-Km, Sheikhupura Road, Muridke, 54800
Power plants	
- Engro Powergen Qadirpur Limited	Deh Belo Sanghari, Ghotki, Sindh
- Engro Powergen Thar (Private) Limited	Thar Block II, Islamkot District, Tharparkar, Sindh
Terminal	
- Elengy Terminal Pakistan Limited	Plot # OZ-I-P-81, South Western Zone, Berth no. 13, Port Qasim Karachi
Branded outlet	
- Engro Polymer and Chemicals Limited	Plot 41 - C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi

(Amounts in thousand)

1.2 The "Group" consists of:

Holding Company: Engro Corporation Limited

Associated Companies: Associated companies are entities over which the Group has significant influence but not control.

Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights, or companies directly controlled by the Holding Company:

	Percentage of direct shareholding	
	2023	**2022**
- Engro Energy Limited (note 1.3.1)	100	100
- Engro Eximp Agriproducts (Private) Limited (note 1.3.2)	100	100
- Engro Infiniti (Private) Limited (note 1.3.3)	100	100
- Engro Eximp FZE (note 1.3.4)	100	100
- Elengy Terminal Pakistan Limited (note 1.3.5)	56	56
- Engro Fertilizers Limited (note 1.3.6)	56.27	56.27
- Engro Polymer and Chemicals Limited (note 1.3.7)	56.19	56.19
- Engro Connect (Private) Limited (note 1.3.8)	100	100
- Thermal Vision (Private) Limited (note 1.3.9)	100	-
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 1.3.10)	50	50
Associated Company:		
- FrieslandCampina Engro Pakistan Limited (note 1.3.11)	39.9	39.9

1.3 Subsidiary companies

1.3.1 Engro Energy Limited

Engro Energy Limited (EEL), a wholly owned subsidiary of the Holding Company, is a public unlisted company incorporated in Pakistan on May 13, 2008. It is established with the primary objective of analyzing potential opportunities in power sector, undertake supply and service related contracts and Independent Power Projects (IPPs).

Following are the companies in which EEL owns 50% or more of the voting rights or are directly controlled by EEL:

	Percentage of shareholding	
	2023	**2022**
- Engro Powergen Qadirpur Limited (note 1.3.1.1)	68.89	68.89
- Engro Powergen Thar (Private) Limited (note 1.3.1.2)	50.10	50.10
- Engro Energy Services Limited (note 1.3.1.3)	100	100
- Engro Power International Holding B.V. (note 1.3.1.4)	100	100

Following are the associated companies of EEL in which it holds direct shareholding:

	Percentage of direct holding	
	2023	**2022**
- GEL Utility Limited (note 1.3.1.5)	45	45
- Sindh Engro Coal Mining Company Limited (note 1.3.1.6)	11.9	11.9
- Pakistan Energy Gateway Limited (note 1.3.1.7)	-	33.3
- Siddiqsons Energy Limited (note 1.3.1.8)	19	19

1.3.1.1 Engro Powergen Qadirpur Limited (EPQL) is a public listed company incorporated in Pakistan on February 28, 2006 with the primary objective to undertake the business of power generation, distribution, transmission and sale. EPQL completed construction and testing of its 217.3 MW combined cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007, which is valid for a period of 25 years. The Company signed a novation agreement on February 11, 2021 with NTDC and Central Power Purchasing Agency (Guarantee) Limited (CPPA), whereby NTDC has novated its rights and obligations under the PPA to CPPA.

1.3.1.2 Engro Powergen Thar (Private) Limited (EPTL) was established on September 23, 2014 with the primary objective to develop 2 x 330 MW mine mouth power plants at Thar Block II, Sindh for power generation, distribution, transmission and sale. The electricity generated is transmitted to NTDC under the Power Purchase Agreement (PPA) dated May 04, 2015. This agreement is valid for a period of 30 years. As at December 31, 2023, EEL holds 50.10% (2022: 50.10%) of the issued capital of EPTL while the balance shares are held by CMEC Thar Power Investment Limited (35%), Habib Bank Limited (9.5%) and Liberty Mills Limited (5.4%). EPTL achieved its Commercial Operations Date (COD) on July 10, 2019.

1.3.1.3 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 01, 2018 with the primary objective of analyzing potential opportunities in the power sector and undertaking service related contracts for Independent Power Projects (IPPs) based on feasibility of new ventures and to provide operations and maintenance services to IPPs. During the year, EESL has discontinued its operations. As a result, EESL is not considered as going concern.

1.3.1.4 Engro Power International Holding B.V. (EPIH), was established as a wholly owned subsidiary of EEL on June 26, 2014 with the objective to incorporate, participate, manage and supervise businesses and companies.

EPIH has two wholly owned subsidiaries namely Engro Power Services Holding B.V. (EPSH) and Engro Power Investments International B.V. (EPII) both based in Netherlands. EPSH has a wholly owned subsidiary namely Engro Power Services Limited (EPSL) established in Nigeria with the objective to carry on business as power generation, transmission, distribution and servicing company.

1.3.1.5 GEL Utility Limited (GEL) is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. EEL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2022: 45%) equity stake. In 2020, an impairment loss of Rs. 789,195 was recognised against the investment which represents the write down of carrying amount of investment in GEL to recoverable amount determined by reference to fair value less cost of disposal.

1.3.1.6 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS), EEL and the Holding Company for the development, construction and operations of an open cast lignite mine in Thar Block-II of District Tharparkar, Sindh. SECMC achieved its Commercial Operation Date (CoD) of Phase I on July 10, 2019 and commenced its CoD of Phase II from October 1, 2022. During the year, PCD for Phase I has been filed and concluded on May 25, 2023.

1.3.1.7 Pakistan Energy Gateway Limited (PEGL) is a special purpose vehicle incorporated jointly with Shell Gas B.V. and Pakarab Fertilizers Limited for the purpose of developing a private integrated LNG terminal, with the three subscribers / shareholders having 33.3% shareholding each. PEGL is yet to commence its business operations. EEL in its Board meeting held on February 10, 2023, has approved the disposal of PEGL at a consideration equivalent to its carrying value. Further, EEL in its Board meeting held on August 11, 2023, authorised the management to sign Share Purchase Agreement with prospective buyer, which has been executed as at the reporting date. Accordingly, the investment has been disposed off.

1.3.1.8 EEL entered into a Joint Venture Agreement (JVA), dated May 04, 2018 with Siddiqsons Limited (SL) and Arif Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW of coal-fired power generation facility in Thar Block II, District Tharparkar, Sindh through a joint venture company, namely Siddiqsons Energy Limited (SEL). As at December 31, 2023, EEL holds 38,392,920 (2022: 38,392,920) ordinary shares of Rs. 10 each in SEL representing 19% stake in SEL.

On August 12, 2021, EEL in its Board meeting decided to resign from the Project Management Agreement. In view of the significant project delays to achieve financial close of the power project, impairment loss of Rs. 383,929 was recognised in 2021, representing the write-down of carrying amount of investments in SEL determined with reference to fair value less cost of disposal.

Further, EEL has maintained a provision amounting to Rs. 92,802 (2022: Rs. 81,911) and Rs. 185,605 (2022: Rs. 163,822), against the performance guarantees given by the EEL and Engineering, Procurement and Construction contractor's liability of SEL, respectively, on the basis of shareholding proportion in SEL.

1.3.2 Engro Eximp Agriproducts (Private) Limited

Engro Eximp Agriproducts (Private) Limited (EEAPL) is a private limited company, incorporated in Pakistan on November 3, 2009. The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture and farming products. EEAPL has set up a rice processing plant in District Sheikhupura, which commenced commercial production in 2011.

1.3.3 Engro Infiniti (Private) Limited

Engro Infiniti (Private) Limited (EInfiniti) was incorporated as a wholly owned subsidiary in Pakistan on December 29, 2017. The primary objective of EInfiniti is to analyze potential opportunities inside and outside Pakistan and to make available digital assets and ventures related to intellectual capital, data collection and analytics of every kind and any activities relating to or ancillary thereto.

1.3.4 Engro Eximp FZE

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 and operates under a trade license issued by the Jebel Ali Free Zone Authority. EEF is a wholly owned subsidiary of the Holding Company.

EEF has obtained a General Trading License issued by Jafza Jebel Ali Free Zone and is engaged in the business of trading commodities.

1.3.4.1 Engro LNG FZE

Engro LNG FZE (E-FZE) was incorporated as a wholly owned subsidiary of EEF on October 3, 2022 as a free zone company and operates in the United Arab Emirates under trade license issued by the Jebal Ali Free Zone Authority. The registered office of E-FZE is JAFZA One, Tower A, 11th Floor, Jebel Ali Free Zone, Dubai, United Arab Emirates.

The principal activity of E-FZE are general trading and industrial and liquefied natural gas trading. However, E-FZE has not undertaken any commercial operations since its formation.

1.3.5 Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL), is a public unlisted company, incorporated in Pakistan on January 4, 2012. The principal business of ETPL is to establish and operate a terminal for handling, re-gasification, storage, treatment and processing, along with import, export and trading of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and all other related liquids, gases and chemical and petroleum products.

1.3.5.1 Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of ETPL. The principal business of EETPL is to establish and operate LNG Terminal including a jetty, pipeline with all machinery and equipment and supporting facilities for the receipt, storage and re-gasification of LNG.

1.3.6 Engro Fertilizers Limited

Engro Fertilizers Limited (EFert), is a public listed company, incorporated in Pakistan on June 29, 2009. The principal activity of EFert is manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services.

1.3.6.1 On July 6, 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of EFert to carry out business of trading and distribution of imported fertilizers. As part of the business reorganization, EFert transferred its business of trading and distribution of imported fertilizers to EAPL.

1.3.7 Engro Polymer and Chemicals Limited

Engro Polymer and Chemicals Limited (EPCL), is a public listed company, incorporated in Pakistan. The principal activity of EPCL is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals.

(Amounts in thousand)

Following are the subsidiaries of EPCL:

	Percentage of shareholding	
	2023	**2022**
- Think PVC (Private) Limited (note 1.3.7.1)	100	100
- Engro Peroxide (Private) Limited (note 1.3.7.2)	100	100
- Engro Plasticizer (Private) Limited (note 1.3.7.3)	100	100

1.3.7.1 Think PVC (Private) Limited (TPPL) was incorporated in Pakistan on November 6, 1999, as a wholly owned subsidiary of EPCL. TPPL is focused on marketing and trading of PVC products through its branded outlet.

1.3.7.2 Engro Peroxide (Private) Limited (EPPL) was incorporated in Pakistan on July 22, 2019, as a wholly owned subsidiary of EPCL. The main objective of EPPL is to manufacture and market Hydrogen Peroxide and related chemicals.

1.3.7.3 Engro Plasticizer (Private) Limited (EPPPL) was incorporated in Pakistan on July 22, 2019, as a wholly owned subsidiary of EPCL. EPCL is currently assessing the projects for which EPPPL will be utilized.

1.3.8 Engro Connect (Private) Limited

Engro Connect (Private) Limited (ECPL) is a private limited company, incorporated in Pakistan on March 16, 2021 as a wholly owned subsidiary of the Holding Company. ECPL has been established with the primary objective to engage in buying, building, maintaining and operating telecommunication infrastructure.

1.3.8.1 Engro Enfrashare (Private) Limited (Enfrashare) was incorporated in Pakistan as a private limited company on November 13, 2018 as a wholly owned subsidary of ECPL. Enfrashare is principally engaged in buying, building, maintaining and operating telecommunication infrastructure and any products and by products and any activities relating to or ancillary thereto.

1.3.9 Thermal Vision (Private) Limited

Thermal Vision (Private) Limited (TVPL), a wholly owned subsidiary of the Holding Company, is a private company incorporated in Pakistan on November 7, 2023. It is established with the primary objective of analyzing potential opportunities in power sector, undertake supply and service related contracts and manage Independent Power Projects (IPPs).

1.3.10 Engro Vopak Terminal Limited

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of the Holding Company and Vopak Terminal Qasim B.V, is a public unlisted company incorporated in Pakistan on November 7, 1995. In 1996, EVTL was granted, for a period of 30 years, the exclusive concession, right and license to design, finance, insure, construct, test, commission, complete, operate, manage and maintain an Integrated Liquid Chemical Terminal and Storage Farm at the South Western Zone of Port Qasim on Build, Operate and Transfer (BOT) basis. Negotiations between EVTL and PQA are underway for extending the IA for another 30 years.

1.3.11 FrieslandCampina Engro Pakistan Limited

FrieslandCampina Engro Pakistan Limited (FCEPL), is a public listed company, incorporated in Pakistan on April 26, 2005. FCEPL is a subsidiary of FrieslandCampina Pakistan Holdings B.V., which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA (the Ultimate Parent Company of FCEPL).

The principal activity of FCEPL is to manufacture, process and sell dairy based products and frozen desserts. FCEPL also owns and operates dairy farms.

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 as modified by remeasurement of certain financial assets and liabilities, including derivative financial instruments, at fair value and recognition of certain staff retirement and other service benefits at present value.

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.

2.1.2 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

Where 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.

2.1.3 The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.4 Initial application of Standards, Amendments or an Interpretation to existing Standards

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

There are certain amendments and improvements to approved accounting and reporting standards that are effective for the first time for the financial year beginning on January 1, 2023; however, these are considered not to have a significant impact on the Group's financial reporting and operations, and 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) Standards, amendments or improvements to 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 to published standards that are not effective for the period beginning on January 1, 2023 and are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

2.1.5 Basis of consolidation

i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date the control ceases. These consolidated financial statements include Engro Corporation Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed (including contingent liabilities) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2 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 free-hold land and capital work in progress which are stated at cost less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs (note 2.27). The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Capital work in progress includes expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

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

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

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

Depreciation is charged to the consolidated statement of profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value is depreciated over its estimated useful life. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

The Group reviews and adjusts (if required) the appropriateness of the rate of depreciation, useful life and residual value in the calculation of depreciation on a regular basis.

(Amounts in thousand)

2.2.2 Dredging expenditure

Dredging expenditure is categorized into capital dredging and major maintenance dredging. Capital dredging is expenditure, which creates new harbour and deepens or extends the basin in front of jetty in order to allow access to larger ships. This expenditure is capitalized and is being depreciated over a period of 30 years.

Major maintenance dredging is expenditure incurred to restore the depth to its previous condition. The management estimates that maintenance dredging has an average service potential of 5 years. Maintenance dredging is regarded as a separate component and is capitalized and depreciated over a period of 5 years on straight line basis.

2.3 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. These are valued at weighted average cost less impairment except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

2.4 Intangible assets

a) Computer software and licenses

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

Following initial recognition, computer software and licenses are carried at cost less accumulated amortization and impairment losses, if any.

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

Computer software and license cost treated as intangible assets are amortized from the date the software is available for use on a straight-line basis over their respective useful lives, ranging from 4 years to 10 years.

The amortization on additions, if any, is charged from the month following the month in which the asset is available for use and on disposals upto the month of disposal.

b) Rights for future gas utilization

Rights for future gas utilization represents premium paid to the Government of Pakistan for allocation of 100 MMSCFD natural gas for a period of 20 years for EFert's Enven plant. The rights are being amortized from the date of commercial production on a straight-line basis over the remaining allocation period.

2.5 Leasing activities as a lessee

Lease liabilities and right-of-use assets:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

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

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right of use asset.

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

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

2.6 Leasing activities as a lessor

The Group enters into lease arrangements with respect to ETPL's LNG infrastructure for receipt, storage and regasification of LNG. Further, Enfrashare is party to an agreement that conveys the right to use energy equipment.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivable at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation / amortization are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses (if any). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

2.8 Investments in Joint Arrangements and Associates

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Group classifies a joint arrangement as joint operation when the Group has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group classifies a joint arrangement as a joint venture when it has the rights to the net assets of the arrangement.

Investment in joint venture / associates is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in joint venture / associates includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective evidence that the investment in joint venture / associate is impaired. If this is the case, the Group calculates the impairment loss as the difference between the recoverable amount of joint venture / associates and its carrying value and recognizes the loss in the consolidated statement of profit or loss.

In respect of an interest in a joint operation, the Group recognizes its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue, including its share of the output arising from the joint operation; its expenses, including its share of any expenses incurred jointly.

2.9 Financial assets

2.9.1 Classification, initial recognition and measurement

Financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The management determines the classification of financial assets into appropriate categories based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

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

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss if it is not measured at amortized cost or at fair value through other comprehensive income.

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. 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 amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income and impairment losses are recognized in profit or loss. Financial assets carried at fair value through other comprehensive income are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized 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 profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in profit or loss, when the Group's right to receive payments is established.

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.9.2 Derecognition

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

2.9.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies the simplified approach permitted by IFRS 9 - 'Financial Instruments', which requires expected lifetime losses to be recognized from initial recognition of the receivables except for debts due from the Government of Pakistan (GoP) as a consequence of circular debt which were initially exempted from the application of Expected Credit Loss (ECL) model under IFRS 9 by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 985(I) / 2019 dated September 2, 2019 for a limited period of three years till June 30, 2021. On September 13, 2021, October 24, 2022 and January 20, 2023, the SECP further extended the aforementioned exemption till June 30, 2022, June 30, 2023 and December 31, 2024, respectively.

Accordingly, amounts due from the GoP are assessed in accordance with the provisions of IAS 39 at each reporting date to determine whether there is any objective evidence that one or more events have had a negative effect on the estimated future cash flows of these receivables.

For financial assets other than due from GoP, lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to twelve months ECL, under IFRS 9.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.The Group measures ECL on financial assets in a way that reflects:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b) the time value of money; and

c) reasonableness and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of provision is charged to the consolidated statement of profit or loss. Financial assets considered irrecoverable are written-off.

The measurement of ECL 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 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 recognized in the consolidated statement of profit or loss.

2.9.4 Financial liabilities

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

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

The Group has applied the amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 that address the issues arising during the reform of benchmark interest rates including the replacement of one benchmark with an alternative one. Applying the practical expedient, introduced in the amendments when the benchmark affecting the Group's loan is replaced, the adjustments to the contractual cashflows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loan's benchmark interest rate does not result in immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

2.9.5 Offsetting financial instruments

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

2.10 Hedging relationships

Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.

The Group accounts for cash flow hedging relationships as follows:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge [i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)] is recognized in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument [or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with (a)] is hedge ineffectiveness, that is recognized in profit or loss.

(d) the amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

(i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability.

(ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

(iii) however, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered to profit or loss as a reclassification adjustment.

2.11 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if any.

2.12 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material, and certain purchased products in transit which are stated at cost (invoice value) plus other charges incurred thereon till the reporting date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realizable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving and obsolete stocks, where considered necessary.

2.13 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value plus directly attributable transaction costs, if any. The Group holds trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortized cost using effective interest rate method. Provision for impairment is recognized based on the policy stated in note 2.9.3.

Exchange gains and losses arising on translation of receivables in foreign currency are added to / deducted from their respective carrying amounts.

A contract asset is recognized for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

2.14 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows includes cash in hand and in transit, cheques in hand, balances with banks in current, deposit and saving accounts, other short term highly liquid investments with original maturities of three months or less and short-term borrowings which are payable on demand. Bank overdrafts are shown within short term borrowings in current liabilities in the consolidated statement of financial position.

2.15 Share capital

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

2.16 Borrowings

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

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

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

Exchange gains and losses arising in respect of borrowings in foreign currency are deducted from / added to the carrying amount of the borrowing.

2.17 Government grant

Government grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income in the consolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful lives of the related asset.

Government grant includes any benefit earned on account of a government loan obtained at below market rate of interest. The loan is recognized and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Group is recognized in the consolidated statement of profit or loss of the period in which the Group qualifies to receive it.

2.18 Trade and other payables

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

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

Exchange gains and losses arising from translations in respect of liabilities in foreign currency are deducted from / added to the carrying amount of the respective liabilities.

2.19 Deferred income

Amount received on account of operating lease rental income for ETPL's terminal is recognized as deferred income where not earned and credited to the consolidated statement of profit or loss in the relevant period of provision of services for recognition of rentals on straight line basis.

2.20 Contract liability

A contract liability is recognized for the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the Group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2.21 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

(Amounts in thousand)

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

2.22 Share based payment transaction

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

2.23 Income tax

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

2.23.1 Current

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

2.23.2 Deferred

Deferred tax is recognized using the balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date.

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

2.24 Retirement and other service benefits

2.24.1 Defined contribution plans

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

The Group operates:

- defined contribution provident funds for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate of 10% of basic salary;

- a defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund. Monthly contributions are made by the Group to the fund at the rate ranging from 12.5% to 13.75% of basic salary; and

- defined contribution gratuity funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate of 8.33% of basic salary.

2.24.2 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 the note 47 to these consolidated financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognized directly in equity through other comprehensive income.

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Group operates defined benefit funded gratuity schemes for management employees and non-management employees of EFert.

The Group also operates a defined benefit funded pension scheme for EFert's management employees. The pension scheme provides life time pension to retired employees or to their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme. Actuarial gains on curtailment are recognized immediately once the certainty of recovery is established.

In June 2011, the Group gave a one time irrevocable option to selected members of EFert's Management Permanent Employees' (MPT) Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employees' Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

2.24.3 Employees' compensated absences

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

2.24.4 Other benefits - Service Incentive Plan

Annual provision is made under a service incentive plan for certain category of experienced employees to continue in the Group’s employment. The provision is made on the basis of management’s estimates of incentives to be paid to employees on the fulfillment of criteria given in the incentive plan.

2.25 Foreign currency transactions and translation

2.25.1 Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and property, plant and equipment as (explained in note 4.3).

2.25.2 The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position items presented are translated at the closing rate at the reporting date;

- income and expenses for each consolidated statement of profit or loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity.

2.26 Revenue / Income recognition

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

- The Group recognizes revenue from sale of goods (including urea, chemicals, rice and other related products) at a point in time, as or when performance obligations are satisfied by transferring the control of product to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by the customer from the Group's premises or when it is delivered by the Group at customer premises, in case of local sales. For export sales, the control is transferred when the product is shipped on board and its insurance risk is borne by the customer.

- Revenue from contracts and long term service agreements is recognized as or when performance obligations are satisfied by transferring control of promised services to a customer, and control either transfers over time or at a point in time. Where, revenue over time is recognized based on the percentage of completion method, the stage of completion is assessed by milestones which ascertain the completion of the proportion of contract work or the performance of services provided in the agreement.

- Income on bank deposits and other financial assets is recognized on an accrual basis.

- Gains and losses arising on sale of investments are included in profit or loss and other comprehensive income (as applicable), in the year in which they arise.

- Dividend income on investments is recognized when the Group's right to receive such payment has been established.

- Revenue from supply of electricity to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the sole customer of Engro Powergen Qadirpur Limited (EPQL) and Engro Powergen Thar (Private) Limited (EPTL), is recognized when the following performance obligations are satisfied:

  - Capacity revenue is recognized based on the capacity made available to CPPA-G; and

  - Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to CPPA-G.

- Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the respective Power Purchase Agreements (PPAs).

- Delayed payment charges on overdue trade receivables are recognized on an accrual basis.

- Revenue from re-gasification and transportation of Liquefied Natural Gas (LNG) to Sui Southern Gas Company Limited (SSGCL) under LNG operations and Services Agreement (LSA) is recognized on the following basis:

  - Utilization revenue on the basis of Re-gasified LNG throughput to SSGCL over time.

  - Operations and maintenance revenue over time.

  The revenue from above services is recognized using the output method, when the Group has a right to consideration for an amount that corresponds directly with the value of the Group's performance obligation completed to date and the right to invoice is established.

- Revenue from tower infrastructure provisioning is recognized on straight line basis over the non-cancellable agreement period, regardless of whether the payments from customers are received, in equal monthly amounts during the contract term. The Group considers all fixed elements of the relevant contractual escalation provisions in calculating the straight-line revenue. Revenue for cancellable agreements are recorded at the amounts invoiced to the customers, as per the agreement. The corresponding asset related to the straight-line revenue adjustments is recorded in long term loans, advances, deposits and other receivables in the consolidated statement of financial position.

- Revenue from operations and maintenance services for telecommunication infrastructure is recognized when services are rendered as the performance obligations are generally met over time as customer simultaneously receives and consumes benefits of services as and when the services are performed by the Group. The Group generally uses output method to measure progress towards satisfying a performance obligation. The Group recognizes revenue at the amount of the Group's right to invoice as per the agreements with the customers if the Group’s right to invoice the customers is based on the value of services transferred and the amount invoiced represents the value transferred to the customers.

- Deferred incentive revenue is recognized based on the present value of discount provided by the Group in its bundled contracts with the customers. The unwinding of discount on deferred incentive revenue is recognized as finance cost in the consolidated statement of profit or loss. Subsequent amortization of deferred incentive revenue is credited to revenue on a systematic basis.

- Revenue from energy support services is recognized by the Group on the basis of pass through billing as the Group does not consider that it controls the specific services before their delivery to customers. Accordingly, the Group recognizes revenue arising from pass through billings on net basis.

- Revenue from providing other services (including transportation / logistics services to industrial consumers) is recognized in the accounting period in which the services are rendered, either at a point in time or over time depending on whether the nature of services allows the customer to receive and use the benefits simultaneously.

The payment term varies from 15 to 180 days depending on the credit worthiness of the Group's customers.

2.27 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such costs are capitalized as part of the cost of that asset. Borrowing costs include exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments. Further, exchange differences arising on foreign currency borrowings of EEL are capitalized to the cost of the related property, plant and equipment. All other borrowing costs are charged to the consolidated statement of profit or loss.

2.28 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.

2.29 Dividend and appropriation to reserves

Dividends and appropriations to reserves are recognized in the consolidated financial statements in the period in which these are approved.

2.30 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.

(Amounts in thousand)

3. critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Property, plant and equipment and intangibles

The Group annually reviews appropriateness of the method of depreciation and amortization, useful life and residual value used in the calculation of depreciation and amortization. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment or reversal of previously recognized impairment on an annual basis. These calculations require the use of estimates. Any change in these estimates in the future, might affect the carrying amount of the respective item of property, plant and equipment and intangibles, with a corresponding effect on the depreciation and amortization charge, and impairment.

In case of acquisition of group of assets and liabilities, the Group allocates the purchase consideration to individual assets and liabilities on the basis of their relative fair value at the date of purchase. For determination of fair value, the Group takes into account its principle ability to generate economic benefits by either using the asset in its highest and best use or by selling it to another customer. Estimation of highest and best use is made on basis of estimated net cash inflows associated with the assets or group of assets. The consideration for selling it to another customer is based on the fair market value after adjusting the impacts of obsolescence.

b) Investments at fair value through profit or loss / other comprehensive income

The Group determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

c) Stock-in-trade

The Group regularly reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

Consumption of processed rice of EEAPL is recorded based on the estimates of the level of moisture content, whereas unprocessed rice paddy continues to be recorded at the moisture level initially determined at the time of procurement, until processed.

d) Income taxes

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

e) Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 47.

f) Impairment of investments in associates and joint venture and non-financial assets

In making estimates of future cash flows from investments in joint venture and associates, the management considers future dividend stream and an estimate of the terminal value of these investments, which are subject to change. In assessing carrying value of non-financial assets, the Group estimates the recoverable amount, using fair value less cost to sell or value in use, whichever is higher. In making these estimates, the Group makes judgement with respect to future cashflows, exchange rate indexation (where applicable) and discount rates (notes 4.1.1 and 7.6).

g) Impairment of financial assets

The Group uses external credit ratings to determine default rates for trade debts, net investment in lease, short-term investments, other financial assets at amortized cost and balances with banks to calculate expected credit losses. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in future.

h) Provision for slow-moving stores and spares

The Group regularly reviews the provision for slow moving stores and spares to assess the consumption of stores and spares, thereby ensuring that slow moving items are provided for.

i) Tariff adjustment determination

As per the mechanism laid out in National Electric Power Regulatory Authority's (NEPRA) decision dated June 15, 2022, EPTL seeks adjustment for fuel price, cost of power purchase, operation and maintenance cost and unrecovered cost including non-recoverable dues written-off. EPTL's monthly / quarterly / annual submissions of tariff adjustment are approved / determined by NEPRA on a time to time basis, resulting in provisional amounts being recognized by the Group based on its judgement and interpretation of NEPRA decision, till the determination from NEPRA is received.

j) Contingencies and provisions

Significant estimates and judgments are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgments.

k) Right of use asset and corresponding lease liability

IFRS 16 requires the Group to assess the lease term as the non-cancellable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is not reasonably certain to exercise.

The rate used on transition to discount future lease payments represents the Group's incremental borrowing rate.

With specific reference to EETPL's arrangement under Time Charter Party (TCP) and LNG operations and Services Agreement (LSA), significant estimates further included:

i) Classification of lease

The classification of lease of terminal required use of estimates of cash flows during the contract period, margins, residual values and allocation of amounts under daily capacity charges to lease and non-lease components and determine minimum lease payments at the inception of lease from terminal and sublease of right-of-use asset. As a result the lease of terminal has been determined as an operating lease as significant risk and rewards relating to the same remain with EETPL at the end of the lease term, taking into account the useful life and fair value of terminal assets, minimum lease payments, residual value and the assessment that customer is not likely to exercise purchase option.

(Amounts in thousand)

ii) Discount rate

The rate used on transition to discount future lease payments under TCP represent EETPL's incremental borrowing rate. The rate has been estimated using LIBOR rates available in the lease currency and adjusted to reflect the underlying lease term based on observable inputs.

l) Provision for decommissioning costs

The timing of recognition of provision for decommissioning costs requires the application of judgment of existing facts and circumstances, which can be subject to change. In determining the present value of the provision for decommissioning costs, assumptions and estimates are made in relation to discount rates, the expected cost to decommission and remove the equipment from the site and the expected timing of those costs.

m) Revenue recognition

Revenue on long-term service agreements / construction contracts is recognized based on the percentage of completion method. The Group reviews the appropriateness of the stage of completion through milestones / cost incurred which ascertain the completion of a proportion of the contract work or the performance of services provided.

n) Share based payment transaction

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

4. property, plant and equipment

	2023	2022
	....Rupees....	
Operating assets, at net book value (note 4.1)	301,798,619	300,654,940
Capital work in progress - Expansion and other projects (note 4.6)	33,110,396	24,839,815
Capital spares and standby equipment	4,369,722	4,382,473
	339,278,737	329,877,228

(Amounts in thousand)

4.1 Operating assets

	Land		Building on		Pipelines	Plant and Machinery	Catalyst	Furniture, fixtures and equipment		Vehicles	Aircraft	Jetty (note 4.7)	Dredging	Total
	Freehold	Leasehold	Freehold land	Leasehold land		Owned (note 4.7)		Owned	Leased	Owned				
	Rupees													
As at January 1, 2022														
Cost	383,308	696,656	14,279,186	2,525,279	3,272,369	311,236,127	1,982,247	12,578,579	21,723	4,480,971	624,228	5,309,282	3,048,524	360,438,479
Accumulated depreciation	-	(259,022)	(2,871,688)	(815,633)	(1,516,816)	(85,593,779)	(1,707,181)	(2,793,375)	(21,002)	(1,445,917)	(43,473)	(1,258,579)	(1,246,445)	(99,572,910)
Accumulated impairment	-	(121,622)	-	(595,858)	-	(2,064,861)	-	(86,091)	-	-	-	-	-	(2,868,432)
Net book value	383,308	316,012	11,407,498	1,113,788	1,755,553	223,577,487	275,066	9,699,113	721	3,035,054	580,755	4,050,703	1,802,079	257,997,137
Year ended December 31, 2022														
Opening net book value	383,308	316,012	11,407,498	1,113,788	1,755,553	223,577,487	275,066	9,699,113	721	3,035,054	580,755	4,050,703	1,802,079	257,997,137
Depreciation adjustments (note 4.4)	-	2,488	-	-	-	(32,581)	-	-	-	-	-	-	-	(30,093)
Additions including transfers	-	-	4,972,806	22,975	967	14,423,713	402,520	9,731,952	3,284	683,386	2,634,870	9,724	369,996	33,256,193
Capitalization of exchange loss by the subsidiary company (note 4.3)	-	-	-	-	-	23,282,056	-	-	-	-	-	-	-	23,282,056
Disposals / Write offs														
Cost	-	-	(43,968)	(63,117)	-	(2,086,344)	-	(85,354)	-	(291,576)	-	-	-	(2,570,359)
Accumulated depreciation	-	-	4,723	63,117	-	1,641,846	-	34,666	-	106,430	-	-	-	1,850,782
Accumulated impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(39,245)	-	-	(444,498)	-	(50,688)	-	(185,146)	-	-	-	(719,577)
Depreciation charge (note 4.4)	-	(46,368)	(630,389)	(77,806)	(83,368)	(10,923,777)	(222,384)	(1,588,676)	(1,134)	(546,208)	(152,073)	(175,096)	(141,794)	(14,589,073)
Reversal of impairment	-	111,943	-	310,120	-	1,036,234	-	-	-	-	-	-	-	1,458,297
Net book value	383,308	384,075	15,710,670	1,369,077	1,673,152	250,918,634	455,202	17,791,701	2,871	2,987,086	3,063,552	3,885,331	2,030,281	300,654,940
As at December 31, 2022														
Cost	383,308	696,656	19,208,024	2,485,137	3,273,336	346,855,552	2,384,767	22,225,177	25,007	4,872,781	3,259,098	5,319,006	3,418,520	414,406,369
Accumulated depreciation	-	(302,902)	(3,497,354)	(830,322)	(1,600,184)	(94,908,291)	(1,929,565)	(4,347,385)	(22,136)	(1,885,695)	(195,546)	(1,433,675)	(1,388,239)	(112,341,294)
Accumulated impairment	-	(9,679)	-	(285,738)	-	(1,028,627)	-	(86,091)	-	-	-	-	-	(1,410,135)
Net book value	383,308	384,075	15,710,670	1,369,077	1,673,152	250,918,634	455,202	17,791,701	2,871	2,987,086	3,063,552	3,885,331	2,030,281	300,654,940

(Amounts in thousand)

	Land		Building on		Pipelines	Plant and Machinery	Catalyst	Furniture, fixtures and equipment		Vehicles	Aircraft	Jetty (note 4.7)	Dredging	Total
	Freehold	Leasehold	Freehold land	Leasehold land		Owned (note 4.7)		Owned	Leased	Owned				
	Rupees													
Year ended December 31, 2023														
Opening net book value	383,308	384,075	15,710,670	1,369,077	1,673,152	250,918,634	455,202	17,791,701	2,871	2,987,086	3,063,552	3,885,331	2,030,281	300,654,940
Depreciation adjustments (note 4.4)	-	2,487	-	-	-	(32,581)	-	-	-	-	-	-	-	(30,094)
Additions including transfers	-	23,000	3,500,287	147,558	-	9,462,582	886,638	6,270,248	5,042	1,776,889	595,315	-	245,630	22,913,189
Capitalization of exchange loss by the subsidiary company (note 4.3)	-	-	-	-	-	23,932,503	-	-	-	-	-	-	-	23,932,503
Disposals / Write offs														
Cost	-	-	(121)	-	-	(225,242)	-	(208,736)	-	(495,630)	-	-	-	(929,729)
Accumulated depreciation	-	-	121	-	-	116,058	-	137,806	-	241,464	-	-	-	495,449
Accumulated impairment	-	-	-	-	-	29,942	-	13,180	-	-	-	-	-	43,122
	-	-	-	-	-	(79,242)	-	(57,750)	-	(254,166)	-	-	-	(391,158)
Depreciation charge (note 4.4)	-	(48,108)	(865,619)	(130,343)	(83,388)	(13,445,148)	(365,542)	(2,378,954)	(1,222)	(635,214)	(201,606)	(175,149)	(160,047)	(18,490,340)
Adjustment in respect of carrying value of thermal assets (notes 1.1.1 and 4.1.1)	-	-	-	-	-	(25,265,025)	-	-	-	-	-	-	-	(25,265,025)
Asset classified as held for sale (note 21)	-	-	-	-	-	-	-	-	-	(1,525,396)	-	-	-	(1,525,396)
Net book value	383,308	361,454	18,345,338	1,386,292	1,589,764	245,491,723	976,298	21,625,245	6,691	2,349,199	3,457,261	3,710,182	2,115,864	301,798,619
As at December 31, 2023														
Cost	383,308	719,656	22,708,190	2,632,695	3,273,336	380,025,395	3,271,405	28,286,689	30,049	6,154,040	3,854,413	5,319,006	3,664,150	460,322,332
Accumulated depreciation	-	(348,523)	(4,362,852)	(960,665)	(1,683,572)	(108,269,962)	(2,295,107)	(6,588,533)	(23,358)	(2,279,445)	(397,152)	(1,608,824)	(1,548,286)	(130,366,279)
Accumulated impairment	-	(9,679)	-	(285,738)	-	(26,263,710)	-	(72,911)	-	-	-	-	-	(26,632,038)
Asset classified as held for sale	-	-	-	-	-	-	-	-	-	(1,525,396)	-	-	-	(1,525,396)
Net book value	383,308	361,454	18,345,338	1,386,292	1,589,764	245,491,723	976,298	21,625,245	6,691	2,349,199	3,457,261	3,710,182	2,115,864	301,798,619
Annual rate of depreciation (%)	-	1 to 5	2.5 to 10	2.5 to 10	2 to 12.5	2.5 to 33.3	No. of production days	5 to 33	20	5 to 25	14.3	3.33	3.33 to 20	

(Amounts in thousand)

4.1.1 As more fully disclosed in note 1.1.1 to these consolidated financial statements, an adjustment of Rs. 25,265,025 has been recorded in the carrying value of thermal assets, as follows:

	2023
EPTL (Subsidiary)	20,438,743
EPQL (Subsidiary)	4,826,282
	25,265,025

The recoverable amount of the assets of EPTL and EPQL after above adjustments aggregated to Rs. 43,413,174 and Rs. 9,840,325, respectively. The recoverable amount of thermal assets was based on fair value less cost of disposal. The fair value measurement (Level 3) was determined based on multiple bids received from market participants, which were further corroborated using the management internal model based on discounted cashflow approach. The model was prepared using following key inputs / assumptions:

Discount rate

The discount rates applied to the cashflow projections of the CGUs range from 22% to 23% which have been calculated using Capital Asset Pricing Model. The discount rates reflect the current market assessment of the rates of return required for the business and the specific risks of each CGU.

Exchange rate

The exchange rate devaluation considered at the rate of 9% per annum. This is based on management forecast using historic trends and outlook from market experts.

Collection from customers

The expected recovery trend is based on past recovery trends from customers in the industry and management's expectations for the future.

(Amounts in thousand)

4.2 The details of immovable fixed assets (i.e. land and buildings) which are in the name of the Group are as follows:

Description of assets	Address	Total Area of land in Acres
Daharki plant and colony	District Ghotki, Sindh	734
Zarkhez plant land	EZ/I/P-1-II Eastern Zone, Port Qasim, Karachi	112.50
Rice processing plant	13-KM Sheikhupura Road, Lahore	62.95
LNG Terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power plant and associated buildings	Dee Belo Sanghari, Ghotki, Sindh	41.50
Colony land	Colony Road, Daharki, Ghotki, Sindh	16.40
Leasehold land	That Block II, Islamkot District, Sindh	215
Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	128
Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	58
Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	4
Administration facilties	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2

4.3 The Securities and Exchange Commission of Pakistan (SECP), through its S.R.O. 986(1)/2019 dated September 2, 2019, partially modified its previously issued S.R.O. 24/(1)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their Power Purchase Agreements before January 1, 2019, from the application of IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalization of exchange differences. Accordingly, during the year, the Group has capitalized exchange loss of Rs. 23,932,503 (2022: Rs. 23,282,056) arising on foreign currency borrowings of EEL (and its subsidiaries) to the cost of related property, plant and equipment.

4.4 Depreciation charge for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of goods sold (note 36.1)	14,582,634	11,885,090
Capital work in progress	-	5,686
Cost of services rendered (note 36.2)	3,036,437	2,026,426
Selling and distribution expenses (note 37)	147,138	154,212
Administrative expenses (note 38)	754,225	547,752
	18,520,434	14,619,166

4.5 The details of operating assets disposed / written-off during the year are as follows:

Description and method of disposal	Sold to	Relationship with the purchaser	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain / (loss) (note 39)
Assets having net book value of Rs. 500 each or more			-----Rupees-----				
Plant and machinery							
Bidding	AA Enterprise	External party	57,603	45,284	12,319	8,745	(3,574)
	Syed Mansoor Ali	External party	5,051	1,479	3,572	4,247	675
	Non Ferrous Metal Work	External party	10,165	7,991	2,174	1,827	(347)
	Qamar Hussain and Co.	External party	24,156	-	24,156	10,593	(13,563)
Write off			1,231	187	1,044	-	(1,044)
Vehicles							
To existing / resigned / retired executives / employees - as per Group's policy	Muhammad Imran Idris	Employee	4,249	-	4,249	3,663	(586)
	Nida Fatima Hashmi	Employee	5,472	1,628	3,844	4,081	237
	Arshad Naveed	Employee	4,195	773	3,422	3,749	327
	Sahban Zafar Ali	Employee	5,520	2,346	3,174	3,857	683
	Asad Aleem	Employee	4,187	1,068	3,119	3,126	7
	Anoosha Naushad	Employee	3,453	538	2,915	3,191	276
	Muhammad Waqas Quraishi	Employee	3,532	801	2,731	3,149	418
	Muhammad Ali	Employee	3,044	474	2,570	2,834	264
	Kassim Motiwalla	Employee	4,396	1,931	2,465	4,002	1,537
	Rohail Hussain Khilji	Employee	3,463	1,030	2,433	2,879	446
	Nadeem Ahmad	Employee	5,443	3,084	2,359	2,403	44
	Somia Manzoor Khan	Employee	3,462	1,324	2,138	2,146	8
	Mojiz Mansoor	Employee	3,397	1,300	2,097	2,142	45
	Muhammad Tariq Sheikh	Employee	3,315	1,268	2,047	2,846	799
	Ali Muhammad	Employee	3,403	1,398	2,005	2,390	385
	Usman Asif	Employee	3,184	1,398	1,786	2,388	602
	Syed Shahab Shahid	Employee	3,184	1,419	1,765	2,277	512
	Hasnain Raza	Employee	2,665	976	1,689	2,164	475
	Muhammad Arif Saeed	Employee	3,251	1,566	1,685	1,799	114
	Muhammad Humza Awais	Employee	2,654	1,015	1,639	2,052	413
	Waqas Saeed	Employee	2,649	1,014	1,635	1,672	37
	Asim Jamil	Employee	3,205	1,589	1,616	2,013	397
	Mahvish Siddique	Employee	2,773	1,179	1,594	1,652	58
	Muhammad Asif Ali	Employee	3,184	1,597	1,587	1,965	378
	Nisar Ahmed Channa	Employee	2,593	1,102	1,491	1,621	130
	Waqas Iqbal	Employee	2,648	1,179	1,469	1,600	131
	Tariq Zafar	Employee	2,592	1,138	1,454	1,840	386
	Adnan Maqsood Siddiqui	Employee	2,555	1,187	1,368	-	(1,368)
	Saad Ahmed Qureshi	Employee	2,578	1,242	1,336	2,211	875
	Danish Moin	Employee	2,654	1,342	1,312	1,751	439
	Nadeem Ismat	Employee	2,992	1,780	1,212	1,733	521
	Abdur Rehman Choudhary	Employee	2,592	1,395	1,197	1,471	274
	Waqas Khan	Employee	2,658	1,506	1,152	1,416	264
	Mutahir Rasool	Employee	2,537	1,408	1,129	1,351	222
	Mr. Jawwad Hassan	Employee	6,157	785	5,372	6,088	716
	Mr. Ahmad Sohail	Employee	2,616	1,149	1,467	1,652	185
	Miss. Rabia Zohra Farooqui	Employee	2,662	1,056	1,606	1,919	313
	Mr. Muhammad Shariq Farooq	Employee	2,674	947	1,727	2,168	441
	Mr. Bilal Ahmed	Employee	5,532	1,397	4,135	4,792	657
	Mr. Sunaib Barkat Ali	Employee	3,340	615	2,725	2,915	190
	Mr. Musaab Billah	Employee	2,721	655	2,066	2,311	245
	Mr. Ali Shah Chandwani	Employee	2,721	1,041	1,680	2,186	506
	Mr. Syed Taha Hassan Razvi	Employee	2,881	531	2,350	2,578	228
	Mr. Eliya Syed	Employee	3,400	771	2,629	2,914	285
	Mr. Afnan Ahmed Ansari	Employee	2,847	928	1,919	2,250	331
	Mr. Sulman Malik	Employee	5,510	1,663	3,847	3,868	21
	Mr. Turab Alam	Employee	2,850	565	2,285	2,557	272

Vehicles

To existing / resigned / retired executives / employees - as per Group's policy	Mr. Abdul Qadir Dal	Employee	6,254	177	6,077	6,109	32
	Mr. Taha Azher	Employee	2,604	1,328	1,276	2,192	916
	Miss. Umber Ansari	Employee	5,542	2,198	3,344	4,157	813
	Mr. Ahsan	Employee	2,712	730	1,982	2,239	257
	Mr. Mir Usman	Employee	4,157	804	3,353	3,764	411
	Mr. Bassam Asghar	Employee	2,723	733	1,990	1,993	3
	Mr. Mehtab Ahmed Malik	Employee	6,421	637	5,784	5,919	135
	Mr. Muhammad Mubashir Hussain	Employee	3,391	1,585	1,806	2,200	394
	Mr. Yasser Ghazali	Employee	3,403	1,176	2,227	2,751	524
	Mr. Muhammad Amir Khan	Employee	5,554	3,226	2,328	4,768	2,440
	Mr. Muzzaffar Islam	Employee	3,240	1,836	1,404	1,447	43
	Mr. Ali Niaz Naqvi	Employee	2,681	1,329	1,352	2,022	670
	Mr. Moiz Sabir	Employee	5,204	1,049	4,155	4,674	519
	Mr. Ali Shah Chandwani	Employee	5,864	748	5,116	5,422	306
	Mr. Muhammad Annas	Employee	5,489	622	4,867	5,293	426
	Mr. Hamza Naeem	Employee	4,567	518	4,049	4,338	289
	Muhammad Annas	Employee	2,676	725	1,951	2,107	156
	Syed Saad Hussain Shah	Employee	2,754	975	1,779	1,840	61
	Syed Faraz Abbas Jafri	Employee	3,497	1,288	2,209	2,224	15
	Muhammad Imran	Employee	3,567	960	2,607	3,032	425
	Sami Ur Rehman	Employee	2,723	231	2,492	2,681	189
	Syed Afzal Hussain	Employee	3,492	1,385	2,107	2,677	570
	Syed Hassan Sultan	Employee	3,111	1,330	1,781	2,465	684
	Athar Abrar Khwaja	Employee	5,611	2,146	3,465	3,622	157
	Abid Hussain	Employee	2,811	1,115	1,696	1,791	95
	Muhammad Abdul Mohaseneen	Employee	2,811	1,035	1,776	1,866	90
	Muhammad Nasir	Employee	3,492	1,187	2,305	2,428	123
	Muhammad Hassan Yousuf	Employee	4,083	289	3,794	3,982	188
	Tariq Jamil	Employee	2,776	826	1,950	2,337	387
	Mohammad Hasan Botaj	Employee	3,230	503	2,727	2,907	180
	Mohammed Ibad Siddiqi	Employee	2,661	910	1,751	2,196	445
	Muhammad Ashar Mushtaq	Employee	3,483	1,482	2,001	2,740	739
	Shahbaz Ali	Employee	3,477	888	2,589	2,985	396
	Various employees	Employee	24,949	8,839	16,110	18,856	2,746
	Anas Bin Sajid	Employee	3,240	505	2,735	2,735	-
	Usman Hassan	Employee	3,406	1,519	1,887	1,908	21
	Faiq Hasnain	Employee	2,727	1,316	1,411	1,645	234
	Shabana Sheikh	Employee	2,723	1,360	1,363	1,574	211
	Naveed Khan	Employee	2,658	1,333	1,325	1,227	(98)
	Qazi Hassam	Employee	4,789	479	4,310	4,692	382
	Amir Qasim	Employee	8,045	798	7,247	7,657	410
	Hamza Humayun	Employee	3,824	542	3,282	3,284	2
	Anas bin Sajid	Employee	3,240	505	2,735	2,735	-
	Muneeb Imran Qureshi	Employee	2,727	1,316	1,411	1,645	234
	Mr. Danish Rafi	Employee	3,230	2,370	860	2,129	1,269
	Mr. Hasan Ijaz	Employee	3,453	2,071	1,382	2,473	1,091
Bidding	Shahrukh Zahid	External party	1,897	1,109	788	1,856	1,068
	Roshaan Ahmed Khan	External party	1,892	1,107	785	2,324	1,539
	Sana U Haq	External party	1,889	1,105	784	1,391	607
Items having net book value less than Rs. 500 each			458,546	173,284	285,262	304,343	19,081
			471,183	365,287	105,896	179,593	73,697
	December 31, 2023		929,729	538,571	391,158	483,936	92,778
	December 31, 2022		2,570,359	1,850,782	719,577	979,947	260,370

(Amounts in thousand)

4.6 Capital work in progress - Expansion and other projects

	2023	2022
	....Rupees....	
Leasehold land	49,789	72,788
Plant and machinery	20,791,503	15,863,184
Building and civil works including pipelines	1,036,788	1,088,866
Furniture, fixtures and equipment	1,181,623	269,964
Advances to suppliers (note 4.6.2)	2,447,489	5,706,243
Capital stores and spares	7,006,809	1,747,581
Softwares	207,392	19,911
Other ancillary cost	389,003	71,278
	33,110,396	24,839,815

	2023	2022
4.6.1 Balance as at January 1	24,839,815	20,265,122
Additions during the year	30,376,896	37,588,841
Borrowing cost capitalized during the year	-	42,669
Reclassification	-	28,791
Transferred to:		
- operating assets	(21,911,821)	(32,813,372)
- intangible assets	(194,494)	(261,360)
- capital spares	-	(10,876)
Balance as at December 31	33,110,396	24,839,815

4.6.2 This mainly represents advance paid to suppliers for purchase of operating assets. It also includes Rs. 1,299,378 (2022: Rs. 636,268) paid as advance representing EFert's share in respect of a joint operation related to Pressure Enhancement Facility (PEF), as disclosed in note 60 to these consolidated financial statements.

4.7 These include jetty and plant and machinery subject to operating lease having net book value of Rs. 3,710,182 (2022: Rs. 3,885,331) and Rs. 1,970,492 (2022: Rs.1,882,324), respectively.

(Amounts in thousand)

5. right-of-use assets

	Office space, rented premises and tower sites	Storage tanks	Buildings	Vehicles	Total
	----------	----------	Rupees	----------	----------
As at January 1, 2022					
Cost	9,030,828	3,269,835	66,704	5,849	12,373,216
Accumulated depreciation	(1,248,468)	(1,249,576)	(50,314)	(5,849)	(2,554,207)
Net book value	7,782,360	2,020,259	16,390	-	9,819,009
Year ended December 31, 2022					
Opening net book value	7,782,360	2,020,259	16,390	-	9,819,009
Additions (note 5.1)	4,724,381	-	126,874	-	4,851,255
Depreciation charge for the year (note 5.2)	(861,458)	(449,662)	(30,321)	-	(1,341,441)
Closing net book value	11,645,283	1,570,597	112,943	-	13,328,823
As at December 31, 2022					
Cost	13,755,209	3,269,835	193,578	-	17,218,622
Accumulated depreciation	(2,109,926)	(1,699,238)	(80,635)	-	(3,889,799)
Net book value	11,645,283	1,570,597	112,943	-	13,328,823
Year ended December 31, 2023					
Opening net book value	11,645,283	1,570,597	112,943	-	13,328,823
Additions (note 5.1)	1,312,978	-	-	-	1,312,978
Terminations	(7,841)	-	-	-	(7,841)
					-
Depreciation charge for the year (note 5.2)	(1,037,489)	(449,661)	(27,613)	-	(1,514,763)
Closing net book value	11,912,931	1,120,936	85,330	-	13,119,197
As at December 31, 2023					
Cost	15,060,346	3,269,835	193,578	-	18,523,759
Accumulated depreciation	(3,147,415)	(2,148,899)	(108,248)	-	(5,404,562)
Net book value	11,912,931	1,120,936	85,330	-	13,119,197
Rate of depreciation	5 - 33	10 - 20	10 - 33		

(Amounts in thousand)

5.1 This represents right-of-use assets recognized against lease agreements entered into by the Holding Company and Enfrashare in respect of office space and tenanted sites, respectively.

5.2 Depreciation charge for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of goods sold (note 36.1)	449,661	449,662
Cost of services rendered (note 36.2)	706,711	603,671
Capital work in progress	-	17,723
Selling and distribution expenses (note 37)	25,392	25,299
Administrative expenses (note 38)	332,999	245,086
	1,514,763	1,341,441

6. intangible assets

	Software and licenses (note 6.2)	Rights for future gas utilization	Total
	----------	Rupees	----------
As at January 1, 2022			
Cost	3,456,749	102,312	3,559,061
Accumulated amortization and impairment	(1,105,283)	(55,454)	(1,160,737)
Net book value	2,351,466	46,858	2,398,324
Year ended December 31, 2022			
Opening net book value	2,351,466	46,858	2,398,324
Additions including transfers	288,497	-	288,497
Amortization charge for the year (note 6.1)	(407,150)	(5,110)	(412,260)
Net book value	2,232,813	41,748	2,274,561
As at December 31, 2022			
Cost	3,745,246	102,312	3,847,558
Accumulated amortization and impairment	(1,512,433)	(60,564)	(1,572,997)
Net book value	2,232,813	41,748	2,274,561

(Amounts in thousand)

	Software and licenses (note 6.2)	Rights for future gas utilization	Total
	---------------------Rupees---------------------		
Year ended December 31, 2023			
Opening net book value	2,232,813	41,748	2,274,561
Transfers from capital work-in-progress	194,494	-	194,494
Write off			
Cost	(38,854)	-	(38,854)
Accumulated amortization	38,854	-	38,854
	-	-	-
Amortization charge for the year (note 6.1)	(433,400)	(5,111)	(438,511)
Closing net book value	1,993,907	36,637	2,030,544
As at December 31, 2023			
Cost	3,900,886	102,312	4,003,198
Accumulated amortization and impairment	(1,906,979)	(65,675)	(1,972,654)
Net book value	1,993,907	36,637	2,030,544
Annual rate of amortization (%)	6.67% - 33.33%	5%	

6.1 Amortization charge for the year has been allocated as follows:

	2023	2022
	....Rupees....	
Cost of goods sold (note 36.1)	42,200	28,543
Cost of services rendered (note 36.2)	12,522	10,889
Selling and distribution expenses (note 37)	11,316	4,371
Administrative expenses (note 38)	372,473	368,457
	438,511	412,260

6.2 This mainly includes cost incurred in respect of OneSAP project, which is being amortized over a period of 8 years.

(Amounts in thousand)

7. long term investments

	2023	2022
	....Rupees....	
Investments in Joint Venture and Associates:		
Joint venture company - Engro Vopak Terminal Limited (EVTL) - (notes 7.1 to 7.4)	-	-
Investment in associates (notes 7.5 to 7.8):		
- FrieslandCampina Engro Pakistan Limited (FCEPL) 306,075,948 (2022: 306,075,948) ordinary shares of Rs. 10 each [Percentage of holding 39.9% (2022: 39.9%)]	30,109,803	29,516,748
Less: Provision for impairment (note 7.5)	(1,224,304)	(1,224,304)
	28,885,499	28,292,444
- Sindh Engro Coal Mining Company Limited (SECMC) - 191,643,025 (2022: 191,643,025) ordinary shares of Rs.10 each [Percentage of holding 11.9% (2022: 11.9%)] - (notes 7.6 and 7.7)	4,996,840	7,163,979
- Others		
Gross carrying value as at December 31	1,860,187	1,860,187
Less: Investment disposed during the year	(100)	-
Less: Impairment recognized thereagainst	(1,327,684)	(1,327,684)
	532,403	532,503
Others (note 7.9)	70,580	92,320
	34,485,322	36,081,246

7.1 Details of investment in EVTL are as follows:

	2023	2022
	....Rupees....	
At beginning of the year	-	-
Add: Share of profit for the year (note 42)	1,444,422	1,222,769
Less: Provision adjustment in respect of tax contingency (note 29.6)	(79,422)	(290,269)
Less: Dividend received during the year	(1,365,000)	(932,500)
	-	-

7.1.1 As a result of share of profit for the year, the provision for tax contingency amounting to Rs. 1,379,996 previously set off against the carrying value of the Group's investment has increased by Rs. 79,422 representing difference between the share of profit and dividend received by the Group. Accordingly, the net provision set off against the carrying value of the Group's investment in EVTL now amounts to Rs. 1,459,418 (2022: Rs. 1,379,996).

7.2 As at December 31, 2023, the Holding Company held 45,000,000 ordinary shares (2022: 45,000,000 ordinary shares) of EVTL representing 50% of the issued, subscribed and paid-up capital of EVTL.

7.3 Cases for the tax year 2003 to tax year 2011 of EVTL to determine as to whether the income of EVTL is liable to be taxed under the Normal Tax Regime (NTR) or Final Tax Regime (FTR) are pending in the Honorable Supreme Court of Pakistan (SCP) and the High Court of Sindh (SHC). In this respect, EVTL has disclosed a contingent liability amounting to Rs. 4,124,049, in its financial statements, representing potential tax liability that EVTL may have to recognize if the aforementioned cases are decided against EVTL.

On the basis of legal advice, the Group has recognized its proportionate share of the aforementioned, amounting to Rs. 2,062,024 (2022: Rs. 2,062,024). This potential tax liability has been adjusted by the Group against the carrying value of its investment in EVTL to the extent of it being 'Nil' and the balance amount has been recognized as a provision (note 29.6), depicting the Group's constructive obligation to bear the potential exposure.

7.4 The summary of financial information of EVTL as of December 31, is as follows:

Statement of financial position

Particulars	2023	2022
	....Rupees....	
Cash and cash equivalents	625,973	494,198
Current financial liabilties (excluding trade and other payables)	628,831	503,724
Non-current financial liabilities (excluding trade and other payables)	318,688	748,219
Non-current assets	3,681,057	3,633,484
Current assets	4,451,103	2,990,253
Non-current liabilities	(1,026,468)	(1,344,162)
Current liabilities	(4,152,063)	(2,484,790)
	2,953,629	2,794,785
Group's share at 50% (2022: 50%)	1,476,815	1,397,393
Provision against tax contingency	(1,459,418)	(1,379,996)
Others	(17,397)	(17,397)
Carrying amount	-	-

Statement of profit or loss and other comprehensive income

Particulars	2023	2022
	....Rupees....	
Revenue from contracts with customers	6,927,823	5,503,117
Depreciation and amortization	371,808	285,551
Interest income	567,348	154,141
Income tax expense	2,324,161	1,506,406
Total comprehensive income for the year	2,888,844	2,445,537

(Amounts in thousand)

7.5 FrieslandCampina Engro Pakistan Limited (FCEPL) is a public listed company, incorporated in Pakistan. The Holding Company holds 39.9% shareholding in FCEPL. The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. Earlier in 2016, the Holding Company partially disposed-off its investment in FCEPL resulting in it being recognized as an associate and the retained interest in FCEPL valued at fair value on the date of disposal in accordance with the requirements of IFRS. As per the accounting policy of the Group, investment in associates is carried at cost in the consolidated financial statements which is adjusted for post-acquisition changes in net assets.

An impairment loss of Rs. 1,224,304 was recognized in the consolidated financial statements for the year ended December 31, 2019, based on the Holding Company's assessment of the recoverable amount of the investment. However, based on the Holding Company's assessment as at December 31, 2023, no further impairment charge is required to be recognized in respect of this investment.

7.6 Details of material investments in associated companies are as follows:

Particulars	2023		2022	
	FCEPL	SECMC	FCEPL	SECMC
	----------Rupees----------			
At beginning of the year	28,292,444	7,163,979	27,349,835	6,190,488
Add:				
- Share of profit for the year (note 42)	602,006	3,195,433	983,804	1,008,703
- Reversal of profits	-	-	-	(35,212)
- Dividend received during the year	-	(677,286)	-	-
- Share of other comprehensive loss	(8,951)	-	(41,195)	-
- Adjustment in respect of carrying value of thermal assets (notes 1.1.1 and 4.1.1)	-	(4,685,286)	-	-
	593,055	(2,167,139)	942,609	973,491
	28,885,499	4,996,840	28,292,444	7,163,979

(Amounts in thousand)

7.7 The summary of financial information / reconciliation of associated companies in which the Group holds material investment as of December 31, is as follows:

Particulars	FCEPL 2023	FCEPL 2022	SECMC 2023	SECMC 2022
	---Rupees---			
Revenue	100,235,403	73,473,687	109,407,088	51,491,274
Profit after tax	1,508,786	2,465,673	29,160,750	8,476,494
Other comprehensive loss	(22,437)	(103,246)	-	-
Total comprehensive income	1,486,349	2,362,427	29,160,750	8,476,494
Non-current assets	15,880,600	12,914,115	96,529,367	97,212,818
Current assets	26,006,202	21,832,496	136,375,499	104,472,423
Total assets	41,886,802	34,746,611	232,904,866	201,685,241
Less:				
Non-current liabilities	833,851	1,229,288	73,158,548	74,711,753
Current liabilities	26,876,931	20,827,652	78,255,667	66,060,879
Total liabilities	27,710,782	22,056,940	151,414,215	140,772,632
Net assets	14,176,020	12,689,671	81,490,651	60,912,609
Group's share in %	39.9%	39.9%	11.9%	11.9%
Group's share of net assets	5,656,235	5,063,180	9,697,387	7,248,600
Recognition of investment at fair value	24,337,818	24,337,818	-	-
Adjustment in respect of carrying value of thermal assets (note 1.1.1)	-	-	(4,685,286)	-
Others	115,750	115,750	(15,261)	(84,621)
Provision for impairment	(1,224,304)	(1,224,304)	-	-
Carrying amount	28,885,499	28,292,444	4,996,840	7,163,979

(Amounts in thousand)

7.8 The comparison between quoted fair value and carrying amount of listed associated company is given below:

Name of entity	Place of business	Measurement method	Quoted fair value 2023	Quoted fair value 2022	Carrying amount 2023	Carrying amount 2022
			---Rupees---		---Rupees---	
Friesland Campina Engro Pakistan Limited	5th Floor, The Harbour Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi	Equity method	25,058,438	20,109,190	28,885,499	28,292,444

7.9 This amount is net of loss for the year of Rs. 22,582 (2022: Rs. 51,081) arising on remeasurement of investment of Einfiniti carried at fair value through other comprehensive income.

8. deferred taxation

Particulars	2023 Assets	2023 Liabilities	2022 Assets	2022 Liabilities
	---Rupees---			
Engro Corporation Limited	-	167,431	101,660	-
Engro Fertilizers Limited	-	10,401,710	-	8,154,634
Engro Energy Limited	-	2,580,932	-	1,462,365
Engro Polymer and Chemicals Limited	-	2,982,382	-	2,130,680
Elengy Terminal Pakistan Limited	-	2,056,717	-	1,547,614
Net effect of consolidation adjustments	-	463,807	-	99,921
	-	18,652,979	101,660	13,395,214

8.1 Credit / (debit) balances arising on account of:

	2023	2022
	....Rupees....	
- Accelerated depreciation allowance	26,626,870	21,799,207
- Provisions (note 8.3)	(7,674,025)	(7,639,445)
- Net investment in lease	24,718,798	18,910,802
- Lease liability	(24,264,046)	(19,035,924)
- Right of use assets	362,251	320,150
- Share issuance cost, net of equity	(77,771)	(65,149)
- Others	(1,039,098)	(996,087)
	18,652,979	13,293,554

8.2 As at December 31, 2023, unutilized tax losses of the Holding Company including brought forward depreciation amounts to Rs. 1,606,813 (2022: Rs. 3,948,996) which will be adjusted against the taxable income of ensuing years. However, as majority portion of the Holding Company's income is subject to final tax regime, deferred tax asset has not been recognized on these losses in these consolidated financial statements.

(Amounts in thousand)

8.3 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.

8.4 Net deferred tax asset amounting to Rs. 134,222 (2022: Rs. 413,345) has not been recognized by Enfrashare related to business losses aggregating to Rs. 2,330,641 (2022: Rs. 2,168,056), unused tax depreciation aggregating to Rs. 8,723,570 (2022: Rs. 6,702,231) and taxable temporary differences aggregating to Rs. 10,710,053 (2022: Rs. 4,065,635) as it is not certain that taxable future profits will be available against which these can be utilized. Unused tax depreciation losses can be carried forward for an infinite period of time.

9. financial assets at amortized cost

	2023	2022
	....Rupees....	
Investment in Term Deposit Receipts	-	1,317,506
Investment in Term Finance Certificates	-	261,000
Investment in Pakistan Investment Bonds (note 9.1)	1,051,611	2,204,759
	1,051,611	3,783,265

9.1 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).

10. derivative financial instruments

As at December 31, 2023, Enfrashare has outstanding interest rate swap agreements with Standard Chartered Bank Pakistan Limited for notional amounts aggregating to Rs. 5,000,000 to hedge its interest rate exposure on floating rate borrowings from various lenders. Under the swap agreements, Enfrashare would receive 3 month KIBOR on respective notional amounts and will pay fix rates. Details of these swap agreements are as follows:

Notional amount	Effective date	Termination date	Fixed rate	Fair value as at December 31, 2023	Fair value as at December 31, 2022
-----Rupees-----				-------------Rupees----------------	
1,000,000	July 2, 2021	June 3, 2026	9.85%	201,093	158,797
4,000,000	July 2, 2022	June 3, 2026	10.35%	762,114	578,522
				963,207	737,319

11. net investment in leases

	2023	2022
	....Rupees....	
Undiscounted lease payments analyzed as:		
Recoverable after 12 months	75,101,392	72,143,936
Recoverable within 12 months	14,614,206	11,760,764
	89,715,598	83,904,700
Less: Unearned finance income	(24,866,800)	(26,061,002)
Net investment in lease	64,848,798	57,843,698
Net investment in lease analyzed as:		
Recoverable after 12 months	56,961,334	52,160,406
Recoverable within 12 months	7,887,464	5,683,292
	64,848,798	57,843,698
Maturity analysis of undiscounted net investment in lease:		
Within 1 year	14,599,336	11,760,764
Between 1 and 2 years	14,434,189	11,776,622
Between 2 and 3 years	14,308,112	11,620,709
Between 3 and 4 years	14,308,112	11,493,870
Between 4 and 5 years	14,347,312	11,493,870
Later than 5 years	17,718,537	25,758,865
	89,715,598	83,904,700

11.1 EETPL entered into lease arrangement with respect to its LNG infrastructure for receipt, storage and regasification of LNG. EETPL's implicit rate of return on net investment in lease is 11.52% per annum.

11.2 Enfrashare is party to an agreement that conveys the right to use energy equipment. This arrangement is classified as finance lease, with Enfrashare as the lessor. Net investment in lease includes deferred incentive income of Rs. 216,000 (2022: Rs. 367,522) and Rs. 152,519 (2022: Rs. 152,519) respectively, offered to the customer on signing of multiple contracts accounted for as a single arrangement as disclosed in note 27.1 to these consolidated financial statements. The deferred incentive revenue represents discounted rentals offered to the customer for the above mentioned finance lease arrangement.

11.3 Lease rentals received during the year aggregate to Rs. 14,625,547 (2022: Rs. 10,929,793).

(Amounts in thousand)

12. long term loans, advances, deposits and other receivables - considered good

	2023	2022
	....Rupees....	
Loans and advances to		
- Executives (notes 12.1 to 12.4)	190,857	113,903
- Other employees (notes 12.2 and 12.4)	15,343	42,408
Deposits to suppliers	204,620	194,978
	410,820	351,289
Less: Current portion shown under current assets (note 16)	(151,395)	(111,057)
	259,425	240,232
Deposits		
Receivable from Sui Southern Gas Company Limited (SSGCL) (note 12.5)	805,817	869,985
Less: Current portion shown under current assets (note 16)	(76,720)	(64,168)
	729,097	805,817
Direct cost on Floating, Storage & Regasification Unit (FSRU) (note 12.6)	1,297,737	1,297,737
Less: Accumulated amortization	(764,224)	(677,708)
	533,513	620,029
Security deposits (note 12.7)	289,320	224,548
Other receivables (note 12.8)	3,114,264	1,926,162
	4,925,619	3,816,788

12.1 Reconciliation of the carrying amount of loans and advances to executives:

	2023	2022
Balance as at January 1	113,903	166,333
Add: Disbursements	373,764	254,650
Less: Repayments / Amortization	(296,810)	(307,080)
Balance as at December 31	190,857	113,903

12.2 Long term loans include:

- interest free service incentive loans to executives and other employees according to the Group's policy, repayable in equal monthly instalments over a five years period or in one lump sum payment at the end of such period, and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees;
- interest free loans given to workers pursuant to Collective Labour Agreement;
- advances to employees for car earn out assistance, long term incentive and house rent advance; and
- an amount of Rs. 18,715 (2022: Rs. 11,692) in respect of key management personnel.

12.3 The maximum amount outstanding at the end of any month during the year from the executives of the Group aggregated to Rs. 190,857 (2022: Rs. 120,215).

12.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults in recent history.

12.5 In 2014, Engro Elengy Terminal (Private) Limited (EETPL) entered into LNG Operations and Services Agreement (LSA) with SSGCL. As per the terms of the LSA, EETPL was required to construct / build SSGCL Branch Pipeline to be transferred to SSGCL upon commissioning of the LNG Project and recover the cost of construction through charges to be billed to SSGCL over the term of the LSA. EETPL constructed and transferred the SSGCL Branch Pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in this respect, net of recoveries.

12.6 On June 19, 2015, EETPL received a notice from Model Customs Collectorate (the 'Custom Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. custom duty and advance income tax. EETPL was of the view that the FSRU had been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (vii) relating to clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment.

Further, since EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities were not in agreement with EETPL's views on the same and to treat import of FSRU for 15 years as a temporary import. EETPL in response filed a suit before the SHC which through its order dated June 29, 2015 had restrained Customs Authorities from the collection of custom duty and advance income tax.

(Amounts in thousand)

The Court, in judgement passed on May 26, 2016, held EETPL liable to custom duty and remanded the matter related to advance income tax to Customs Authorities with directions. EETPL, in response to the aforementioned judgement and demand raised by Customs Authorities, has paid an amount of Rs. 1,325,103 in respect of custom duty. On the basis of prudence, Rs. 1,297,737 is being amortized over the term of 15 years.

12.7 These mainly represent security deposits paid by Enfrashare to service providers in respect of utility connections.

12.8 This represents accrued infrastructure equalization revenue of Enfrashare amounting to Rs. 3,114,264 (2022: Rs. 1,926,162) related to the effect of fixed escalation claims that is spread on straight line basis over the non cancellable lease term and invoices for this amount have not been raised at the reporting date by Enfrashare.

13. stores, spares and loose tools

	2023	2022
	....Rupees....	
Consumable stores (notes 13.2 and 13.3)	13,821,885	10,526,425
Spares and loose tools (note 13.3)	612,000	624,777
	14,433,885	11,151,202
Less:		
Provision for surplus and slow moving items (note 13.1)	(1,494,527)	(1,316,388)
	12,939,358	9,834,814

13.1 Provision for surplus and slow moving items

	2023	2022
Balance as at January 1	1,316,388	1,260,255
Charge for the year - net (note 36.1)	178,246	84,591
Written off during the year	(107)	(28,458)
Balance as at December 31	1,494,527	1,316,388

13.2 During the year, the Group has directly written off stores, spares and loose tools amounting to Rs. 5,054 (2022: Rs. 25,975) (note 36.1).

13.3 This includes stores in transit amounting to Rs. 87,208 (2022: Rs. 73,784).

(Amounts in thousand)

14. stock-in-trade

	2023	2022
	....Rupees....	
Raw and packaging materials (note 14.1)	15,931,461	9,894,583
Unprocessed rice	-	1,202,364
Fuel stock (note 14.3)	703,111	537,232
Work-in-process	711,227	133,161
Finished goods:		
- own manufactured products (notes 14.1 to 14.2)	6,648,552	9,469,340
- Purchased and packaged products (notes 14.1 to 14.2)	9,885,568	9,313,718
	16,534,120	18,783,058
Less: Provision for impairment against stock-in-trade (note 14.4)	(143,152)	(307,609)
	33,736,767	30,242,789

14.1 Includes:

- materials in transit amounting to Rs. 11,713,186 (2022: Nil); and
- inventories amounting to Rs. 4,790,544 (2022: Rs. 3,437,422) held at storage facilities of third parties.

14.1.1 During the year, raw materials and finished goods amounting to Rs. 52,038 (2022: Rs. 237,549) were directly written off (note 36.1).

14.2 Includes stock-in-trade costing Nil (2022: Rs. 4,079,147) carried at net realisable value, amounting to Nil (2022: Rs. 3,651,147).

14.3 This includes High Speed Diesel (HSD) inventory required to be maintained for operating the power plant in case supply of gas is unavailable to EPQL. As per clause (b) of section 5.14 of the PPA, EPQL is required to maintain HSD inventory at a level sufficient for operating the power plant at full load for seven days. However,due to non-payment of dues in full by NTDC, EPQL is maintaining a lower level of HSD inventory.

14.4 Provision for impairment against stock-in-trade

	2023	2022
	....Rupees....	
Balance as at January 1	307,609	146,194
Charge for the year - net	334,001	179,507
Written off during the year	(498,458)	(18,092)
Balance as at December 31	143,152	307,609

(Amounts in thousand)

15. trade debts

	2023	2022
	....Rupees....	
Considered good		
- secured (notes 15.1 to 15.2)	73,543,603	67,536,108
- unsecured	1,953,953	3,659,355
	75,497,556	71,195,463
Considered doubtful (note 15.4)	380,705	350,069
	75,878,261	71,545,532
Less: Provision for impairment (note 15.5)	(380,705)	(350,069)
	75,497,556	71,195,463

15.1 Includes trade debts of EPQL and EPTL aggregating to Rs. 66,985,143 (2022: Rs. 61,326,079) due from Central Power Purchasing Agency Guarantee Limited (CPPA-G), alongwith delayed payment charges which are secured by a guarantee from the Government of Pakistan under the Implementation Agreements and as such are considered good. This is inclusive of overdue trade debt of Rs. 46,463,764 (2022: Rs. 41,155,626) carrying mark-up at the rate of 3 months KIBOR plus 2% per annum.

15.2 Includes an amount of Rs. 2,719,686 (2022: Rs. 2,637,756) due from SSGCL, in respect of finance income on net investment in lease, operating lease rentals, utilization / regasification services and operations and maintenance services.

15.3 As at December 31, 2023, trade debts aggregating to Rs. 29,033,792 (2022: Rs. 29,963,359) were neither past due nor impaired.

15.4 As at December 31, 2023, trade debts aggregating to Rs. 380,705 (2022: Rs. 350,069) were past due and impaired and have been provided for.

15.5 The movement in provision during the year is as follows:

	2023	2022
	....Rupees....	
Balance as at January 1	350,069	338,007
Add: Provision for doubtful debts - net (note 40)	91,554	12,426
Trade debts written off	(60,918)	(364)
Balance as at December 31	380,705	350,069

15.6 During the year, the Group has directly written off trade debts amounting to Nil (2022: Rs. 2,204).

(Amounts in thousand)

15.7 As at December 31, 2023, trade debts aggregating to Rs. 46,463,764 (2022: Rs. 41,232,104) were past due but not impaired. These relate to various customers for which there is no recent history of default. Ageing analysis of these trade debts is as follows:

	2023	2022
	....Rupees....	
- Upto 3 months	28,877,056	33,434,497
- 3 to 6 months	17,335,232	7,100,949
- More than 6 months	251,476	696,658
	46,463,764	41,232,104

15.8 Details of amounts due from associated undertakings / related parties are as follows:

	2023	2022
	....Rupees....	
- GEL Utility Limited	-	49,073
- Tenaga Generasi Limited	249,027	198,966
	249,027	248,039

15.9 The ageing analysis of past due receivables from associated undertakings / related parties is as follows:

	2023	2022
	....Rupees....	
- Upto 3 months	-	16,940
- 3 to 6 months	-	57,022
- More than 6 months	97,215	51,629
	97,215	125,591

15.10 The maximum amount due from related parties at the end of any month during the year aggregates to Rs. 366,125 (2022: Rs. 288,128).

16. loans, advances, deposits and prepayments

	2023	2022
	....Rupees....	
Current portion of long term loans and advances to executives and other employees (note 12)	151,395	111,057
Advances to executives and other employees (note 16.1)	11,460	4,150
Current portion of receivable from SSGCL (note 12)	76,720	64,168
Advances and deposits	7,266,534	4,626,833
Prepayments:		
- insurance	1,628,863	682,125
- freight	19,041	164,876
- others	404,418	1,196,505
	9,558,431	6,849,714

(Amounts in thousand)

16.1 Represents interest free advances given to executives and other employees for house rent, in accordance with the Group's policy.

16.2 The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

17. other receivables

	2023	2022
	....Rupees....	
Receivable from Government of Pakistan (GoP) against:		
- Sales tax refunds	20,044,622	15,999,317
- Subsidy (note 17.1)	6,523,493	6,523,493
	26,568,115	22,522,810
Less: Provision for impairment (note 17.1)	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from GoP (notes 17.1.1 and 17.2)	(4,759,699)	(2,319,548)
	21,653,289	20,048,135
Delayed payment charges (note 17.4)	18,514,398	9,868,982
Workers' profits participation fund	393,056	401,745
Reimburseable costs from CPPA-G in respect of:		
- Workers' profits participation fund (note 17.8)	4,976,153	2,712,723
- expenses	17,536	32,627
	4,993,689	2,745,350
Receivable from:		
- Engro Vopak Terminal Limited	127,222	58,253
- Dawood Hercules Corporation Limited	143	265
- Engro Foundation	112	112
- Thar Foundation	4,978	1,451
- Sindh Engro Coal Mining Company Limited	14,781	17,246
- Thar Power Company Limited	4,036	3,483
- FrieslandCampina Engro Pakistan Limited	6,925	1,753
- China East Resources Import and Export Corporation	100,305	100,305
- Dawood Investments (Private) Limited	27,043	-
- Dawood Corporation (Private) Limited	17	-
Insurance claim receivable	62,190	365,825
Claims receivable - net	-	620,364
Retirement benefit funds	31,414	125,797
Others (notes 17.7 and 17.9)	4,152,460	1,603,525
	50,086,058	35,962,591

(Amounts in thousand)

17.1 In 2015, the GoP notified payment of subsidy on sold product 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 Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

In 2016, another subsidy scheme was announced by the GoP effective June 25, 2016 whereby subsidy was payable on sold product at the rate of Rs. 156 per 50 kg bag of Urea 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 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.

	2023	2022
	....Rupees....	
Subsidy receivable from the Government of Pakistan - net		
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable (note 17.3)	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (note 17.1.1)	(4,759,699)	(2,319,548)
	1,608,667	4,048,818

17.1.1 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	2,440,151	522,936
Balance as at December 31	4,759,699	2,319,548

17.2 As required under IFRS 9, an entity is required to assess changes in credit risk by taking into account the time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivable and recognize expected credit loss, if any, Based on this, EFert has recomputed expected credit loss amounting to Rs. 4,759,699 (2022: Rs. 2,319,548) on subsidy receivable from the GoP giving consideration to the time value of money, based on expected recovery of subsidy receivable. EFert, however, is confident of full recovery of the subsidy amount from the GoP.

(Amounts in thousand)

17.3 As at December 31, 2023, specific provision in respect of subsidy amounts to Rs. 155,127 (2022: Rs. 155,127).

17.4 This represents mark-up on overdue trade debts relating to EPQL and EPTL, of which Rs. 14,630,961 (2022: Rs. 7,467,066) is overdue.

17.5 The ageing analysis of past due receivables from associated undertakings / related parties are as follows:

	2023	2022
	....Rupees....	
Upto 3 months	59,548	20,384
3 to 6 months	44,415	1,672
More than 6 months	9,591	40,970
	113,554	63,026

17.6 The maximum amount due from related parties at the end of any month during the year amounts to Rs. 494,006 (2022: Rs. 2,230,389).

17.7 As at December 31, 2023, receivables aggregating to Rs. 54,730 (2022: Rs. 54,730) were impaired and have been provided for in full.

17.8 This includes non-adjustable sales tax of Rs. 740,888 (2022: Rs. 740,888) relating to the project phase of EPTL, which, as per the Tariff Decision (note 35.2.1) is allowed to be claimed as a pass-through item from CPPA-G under the PPA, if disallowed by the relevant authorities.

17.9 This includes Rs. 1,936,432 (2022: Nil) paid to a gas supplier pursuant to an arrangement under which EFert 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.

18. contract assets

	2023	2022
	....Rupees....	
Capacity Purchase Price component of tariff - EPTL (note 36.1.2)	13,817,606	12,130,839
Unbilled revenue	3,062,607	1,993,454
	16,880,213	14,124,293

(Amounts in thousand)

19. short term investments

	2023	2022
	....Rupees....	
At fair value through profit or loss		
Investment in units of mutual funds (note 19.1)	31,047,655	17,166,688
Pakistan Investment Bonds (note 19.7)	-	1,799,903
Special Sharikah Certificates (note 19.2)	969,712	-
	32,017,367	18,966,591
At fair value through other comprehensive income		
Pakistan Investment Bonds (notes 19.3 and 19.4)	10,572,006	29,380,322
At amortized cost		
Treasury bills (note 19.5)	5,168,726	25,326,017
Pakistan Investment Bonds (note 19.7)	1,764,472	2,924,976
Fixed income placements / Term deposit receipts (note 19.6)	20,557,457	9,507,561
	27,490,655	37,758,554
	70,080,028	86,105,467

19.1 This represents investment in 474,914,113 units (2022: 111,900,826 units) of mutual funds having cost amounting to Rs. 26,430,690 (2022: 17,138,858) including investment in 159,848,811 units (2022: 2,500,000 units) of Shariah Compliant mutual funds having cost amounting to Rs. 10,465,305 (2022: Rs. 2,500,000).

19.2 This represents investment in Special Sharikah Certificates in local currency at return of 19.25% per annum and are being held for trading.

19.3 These bonds carry yield of 12.75% to 13.40% (2022: 12.75% to 17.65%) per annum and have maturity terms ranging between 5 to 10 years.

19.4 This amount is net of loss amounting to Rs. 1,388,624 (2022: Rs. 854,981) arising on remeasurement of Pakistan Investment Bonds.

19.5 These Treasury Bills carry interest at the rates ranging between 21.4% to 22.5% (2022: 14.75% to 16.87%) per annum and maturing on various dates between 1 to 11 months.

19.6 These represent placements with banks and Term Deposit Receipts carrying interest at the rates ranging between 19% to 22.35% (2022: 13.15% to 16.00%) per annum and maturing on various dates between 1 to 11 months.

19.7 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 1 to 12 months).

(Amounts in thousand)

20. cash and bank balances

	2023	2022
	....Rupees....	
Cash in hand	14,403	13,589
Balances with banks in:		
- deposit accounts (notes 20.1 and 20.2)	42,236,036	38,108,828
- deposit accounts - islamic (note 20.3)	1,707,383	483
- current accounts	23,137,858	6,863,727
	67,081,277	44,973,038
	67,095,680	44,986,627

20.1 Local currency conventional deposits carry return ranging from 7.5% to 21.3% (2022: 4.5% to 16.5%) per annum.

20.2 Includes bank balances Rs. 18,419,040 (2022: Rs. 11,889,207) held in foreign currency bank accounts and carry return ranging upto 4% (2022: upto 2.75%) per annum.

20.3 These are shariah compliant bank balances and carry profit at rates ranging from 7.5% to 21.20% (2022: 4% to 9.1%) per annum.

21. assets classified as held for sale

Certain assets have been classified as held for sale due to the decision of the directors of EFert to sell its existing E-Logistics business (previously classified under vehicles in operating assets - note 4.1). There are several interested buyers and EFert is in the process of finalization of deal. Efert's 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 recognized under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

22. share capital

22.1 Authorised capital

2023	2022		2023	2022
....Number of Shares....			...........Rupees...........	
700,000,000	700,000,000	Ordinary shares of Rs. 10 each	7,000,000	7,000,000

(Amounts in thousand)

22.2 Issued, Subscribed and paid-up-capital

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

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

22.3 As at December 31, 2023, Dawood Hercules Corporation Limited (the Parent Company) and associated companies held 214,469,810 and 39,038,015 (2022: 214,469,810 and 39,038,015) ordinary shares in the Holding Company, respectively.

22.4 These fully paid ordinary shares carry one vote per share and right to dividend.

23. maintenance reserve

23.1 In accordance with the Power Purchase Agreement (PPA), EPQL is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any shortfall from the contractual limit.

Under the PPA, 1/24th of the annual operating and maintenance budget of the power plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter, the Fund may be re-established at such other level that EPQL and CPPA-G mutually agree.

(Amounts in thousand)

In 2012 EPQL, due to uncertain cash flows resulting from delayed payments by CPPA-G has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank, which has been invested in Treasury Bills having a face value of Rs. 50,000 (2022: Rs. 49,321) as at December 31, 2023. Till such time the amount is deposited again to the required level, EPQL has unutilized short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

23.2 During the year, an amount of Rs. 496,644 (2022: Nil), being owners' share, has been transferred from unappropriated profit to the fund because the operations and maintenance regime of the plant involves expenditure on equipment and overhaul of the power plant on certain intervals that are based on plant operations. An amount covering these cost calculated based on factored fired hours has been appropriated to maintenance reserve.

24. borrowings - secured

	2023	2022
	....Rupees....	
Islamic finances (note 24.1)	41,990,765	37,249,513
Conventional finances (note 24.2)	33,469,383	41,623,936
Foreign currency borrowings and others (note 24.3)	117,664,705	106,825,744
	193,124,853	185,699,193
Less: Current portion shown under current liabilities (note 24.4)	28,580,236)	(27,699,919)
Less: Government grant (note 25)	(2,472,574)	(1,825,480)
	162,072,043	156,173,794

24.1 Islamic finances

	Note	Mark-up	Installments		2023	2022
			Number	Commenced/ Commencing from	---------Rupees---------	
Bilateral loan	24.1.1	6 months KIBOR + 0%	6 half yearly	July 15, 2021	903,584	2,710,751
Islamic long term financing facility (ILTFF)	24.1.2	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,633,332	1,868,317
Islamic Temporary Economic Refinance Facility (ITERF)	24.1.3	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2023 and January 2025	3,395,059	1,716,699
Loan under Diminishing Musharaka agreement	24.1.4	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	300,000	400,000
Syndicated Long Term Islamic Finance Facility	24.1.5	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,733,733	8,730,846
Loan under Diminishing Musharaka agreement	24.1.6	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
Islamic Facility Agreements	24.1.7	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	3,025,057	3,322,900
Meezan Bank Limited - Facility 1	24.1.8	3 months KIBOR + 0.93%	20 quarterly	January 1, 2024	4,500,000	4,500,000
Meezan Bank Limited - Facility 2	24.1.9	3 months KIBOR + 0.4%	28 quarterly	September 1, 2025	3,000,000	3,000,000
Faysal Bank Limited	24.1.10	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,000,000	1,000,000
National Bank of Pakistan	24.2.9 & 24.2.10	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	-	500,000
MCB Bank Limited - Syndicate facility	24.2.11	3 months KIBOR + 0.7%	20 quarterly	February 1, 2024	3,500,000	3,500,000
MCB Bank Limited - Syndicate Facility 2	24.1.11	3 months KIBOR + 0.65%	28 quarterly	July 1, 2023	6,000,000	-
					41,990,765	37,249,513

24.2 Conventional finances

	Note	Mark-up	Installments		2023	2022
			Number	Commenced/ Commencing from	---------Rupees---------	
MCB Bank Limited - Facility 1	24.2.1	3 months KIBOR + 0.95%	20 quarterly	October 1, 2022	800,000	1,000,000
Bank Alfalah Limited	24.2.2	3 months KIBOR + 0.8%	20 quarterly	March 1, 2023	900,000	1,000,000
Habib Bank Limited - Facility 1	24.2.3	3 months KIBOR + 0.95%	20 quarterly	April 1, 2023	1,530,000	1,700,000
Habib Bank Limited - Facility 2	24.2.4	3 months KIBOR + 0.7%	20 quarterly	February 1, 2024	2,000,000	2,000,000
MCB Bank Limited - Facility 3	24.2.5	3 months KIBOR + 0.4%	28 quarterly	August 1, 2025	2,000,000	2,000,000
Habib Bank Limited - Facility 3	24.2.6	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	2,500,000	2,500,000
United Bank Limited	24.2.7	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,500,000	1,500,000
Facilities of EFert - Senior lenders						
Allied Bank Limited	24.2.9 & 24.2.10	3 months KIBOR + 0.35%	12 quarterly	March 30, 2023	176,521	264,781
Allied Bank Limited	24.2.9 & 24.2.10	6 months KIBOR + 0.20%	6 half yearly	June 30, 2023	31,550	47,261
Allied Bank Limited	24.2.9 & 24.2.10	3 months KIBOR + 0.35%	6 half yearly	June 21, 2023	666,667	1,000,000
Allied Bank Limited	24.2.9 & 24.2.10	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	-	1,050,000
Allied Bank Limited	24.2.9 & 24.2.10	3 months KIBOR + 0.2%	6 half yearly	June 16, 2022	833,333	1,666,667
MCB Bank Limited	24.2.9 & 24.2.10	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	833,333	2,083,333
MCB Bank Limited	24.2.9 & 24.2.10	6 months KIBOR + 0.20%	4 half yearly	December 25, 2021	-	1,500,000
					2,541,404	7,612,042
JS Bank Limited		SBP Rate + 2%	20 quarterly	September 23, 2019	10,000	30,000
Bank Alfalah Limited		SBP Rate + 2%	20 quarterly	May 1, 2012	51,128	78,740
National Bank of Pakistan	24.1.7	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	2,370,132	2,603,492
HBL - led consortium	24.1.7	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	12,868,593	14,135,614
Allied Bank Limited	24.3.3	6 months KIBOR + 0.8%	4 half yearly	June 15, 2022	-	515,295
					29,071,257	36,675,183
TERF Loans - EFert						
Allied Bank Limited	24.2.8	1.50%	Various	March 30, 2023	630,664	676,310
Habib Bank Limited	24.2.8	2.00%	Various	January 29, 2022	729,898	799,841
MCB Bank Limited	24.2.8	1.50%	Various	January 13, 2023	3,037,564	3,472,602
					4,398,126	4,948,753
					33,469,383	41,623,936

24.3 Foreign currency borrowings and others

	Note	Mark-up	Number	Commenced/ Commencing from	2023	2022
					---------Rupees---------	
International Finance Corporation (IFC)	24.3.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	1,645,647	3,913,259
International Finance Corporation (IFC)	24.3.2	SOFR + 3.68%	7 half yearly	July 15, 2025	4,112,422	-
Deutsche Investitions und Entwicklungsgesellschaft	24.2.9	6 months LIBOR + 3.75%	9 half yearly	December 15, 2019	-	755,646
		SOFR + CAS (0.4286%) +3%	6 half yearly	June 13, 2022		
Allied Bank Limited (Bahrain)	24.3.3				1,208,755	1,945,047
China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industrial and Commercial Bank of China Limited (ICBCL)	24.3.4	6 months LIBOR + 4.2%	20 half yearly	June 1, 2020	115,411,260	105,576,723
					122,378,084	112,190,675
Less: Transaction costs	24.3.5				(4,713,379)	(5,364,931)
					117,664,705	106,825,744

24.1.1 In 2019, EPCL entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipt maintained with DIBPL.

24.1.2 In 2020, EPCL obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan (SBP) through musharaka agreement entered with financial institutions to finance its PVC III expansion project. This is secured by way of hypothecation charge over present and future fixed assets of EPCL (excluding land and building), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.

24.1.3 In 2021, EPCL obtained ITERF of SBP for a period of 10 years (including 2 years grace period) through musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During the year, EPCL further received Rs. 144,522 on account of ITERF loan facility.

In 2021, EPPL entered into a musharaka agreement with MCB Bank Limited and MCB Islamic Bank Limited (MIBL) for Rs. 550,000 and Rs. 100,000, respectively, under the ITERF of SBP. The borrowing is secured by way of hypothecation charge of present and future movable fixed assets of EPPL (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.

In 2022, EPPL entered into a musharaka agreement with Faysal Bank Limited for Rs. 2,000,000 under the ITERF of SBP. The borrowing is secured by way of hypothecation charge over plant and machinery of EPPL with 20% margin. During the year, EPPL received additional Rs. 1,615,854 on account of ITERF loan facility to the extent of Rs. 2,500,000.

24.1.4 In 2021, EPCL made a draw down of Rs. 400,000 under diminishing musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with charges created in favor of existing creditors.

24.1.5 On December 28, 2022, EPCL made a draw down of Rs. 8,750,000 under syndicate long term Islamic financing facility to finance buyback of sukuk bonds. The borrowing is secured by way of hypothecation charge over present and future fixed assets of EPCL, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.

(Amounts in thousand)

24.1.6 On December 12, 2022, EPCL obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.

24.1.7 EPTL has entered into the following loan agreements:

- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs. 17,016,000. As at December 31, 2023, the outstanding balance of the borrowing was Rs. 12,868,593 (2022: Rs. 14,135,614).

- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000. As at December 31, 2023, the outstanding balance of the borrowing was Rs. 2,370,132 (2022: Rs. 2,603,492).

- Islamic Facility Agreements with Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000. As at December 31, 2023, the outstanding balance of the borrowing was Rs. 3,025,057 (2022: Rs. 3,322,900).

These loans are secured primarily through first ranking hypothecation charge over project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and have pledged shares in favour of the Security Trustee.

This includes Rs. 1,550,000 and Rs. 200,000 borrowed from Habib Bank Limited, a related party in respect of Rupee Facility agreements and Islamic Facility Agreements, respectively.

24.1.8 In November 2021, Enfrashare entered into a secured long term musharka financing facility extended by Meezan Bank Limited (the Bank) for an amount up to Rs. 4,500,000. Facility availed as at December 31, 2023 is of Rs. 4,500,000 (2022: Rs. 4,500,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) in favour of the Bank in the sum of Rs. 6,000,000. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables from CM Pak Limited amounting to Rs. 6,000,000 favouring the Bank along with collection of receivable from the Bank's channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of the Bank in terms of the letter of lien amounting to Rs. 6,000,000.

(d) Letter of comfort of the Holding Company.

24.1.9 In September 2022, Enfrashare entered into a secured long term musharka financing facility and secured facility extended by the Bank for an amount up to Rs. 3,000,000. Facility availed as at December 31, 2023 is of Rs. 3,000,000 (2022: Rs. 3,000,000). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the Bank in the sum of Rs 4,000,000. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables from CM Pak Limited amounting to Rs 10,000,000 favouring the Bank along with collection of receivable from the Bank's channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of Meezan Bank Limited.

(d) Letter of comfort of the Holding Company.

24.1.10 In December 2022, Enfrashare entered into a secured long term musharaka agreement and secured facility extended by Faysal Bank Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2023 is of Rs. 1,000,000 (2022: Rs. 1,000,000). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the investment agent in the sum of Rs. 1,334,000. This charge ranks pari passu (by way of security pooling in favour of HBL as the security agent) with the charges created in favour of the existing creditors.

(b) Lien and right to set-off over the Payment Account in favour of Faysal Bank Limited in terms of a letter of lien up to the sum of Rs. 1,333,000.

24.1.11 In July 2023, Enfrashare entered into a secured syndicated long term musharka financing facility and secured syndicated term finance facility extended by the Participants (i.e. MCB Bank Limited, Meezan Bank Limited, Allied Bank Limited and Faysal Bank Limited) for an amount up to Rs. 6,000,000. Facility availed as at December 31, 2023 is of Rs. 6,000,000 (2022: Nil). The total tenor of loan is ten years from date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) Charge by way of hypothecation over all the present and future current and fixed assets (excluding land and buildings) in favour of the security agent in the sum of Rs. 8,000,000.

(b) Lien and right to set-off over the Debt Payment Account and the Debt Service Reserve Account in favour of the Facility Agent in terms of the letter of lien in the sum of Rs. 2,000,000.

(c) Lien and right of set-off over the Finance Payment Account and the Payment Service Reserve Account in favour of the Investment Agent in terms of the letter of lien in the sum of Rs. 6,000,000.

(d) Letter of comfort of the Holding Company.

24.2.1 In October 2020, Enfrashare entered into a secured long term financing facility extended by MCB Bank Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2023 is of Rs. 800,000 (2022: Rs. 1,000,000). The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st hypothecation charge amounting to Rs. 1,333,000 over current assets and fixed assets (excluding land and building) of Enfrashare.

(b) Assignment of receivables favouring MCB Bank Limited along with collection of receivable from MCB Bank Limited's channel.

(c) Letter of comfort of the Holding Company.

24.2.2 In March 2021, Enfrashare entered into a secured long term financing facility extended by Bank Alfalah Limited (the Bank) for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2023 is of Rs. 900,000 (2022: Rs. 1,000,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) in favour of the Bank in the sum of Rs. 1,333,000. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables favouring the Bank along with collection of receivable from the Bank's channels.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of the Bank.

(d) Letter of comfort of the Holding Company.

24.2.3 In April 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited (the Bank) for an amount up to Rs. 1,700,000. Facility availed as at December 31, 2023 is of Rs. 1,530,000 (2022: Rs. 1,700,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) in favour of the Bank in the sum of Rs. 2,667,000. This charge ranks pari passu with the charges created in favour of the existing creditors.

(b) Assignment over receivables from Telenor Pakistan (Private) Limited (Telenor) due under the contract executed between Telenor and Enfrashare amounting to Rs. 2,534,000 favouring the Bank.

(c) Lien and right to set-off over the Bank Account, Debt Service Reserve Account, the Invoicing Discount Account and the Debt Payment Account in favour of the Bank in terms of the letter of lien amounting to Rs. 2,667,000.

(d) Letter of comfort of the Holding Company.

24.2.4 In December 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited for an amount up to Rs. 2,000,000. Facility availed as at December 31, 2023 is of Rs. 2,000,000 (2022: Rs. 2,000,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over the all present and future current assets and movable assets (excluding land and building) for a sum of Rs. 2,667,000. This charge ranks first pari passu with the charges created in favour of the existing creditors.

(b) Assignment of over receivables from Telenor due under the contract executed between Telenor and Enfrashare amounting to Rs. 5,200,000 favouring Habib Bank Limited.

(c) Lien and right to set-off over the Bank Account, Debt Service Reserve Account, the Invoicing Discount Account and the Debt Payment Account in favour of the Bank in terms of the letter of lien amounting to Rs. 2,667,000.

(d) Letter of comfort of the Holding Company.

24.2.5 In August 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by MCB Bank Limited for an amount up to Rs. 2,000,000. Facility availed as at December 31, 2023 is of Rs. 2,000,000 (2022: Rs. 2,000,000). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the investment agent in the sum of Rs. 2,667,000. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables amounting to Rs. 4,000,000 favouring MCB.

(c) Letter of comfort of the Holding Company.

24.2.6 In December 2022, Enfrashare entered into a secured term finance facility and secured facility extended by Habib Bank Limited (the Bank) for an amount up to Rs. 2,500,000. Facility availed as at December 31, 2023 is of Rs. 2,500,000 (2022: Rs. 2,500,000). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the Bank in the sum of Rs. 3,334,000. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables from Telenor amounting to Rs. 8,534,000 favouring the Bank along with collection of receivable from Habib Bank's channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of Habib Bank Limited.

(d) Letter of comfort of the Holding Company.

24.2.7 In December 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by United Bank Limited for an amount up to Rs. 1,500,000. Facility availed as at December 31, 2023 is of Rs. 1,500,000 (2022: Rs. 1,500,000). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the investment agent in the sum of Rs. 2,000,000. This charge ranks pari passu (by way of security pooling in favour of HBL as the security agent) with the charges created in favour of the existing creditors.

(b) Lien and right to set-off over the Debt Payment Account in favour of United Bank Limited in terms of a letter of lien and right of set-off up to the sum of Rs. 2,000,000.

24.2.8 During the year, EFert 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 Group has recognized these loans at their fair value and the differential markup as deferred government grant income, as mentioned in note 25 to the consolidated financial statements, which will be amortised and set off against finance cost over the period of the facilities.

24.2.9 During the year, EFert made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions-und Entwicklungsgesellschaft amounting to Rs. 2,750,000, Rs. 2,320,638, Rs. 500,000 and Rs. 955,378 (including exchange loss), respectively.

24.2.10 All senior debts of Efert are secured by an equitable mortgage upon immovable property of EFert and equitable charge over current and future operating assets excluding immovable property of EFert.

24.2.11 In December 2021, Enfrashare entered into a secured syndicated long term musharka financing facility and secured syndicated term finance facility extended by the Participants (i.e. MCB Bank Limited, The Bank of Punjab and Habib Metropolitan Bank Limited) for an amount up to Rs. 3,500,000 (2022: Rs. 3,500,000). Facility availed as at December 31, 2023 is of Rs. 3,500,000 (2022: Rs. 3,500,000). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the Participants in the sum of Rs. 4,667,000. This charge ranks 1st pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables amounting to Rs. 6,007,000 favouring the Participants along with collection and of receivable from the Participant's bank channel and Bank Alfalah Limited.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of the Participants in terms of the Letter of Lien amounting to Rs. 4,667,000.

(d) Letter of comfort of the Holding Company.

(Amounts in thousand)

24.3.1 In 2018, EPCL had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge over present and future fixed assets of EPCL (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of existing creditors. The agreement is covered under Islamic mode of financing.

24.3.2 In 2021, EPCL had entered into an Ijarah agreement with IFC for a total of USD 15,000, the draw down of which was made during the year. This is secured by way of hypothecation charge of present and future fixed assets of EPCL (excluding land and building) to the extent of USD 18,750 which shall rank pari passu with the charges created in favour of the existing creditors. The agreement is covered under Islamic mode of financing.

24.3.3 The proceeds from loans obtained by EETPL are carried net of unamortized balance of transaction costs amounting to Rs. 13,870 (2022: Rs. 28,344).

The principal amounts for repayment at December 31, 2023 for foreign currency denominated loan is USD 4,337 (2022: USD 8,667).

During the year, an amendment to the USD Facility Agreement between EETPL and Allied Bank Limited (Bahrain) was executed, pursuant to which, LIBOR was replaced by Secured Overnight Financing Rate (SOFR) with effect from July 1, 2023. The repayments to be made hereforth shall use SOFR for the purpose of mark up calculation.

24.3.4 EPTL has entered into a USD Facility Agreement on December 21, 2015 with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 621,000 for a period of 14 years. The facility is secured primarily through first ranking hypothecation charge over the project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and pledged shares in favour of the Security Trustee. As at December 31, 2023, outstanding balance was USD 408,680 (2022: USD 465,750).

24.3.5 These primarily represent payments made by EPTL to China Export and Credit Insurance Bank (Sinosure), in connection with insurance cover obtained over financing arrangements relating to Chinese lenders, and payments to various financial institutions in respect of transaction and related cost for loan arrangements. Transaction costs have been adjusted against related borrowings and are being amortized over the term of the respective borrowings.

(Amounts in thousand)

24.4 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	185,699,193	164,191,574
Add:		
Borrowings availed during the year	11,909,581	26,773,322
Exchange loss	27,366,209	27,167,532
Amortization of transaction cost (note 41)	857,541	885,074
Less:		
Repayment of borrowings	(32,707,671)	(33,318,309)
	193,124,853	185,699,193
Less: Current portion shown under current liabilities	(28,580,236)	(27,699,919)
Less: Government grant (note 25)	(2,472,574)	(1,825,480)
Balance as at December 31	162,072,043	156,173,794

25. government grant

	2023	2022
	....Rupees....	
Balance as at January 1	1,825,480	1,263,327
Add: Grant recognized on loan at below market interest rate	1,020,074	973,820
Less: Released to the consolidated statement of profit or loss	372,980	411,667
	2,472,574	1,825,480
Less: Current portion	(452,387)	(353,201)
	2,020,187	1,472,279

(Amounts in thousand)

26. lease liabilities

	2023	2022
	....Rupees....	
Balance at beginning of the year	71,416,814	59,274,424
Additions in lease	1,284,309	4,814,223
Add: Exchange loss	14,432,865	13,969,590
Add: Finance cost	6,949,345	5,931,308
Less: Lease rentals paid	(16,688,842)	(12,560,002)
Less: Rent concession on lease liability	-	(12,729)
	5,977,677	12,142,390
Total lease liabilities	77,394,491	71,416,814
Less: Current portion shown under current liabilities	(10,617,201)	(9,046,896)
Balance at end of the year	66,777,290	62,369,918

26.1 This primarily includes liabilities aggregating to Rs. 61,012,786 (2022: Rs. 54,833,722) relating to terminal business. Incremental borrowing rate of the business is 8.29% per annum and remaining term of the lease is 6 years and 3 months.

27. deferred liabilities

	2023	2022
	....Rupees....	
Retirement and other service benefits obligations	480,556	572,150
Deferred incentive revenue (note 27.1)	273,488	534,814
Deferred liability on FSRU (note 27.2)	3,396,220	2,606,555
Provision for dismantling and restoration cost (note 27.3)	492,860	476,245
Consideration payable against asset purchase agreement (note 27.4)	436,248	-
	5,079,372	4,189,764
Less: Current portion shown under current liabilities	(626,493)	(577,116)
	4,452,879	3,612,648

27.1 This primarily includes deferred incentive revenue of Rs. 231,294 (2022: Rs. 488,755) which has been recorded in respect of the following agreements entered into by Enfrashare with its customers for construction, maintenance and operation of telecommunication infrastructure and allied equipment, provision of energy solutions and energy management services whereby Enfrashare provided a discount:

(Amounts in thousand)

- in respect of service fee charged to it for an initial period of three years from the respective site commencement date. The related discount was provided against discounted cash consideration under the asset sale and purchase agreements. Present value of the discount amounted to Rs. 696,000. The said amount has been recognized as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognized in this respect which is amortized over a three years period from the site commencement date on the basis of monthly service fee accrued under the agreement.

- against total amount of consideration to be charged to the customers for provision of energy solutions and energy management services. Present value of the discount amounted to Rs. 475,000. The said amount has been recognized as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognized in this respect which is amortized over a period of four and a half years on a systematic basis after accounting for the project completion date.

27.2 This represents deferred rental income derived from net capacity payments under LNG Operations and Services Agreement (LSA) in respect of LNG Terminal classified as an operating lease component which is being amortized over the terms of LSA.

27.3 Provision for sites dismantling and restoration costs

	2023	2022
	....Rupees....	
Balance as at January 1	476,245	293,606
Provision made during the year	63,043	139,889
Unwinding of discount	59,587	42,750
Revision due to change in estimates	(106,015)	-
Balance as at December 31	492,860	476,245

27.3.1 The provision for site dismantling and restoration costs has been discounted at a real discount rate of 1.28% (2022: 0.91%) per annum.

27.4 Enfrashare entered into an asset purchase agreement with Pakistan Telecom Mobile Limited (PTML) effective from July 1, 2023 (the effective date) for purchase of tower sites and allied telecommunication infrastructure whereby Enfrashare provided a discount in respect of monthly invoices raised to PTML for a period of twenty-seven months from the effective date. The related discount was provided against the full cash consideration under the asset purchase agreements entered into by Enfrashare with PTML. Present value of the discount provided to PTML amounted to Rs. 545,000 discounted at weighted average cost of capital of Enfrashare. The said amount has been recognized as assets under 'Property, plant and equipment' and a corresponding deferred liability has been recognized. Deferred liability is amortized over a twenty-seven month period from the effective date of the agreement.

(Amounts in thousand)

28. long term provisions

	2023	2022
	....Rupees....	
Provision for Gas Infrastructure Development Cess (GIDC) (notes 28.1 and 28.2)	25,179,332	27,939,393
Provision for gas price revision (note 28.3)	517,392	517,392
Others (note 28.4)	1,456,775	1,424,101
	27,153,499	29,880,886
Less: Current portion	(27,153,499)	(26,927,916)
	-	2,952,970

28.1 The Honorable Supreme Court of Pakistan ("SCP") through its judgment dated August 13, 2020 ("Judgment") declared that the levy imposed under the Gas Infrastructure Development Cess ("GIDC") Act, 2015 ("the Act") is valid and in accordance with the provisions of the Constitution of Pakistan 1973 ("the Constitution"). The SCP 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, EFert and EPCL filed review petitions before the SCP on various grounds, which were dismissed by the SCP on November 02, 2020, ("Review Decision"). However, the Review Decision (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 provison to Section 8(2) of the Act.

Subsequent to the Review Decision, EFert filed a rectification application before the SCP seeking a clarification regarding the increase in number of installments.

EPCL and EFert have also filed suits before the High Court of Sindh ("SHC") against collection of GIDC on the grounds that factual determination of the GIDC passed-on to the customers is to be carried out. The SHC granted interim stay to EPCL and EFert restraining the impleaded gas companies from taking coercive action against EPCL and EFert for non-payment of GIDC installments till the finalization of the matter.

Further, against the GIDC instalment invoice received from Sui Northern Gas Pipelines Limited (SNGPL) to EFert on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11, 2007 ("GSPA"), EFert approached the SHC to challenge this imposition. EFert has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive action against EFert on collecting GIDC on feed stock gas supplied under the GSPA. EFert's management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence no provision on account of GIDC has been recorded in respect of feed gas received under the GSPA.

The Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. in monthly installment rather than lump sum amount), the Group has remeasured its previously undiscounted provision at its present value using the risk free rate to incorporate the effect of the time value of money arising from the expected settlement based on an instalment plan and accordingly, recognized remeasurement gain amounting to Rs. 2,904,978 in 2020 which has been fully unwinded as at the year end.

28.2 During the year, EPCL has reassesed its obligation in respect of recognition of provision of default surcharge on GIDC, in consultation with its external legal counsel. The legal counsel of EPCL is of the view that EPCL has reasonable grounds to contest the applicability of default surcharge, as there is a stay order in place given by the SHC and there was no mens rea on EPCL's part. Accordingly, EPCL has reversed provision of default surcharge recognised till December 31, 2022 during the current year.

28.3 In 2017, EPCL had filed suits in the SHC, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regularity Authority (OGRA) vide SRO no.(1)/2016 dated December 30, 2016, whereby EPCL cited the increase as illegal and unconstitutional. The SHC granted an interim order in favour of EPCL which is still operational. However, EPCL has recognized a provision of Rs. 517,392 for the period from December 2017 to September 2018.

(Amounts in thousand)

28.4 Represents provision recognized as an abundant caution and based on a prudence basis for certain cases being contested by EEL and claims against EPQL. This also includes provision related to investment in SEL.

28.4.1 The movement in provision during the year is as follows:

	2023	2022
	....Rupees....	
Balance at January 1	1,424,101	1,489,808
Exchange differences	32,674	93,191
Paid / realization	-	(158,898)
As at December 31	1,456,775	1,424,101

29. trade and other payables

	2023	2022
Creditors	29,027,781	9,716,772
Accrued liabilities (notes 29.1 to 29.5)	83,516,293	58,812,758
Provision against tax contingency of EVTL (notes 7.1.1, 7.3 and 29.6)	602,606	682,028
Advances from customers (note 29.7)	20,754,627	16,347,911
Contractors' / suppliers' deposits and retention money (note 29.8)	1,385,031	325,192
Workers' welfare fund	2,660,100	1,344,093
Workers' profits participation fund	4,054,351	2,557,527
Sales tax payable	157,225	203,999
Payable to retirement benefit funds	318,045	308,732
Withholding tax payable	478,724	464,794
Payable to:		
- Thar Power Company Limited	750,799	210,224
- Nimir Industrial Chemicals Limited	46,292	-
- FrieslandCampina Engro Pakistan Limited	275,990	20,905
- FrieslandCampina Pakistan Holdings B.V. (note 29.9)	929,088	932,367
- Sindh Engro Coal Mining Company Limited	36,422,652	31,327,765
- Engro Foundation	372,790	175,954
- The Dawood Foundation	16,119	17,668
- Engro Vopak Terminal Limited	512,788	286,184
Others (note 29.10)	574,207	638,244
	182,855,508	124,373,117

29.1 This includes accrual in respect of gas charges amounting to Rs. 687,898 (2022: Rs. 605,671).

29.2 On June 4, 2021, the SHC through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. EFert and EPCL filed a petition against the judgment before the Honorable Supreme Court of Pakistan (SCP) challenging the SHC judgement. In September 2021, the SCP suspended the Judgement of SHC along with the recovery of Cess. Management is confident that ultimate outcome of the case will come in its favor; however, on prudence basis, has recognized a provision for cess amounting to Rs. 6,070,280 (2022: Rs. 4,869,100) in these consolidated financial statements.

29.3 On June 10, 2021, EFert filed a Suit before the SHC in which it prayed that 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. EFert, 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.

29.4 Includes accruals recorded in respect of the following related parties:

	2023	2022
	....Rupees....	
Sindh Engro Coal Mining Company Limited	12,587,081	7,561,786
Reon Energy Limited	-	21,587
The Dawood Foundation	-	240
Thar Power Company Limited	170,401	98,481
	12,757,482	7,682,094

29.5 In 2022, EFert received a letter from one of its gas supplier, referring to a letter issued by MoE, which indicated that the pricing of gas supplied to Efert from the aforementioned gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority (“OGRA”) for the fertilizer sector (“MoE Letter”) and such charge shall be applicable from the date of execution of the GSPA.

In this regard, EFert has submitted a formal response to the gas supplier. Without prejudice to the foregoing and any admission of liability, the Group has on prudent basis recorded a provision amounting to Rs. 2,380,450 (2022: Rs. 2,380,450) in these consolidated financial statements.

29.6 The movement in provision is as follows:

	2023	2022
	....Rupees....	
Balance at the beginning of the year	682,028	972,297
Provision adjustment in respect of tax contingency (note 7.1)	(79,422)	(290,269)
	602,606	682,028

29.7 This represents advances received by the Group from customers and distributors for goods to be delivered.

29.8 This includes deposits amounting to Rs. 348,949 (2022: Rs. 307,664) which have been kept in separate bank accounts. This also includes deposits amounting to Rs. 1,020,733 (2022: Rs. 7,400) which are fully utilized in business in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017 (the Act).

29.9 This includes an amount of Rs. 928,998 (2022: Rs. 928,998) equal to 51% of the sales tax receivable of FrieslandCampina Engro Pakistan Limited (FCEPL), an associated company, recognized in the financial years 2012 to 2016, which the Holding Company is required to pay, under the Share Purchase Agreement (SPA) with FrieslandCampina Pakistan Holding B.V. (FCP), if the same is not recovered by FCEPL within six years after it is recognized. Accordingly, on prudence basis, the Holding Company has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered.

29.10 Includes liability towards Long Term Incentive Plan (LTIP) amounting to Rs. 158,353 (2022: Rs. 133,993). In 2022, the Board of Directors of the Holding Company approved LTIP for granting of cash-settled phantom shares to certain executive employees. Under the LTIP, the actual amount of phantom shares that may vest at exercise price of nil ranges from 0% to 121% of the awards, depending on the outcomes of prescribed service and performance conditions over a three-year period.

30. contract liabilities

	2023	2022
	....Rupees....	
Contract liability	14,427,927	12,980,370

30.1 This represents contract liability related to EPTL as explained in notes 35.2.1 and 36.1.2.

(Amounts in thousand)

31. accrued interest / mark-up

	2023	2022
	....Rupees....	
Accrued interest / mark-up on:		
- long term borrowings	2,361,443	2,751,430
- short term borrowings	446,200	13,276
	2,807,643	2,764,706

32. short term borrowings

	2023	2022
	....Rupees....	
Running finances utilized under mark-up arrangements (note 32.1)	25,232,254	30,260,600
Islamic running finance facility (note 32.1)	4,583,105	-
Shariah compliant short term finance (note 32.2)	1,500,000	2,250,000
Export refinance facility (note 32.3)	324,360	474,360
	31,639,719	32,984,960

32.1 The short-term running finances available to the Group from various banks under mark-up arrangements amount to Rs. 77,022,000 (2022: Rs. 44,155,000). The rates of mark-up on these finances are KIBOR plus spread ranging from 0.2% to 1.5% (2022: 0.2% to 0.85%) per annum. The aggregate running finances are secured by way of hypothecation of ranking floating charge over present and future loans, advances, receivables, stocks, book debts and other current assets and pledge over shares. The Group has utilized Rs. 35,583,841 (2022: Rs. 30,260,600) as at the reporting date.

32.2 EPTL has entered into a Musharaka agreement with Meezan Bank Limited as Investment Agent and issued Sukuks of face value of Rs. 3,000,000 (2022: Rs. 3,000,000) for a period of five years with a call option exercisable towards the end of every year. These Sukuks are issued to cater the working capital requirements of EPTL and carry profit at the rate of 3 Months KIBOR plus 1.1% per annum, payable quarterly. The Sukuks are secured by way of first charge, ranking pari passu, over the project assets of EPTL.

32.3 This represents export refinance facility obtained by EPCL carrying mark-up at the rate of 19% (2022: 3%) on rollover basis for six months. This facility is secured by floating charge over stocks and book debts of EPCL.

33. dividend payable

Includes unclaimed dividend amounting to Rs. 302,005 (2022: Rs. 240,325) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Act, subject to fulfilment / clarification on certain pre-conditions specified in the Act.

34. contingencies and commitments

Contingencies

34.1 In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through the Finance Act, 2022, a super tax at ten percent has been imposed on the specified sectors (including the fertilizer and chemical sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. The Group filed a petition against the imposition of super tax before the Sindh High Court (SHC) 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 the SCP, where vide an interim order, the SCP directed the Nazir of SHC to encash the bank guarantees furnished by taxpayers upto the extent of four percent.

The Group’s management has recorded provision of super tax for the year ended December 31, 2021 (tax year 2022), at the rate of four percent in these consolidated financial statements (note 43.1) 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. 2,738,141 are remote and therefore no provision is recorded thereagainst in these consolidated financial statements.

34.2 The Holding Company

34.2.1 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan (CCP), imposing a penalty of Rs. 62,293 in respect of FCEPL’s marketing activities relating to one of its products. FCEPL filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement (SPA) with FrieslandCampina Pakistan Holding B.V. (FCP), the Holding Company is required to reimburse 51% of the amount together with all reasonable cost and expenses to FCP in case any such penalty materializes. The Holding Company, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal, and accordingly, no provision has been recognized in these consolidated financial statements in this respect.

34.2.2 In the year 2016, the Holding Company entered into a SPA with FCP for the sale of 47.1% of the total issued shares of FCEPL. In accordance with the terms of the SPA, the Holding Company is required to pay to FCP, an amount equivalent to 47.1% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses incurred, in case any tax contingency materializes. The Holding Company, based on the opinion of FCEPL’s tax and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognized in these consolidated financial statements in this respect.

(Amounts in thousand)

34.2.3 On March 28, 2022, and as supplemented from time-to-time, Allied Bank Limited and Faysal Bank Limited have committed to provide Payment Service Reserve Account (PSRA) SBLCs amounting to US Dollars 23,316 and Rs. 1,029,044, respectively, on behalf of EEL, a wholly owned subsidiary, for its PSRA commitments related to EPTL in favour of their project lenders. These SBLCs are secured by pledging 66,000,000, 103,500,000, 56,000,000 and 53,000,000 shares of EFert, EPCL, FCEPL and EPQL, respectively.

34.2.4 Following are the details of securities pledged by the Holding Company:

- Standby Letters of Credit (Equity SBLC) have been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 2,606 (2022: US Dollars 5,660) for its equity commitments related to SECMC, its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) October 31, 2024; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Holding Company by pledging Treasury Bills.

- Standby Letter of Credit (Put Option SBLC) has been provided by EEL, a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (2022: US Dollars 21,070) in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2029; or (ii) fulfilment of sponsor obligations pursuant to Put Option SSA. This has been secured by pledging the Holding Company's shares of EFert and FCEPL of quantities 105,000,000 and 65,000,000, respectively.

34.2.5 EETPL has issued SBLCs amounting to US Dollars 22,500 (2022: US Dollars 22,500). This has been secured by pledging the Holding Company's shares of EFert and EPCL of quantities 66,000,000 and 117,000,000, respectively.

34.3 Engro Fertilizers Limited and its subsidiary company

34.3.1 In 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of EFert u/s 177 of the Ordinance for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directives issued by Federal Board of Revenue (FBR). As such, EFert received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. EFert had filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against all amendment orders.

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. EFert has filed an appeal before Appellate 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 EFert 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 EFert.

In respect of sales tax audits, in 2021, the tax department only issued a Show Cause Notice (SCN) for TY 2017. EFert 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 EFert for all three tax years.

EFert's management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

34.3.2 In 2022, in respect of TY 2018, EFert 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.

Efert'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.

34.3.3 In 2015, EFert received a sales tax order from the tax department for the tax periods January 01, 2013 to December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on the presumption that output tax liability is not being discharged by EFert on advances received from dealers amounting to Rs. 1,844,075. EFert filed an appeal thereagainst with the CIR(A) which decided the matters in favour of EFert. The department thereafter challenged the decision of the CIR(A) with the ATIR, which is pending to be heard. No provision has been made by the Group in this respect in these consolidated financial statements.

34.3.4 EFert 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 EFert'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 EFert'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. EFert's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be low.

Further, EFert 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. EFert, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to EFert's plant despite the judgment of the SHC in EFert'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.

34.3.5 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 EFert's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 between EFert and SNGPL be declared void ab initio because the output of Qadirpur gas field has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. EFert 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 EFert through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to EFert's new plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (iii) both EFert and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in the SCP. However, EFert's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be low.

34.3.6 In 2013, EFert, along with other fertilizer companies, received a show cause notice from the CCP for initiating action under the Competition Act, 2010 (2010 Act) in relation to alleged unreasonable increase in fertilizer prices. EFert has responded in detail that factors resulting in such increase were mainly due to imposition of infrastructure cess, sales tax and gas curtailment. The CCP issued an order in March 2013, whereby it held that EFert has a dominant position in the urea market and that it has abused the same by unreasonable increases in urea prices during the period December 2010 to December 2011. The CCP also held another major fertilizer company to be responsible for abusing its dominant position. Moreover, the CCP imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on EFert and the other fertilizer company, respectively. An appeal has been filed before the Competition Appellate Tribunal (CAT) and a writ has been filed in the SHC wherein stay has been granted in favour of EFert restraining CCP and Federation of Pakistan (i.e. Respondents) from taking any coercive action.

In case of the other fertilizer company, the CAT has transferred the case back to the CCP for reassessment. EFert has also challenged the composition of the CAT before the SHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against EFert during the pendency of the petition. EFert's management believes that the chances of ultimate success are strong and, hence, no provision has been made in this respect in these consolidated financial statements.

34.3.7 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. EFert filed an appeal before the CIR(A) who disposed off the appeal in favour of the tax department. Thereafter, EFert filed an appeal before the ATIR, and it also decided the same in favour of the tax department. EFert challenged the ATIR Order, to the extent of its ruling in relation to exemption from further sales tax, before the 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 EFert in respect of the recovery of the impugned demand. EFert's management believes that the chances of ultimate success are strong and, hence, no provision has been made in this respect in these consolidated financial statements.

34.3.8 During the year, EFert received an amendment order in respect of TY 2021, creating disallowances having a tax impact of Rs. 916,584. The disallowances mainly pertain to disallowance of provision for WPPF and on account of disallowance of minimum tax on opening stock-in-trade. EFert has filed an appeal before the CIR(A) in respect of this order, which is pending to be heard.

EFert'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.

(Amounts in thousand)

34.4 Elengy Terminal Pakistan Limited and its subsidiary company

34.4.1 The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The law for infrastructure fee thereafter was last amended through the Sindh Finance Act, 2014 according to which infrastructure fee will range from 0.9% to 0.95% of the total value of goods as assessed by the Custom Authorities plus one paisa per kilometer against various slab of net weight of goods.

On July 11, 2014, EETPL filed a petition against the aforementioned levy before the SHC where it is currently pending. Earlier, the SHC through an interim order on November 11, 2014 petitions filed by others, directed companies to clear the goods on paying 50% of the amount of levy and furnishing bank guarantee / security for the balance amount.

On June 4, 2021, the SHC through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ("the Cess") promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. However, EETPL has paid 50% of the above levied cess and has provided bank guarantee amounting to Rs. 19,000 (2022: Rs. 17,000) in favour of the Custom Authorities to comply with interim orders of the SHC dated November 14, 2014 for the above levied cess. EETPL has filed petition against the judgement dated June 04, 2021 before the Honorable SCP challenging the SHC judgement. The SCP in it's interim order dated September 1, 2021 directed that till further orders, operations of the impugned judgement of the SHC dated June 04, 2021 and recovery of the levy shall remain suspended and EETPL will continue to comply with the interim order of the SHC dated November 14, 2014. EETPL, based on the merits of the case and as per the opinion of its legal advisor, expects a favourable outcome on the matter and accordingly no provision has been made on remaining 50% of the levy in these consolidated financial statements.

34.4.2 As detailed in note 12.6, EETPL in connection with the import of FSRU received a demand from Customs Authority amounting to Rs. 1,530,494 contending that the import of FSRU attracts payment of advance income tax. EETPL is of the view that EETPL's profits and gains were exempt from income tax for 5 years from the date of commercial operations. EETPL in response to the above demand filed an appeal based on which the Chief Commissioner Inland Revenue (CCIR) through its order dated August 22, 2016 remanded the case back to the concerned commissioner, who again rejected the request for exemption against which EETPL filed an appeal before CCIR. The CCIR decided appeal against EETPL vide order dated July 24, 2020 against which EETPL filed an appeal before the SHC on August 6, 2020 and has obtained stay in this regard. EETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favorable outcome on the matter and accordingly, no provision has been made in this respect in these consolidated financial statements.

34.5 Engro Energy Limited and its subsidiary companies

34.5.1 On February 11, 2021, EPQL and CPPA signed Master Agreement, wherein it was agreed that the dispute related to alleged savings will be resolved through arbitration. In accordance with the Master Agreement, EPQL and GoP signed the Arbitration Submission Agreement (ASA) on June 15, 2022. Subsequently, the arbitrators have been appointed as per ASA. EPQL's management believes that there are strong grounds that the matter will ultimately be decided in favour of EPQL.

34.6 Engro Eximp Agriproducts (Private) Limited (EEAPL)

34.6.1 In 2017, the tax department had raised a demand of sales tax of Rs. 250,000 for not charging sales tax on rice husk / rice bran for the tax year 2015. There was an error in the order as the department had treated all the by-products falling under the category of rice bran or rice hull / husk; though in reality the proportion of these two products among by-products is comparatively low while rice bran was admittedly exempt during that period. As the value of rice husk was wrongly taken, the Commissioner (Appeals) has vacated the order and demand but upheld the legal position regarding charging of sales tax on rice husk. EEAPL has gone in appeal as it is of the view that the department is not treating husk correctly. Currently, the matter is pending before the Appellate Tribunal and based on the opinion of its tax consultant, EEAPL's management is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.

34.6.2 The Assistant Commissioner Inland Revenue (ACIR) raised a demand of Rs 250,000 for tax year 2020 dated March 30, 2023, through passing order under section 161(1A) of the Ordinance. The ACIR applied straight rate of withholding taxes and alleged short deduction on the entire expenditure. EEAPL filed an appeal against the said order which was remanded back by the Commissioner Appeals vide order dated May 16, 2023. The remand back proceeding has not been initiated to date. The management of EEAPL based on the advice of the legal counsel believes that there are strong grounds to defend this matter, accordingly no provision is recorded in these consolidated financial statements.

34.7 Associated Companies and Joint Venture

34.7.1 Details of material contingencies which might affect share of profit from associates and joint venture are as follows:

34.7.2 FCEPL has provided bank guarantees to The Government of Sindh, amounting to Rs. 403,387 (2022: Rs. 323,386) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021, SCP through its order dated September 1, 2021 has directed that till further orders, operation of the impugned judgement of the SHC dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. SCP's order further stated that the petitioners (including FCEPL) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

(Amounts in thousand)

34.7.3 During the year, Customs Department issued various orders alleging that FCEPL has misdeclared Harmonized System (HS) code on certain raw materials imported and therefore, required to pay additional duties and taxes creating demand of Rs. 420,834. FCEPL being aggreived with the said demands has filed appeals before Collector of Customs, which are pending adjudication. FCEPL has issued bank guarantees amounting to Rs. 50,731 for provisional release of raw materials.

FCEPL has also filed appeal in the SHC against the Classification Ruling issued for one of its raw material which is also pending adjudication. FCEPL, based on the opinion of its legal and tax consultants, is confident of a favorable outcome of these appeals.

34.7.4 Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amount to Rs. 3,706,665 (2022: Rs. 2,418,431).

34.8 Commitments

Details of commitments as at December 31, 2023 entered by the Group are as follows:

34.8.1 Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs. 77,623,023 (2022: Rs. 43,204,163).

34.8.2 The aggregate facilities available to the Group for opening Letter of credits and bank guarantees, and other commitments other than those disclosed elsewhere in these consolidated financial statements, amount to Rs. 43,518,883 (2022: Rs. 35,314,255).

34.8.3 In 2019, Engro Peroxide (Private) Limited (EPPL), a subsidiary of EPCL, entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6,993. As at December 31, 2023, outstanding commitment for civil works and equipment procurement amounts to Nil (2022: EUR 1,331).

34.8.4 In 2021, EPPL entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide Plant at a consideration of CNY 104,400. As at December 31, 2023, outstanding commitment for civil works and equipment procurement amounts to CNY 12,547 (2022: CNY 70,592).

34.8.5 In 2021, EPPL entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide Plant at a consideration of Rs. 927,000. As at December 31, 2023, outstanding commitment amounts to Rs. 196,265 (2022: Rs. 472,174).

34.8.6 In May 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the Hydrogen Peroxide Plant for a consideration of Rs. 470,000. As at December 31, 2023, outstanding commitment for equipment procurement amounts to Rs. 146,138 (2022: Rs. 180,716).

34.8.7 EPCL has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) caustic soda in respect of which future lease commitments aggregate to Rs. 16,770 (2022: Rs. 3,600).

34.8.8 EETPL under the Time Charter Party and LNG Storage and Re-gasification Agreement with Excelerate Energy Middle East, LLC (EE) has furnished SBLC through United Bank Limited (UBL) amounting to USD 22,500 (2022: USD 22,500) to EE. This SBLC is valid till March 7, 2024 and is renewable annually. The aforementioned guarantee is secured against the Holding Company's shares in EFert and EPCL and a corporate guarantee and project assets of EETPL.

34.8.9 National Bank of Pakistan (NBP) has issued Standby Letter of Credit (Equity SBLC) worth USD 18,900 (in Pak Rupee equivalent) on behalf of EEL for its equity commitments related to SECMC in favour of the Inter-creditor Agent (Habib Bank Limited) and SECMC. The Equity SBLC has been furnished for subscription and / or contribution of sponsor equity pursuant to the SSA originally dated February 26, 2016, and amended and restated from time to time. Equity SBLC expire as per the terms of the SSA. The SBLC is secured through lien over cash and cash equivalent of the Holding Company. As at December 31, 2023, the outstanding amount of SBLC is USD 2,606 (2022: USD 5,660).

34.8.10 Allied Bank Limited (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21,070 on behalf of EEL relating to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under the Sponsor Support Agreement (Put Option SSA) dated March 22, 2016 and expires on earlier of (i) June 30, 2024 or (ii) on payment of the Maximum Amount. This guarantee was secured by pledging the Holding Company's 105,000,000 shares of EFert and 65,000,000 shares of FCEPL.

34.8.11 EEL has also provided sponsor support contractual commitment for cost overrun, among other commitments, in favour of Senior Lenders amounting to cumulative USD 6,300 for SECMC Phase I and Phase II Expansion pursuant to the Amended and Restated Sponsor Support Agreement (A&R SSA) dated September 02, 2019 for SECMC and USD 41,600 pursuant to A&R SSA dated February 12, 2016 in case of EPTL.

Phases I and II have been achieved; however, these cost overruns / commitments will be released on finalization of Project Completion Document (PCD). During the year, PCD for Phase I has been filed and concluded with the lenders, whereas, PCD for Phase II is yet to be finalised. The cost overruns / committments have not yet been released.

34.8.12 Commitments of EPCL in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregate to USD 10,584 valid till March 31, 2026 (2022: USD 22,752), (ii) Ethylene Di Chloride (EDC) aggregate to USD 8,270 valid till December 31, 2028 (2022: USD 11,602), and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 667 valid till December 31, 2024 (2022: USD 665).

34.8.13 On March 28, 2022, and as supplemented from time-to-time, Allied Bank Limited (ABL) and Faysal Bank Limited (FBL) have committed to provide Payment Service Reserve Account SBLC worth USD 23,316 and Rs. 1,029,044 on behalf of EEL for its commitments related to EPTL, in favor of their Senior Lenders. These SBLCs will expire on March 22, 2024 and July 14, 2024, respectively.

34.8.14 EEAPL has entered into export selling contracts of Nil (2022: 2,100 tons) of Super Basmati Rice to various parties on agreed terms for delivery on various date subsequent to the year end. The sales value of these open commitments at year end amounts to Nil (2022: Rs. 619,103).

34.8.15 EFert's commitment in respect of gas supply arrangement amounting to Rs. 7,776,485 (2022: Rs. 2,763,202) (note 17.9).

34.8.16 Following bank guarantees have been extended by other companies of the Group:

- EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to USD 5,000 (2022: Rs. 1,860,000) and USD 10,000 (2022: Rs. 930,000) in favour of SSGCL to guarantee performance of its obligations under the LNG Operations and Services Agreement (LSA). The aforementioned guarantee is secured against project assets of EETPL and the Holding Company's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2024 and are renewable annually.

- EETPL has provided bank guarantee amounting to Rs. 886,053 (2022: Rs. 1,952,145) from MCB Bank Limited and Rs. 1,536,743 (2022: Rs. 1,322,483) from Bank Alfalah Limited, in favor of Nazir of the SHC to comply with the interim orders of the SHC. During the year, EETPL filed application to the SHC to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the SHC. These guarantees have been secured against bank balances and short term investments of EETPL.

- EFert has issued bank guarantees amounting to Rs. 8,444,554 (2022: Rs. 9,117,070) in favour of third parties.

- EPCL has availed aggregate facilities for issuance of performance guarantees by the banks on its behalf as at December 31, 2023 amounting to Rs. 7,300,000 (2022: Rs. 7,048,000). The amount utilized thereagainst as at December 31, 2023 is Rs. 6,391,001 (2022: Rs. 6,268,568).

  The performance guarantees of Rs. 102,180 and Rs. 286,682 given in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of EPPL, respectively. With regards to greenfield status, the management of the EPCL is of the view that if any payment on account of sales tax and income tax which amounts to Rs. 149,620 is required to be made to the Government authorities, the same will be recoupable in its tax returns for future periods. Accordingly, no provision has been made in this respect.

(Amounts in thousand)

- EEL, in order to provide the collateral to all the bank guarantees issued by Bank Alfalah Limited on behalf of EEL, Allied Bank Limited has issued counter guarantee on behalf of EEL amounting to Rs. 400,000 in favor of Bank Alfalah Limited. This guarantee will expire on March 25, 2024.

- Bank guarantees amounting to Rs. 2,496,126 (2022: Rs. 2,496,126) have been given by EPQL to Sui Northern Gas Pipelines Limited (SNGPL) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between EPQL and SNGPL.

- National Bank of Pakistan, Askari Bank Limited and Faysal Bank Limited, have issued guarantees of Rs. 1,500,000, Rs. 1,000,000 and Rs. 3,505,000, respectively, expiring on December 31, 2024, December 28, 2024 and July 4, 2025, respectively. Further, Meezan Bank Limited has issued three guarantees of Rs. 1,114,610, Rs. 900,000 and Rs. 600,000 each expiring on November 21, 2024, December 27, 2024 and August 10, 2024, respectively. These guarantees have been issued on behalf of EPTL in favour of SECMC to secure EPTL's payment obligations under the Coal Supply Agreement. The SBLC Issuing Banks have entered into a non-funded financing facility with EPTL as Junior Creditors and acceded the Intercreditor Agreement and security accordingly.

34.9 For other tax related matters, refer note 43.

35. revenue

	2023	2022
	....Rupees....	
Own manufactured products (notes 35.1 and 35.2)	276,639,955	292,903,884
Less:		
- Sales tax	(29,066,295)	(23,991,695)
- Discounts	(3,088,312)	(2,297,964)
	(32,154,607)	(26,289,659)
	244,485,348	266,614,225
Purchased products	182,520,427	63,532,101
Services rendered (note 35.3)	66,431,687	31,209,905
Less: Sales tax	(10,948,560)	(4,928,705)
	238,003,554	89,813,301
	482,488,902	356,427,526

35.1 Includes export sales amounting to Rs. 2,557,491 (2022: Rs. 6,817,888) made in European, USA, Middle East and Afghanistan markets.

35.2 Includes revenue from sale of Energy which comprises of:

	2023	2022
	....Rupees....	
Capacity purchase price (note 35.2.1)	63,549,688	43,773,052
Energy purchase price	68,709,231	50,761,902
	132,258,919	94,534,954

35.2.1 On June 15, 2022, National Electric Power Regulatory Authority (NEPRA) decided upon the Commercial Operations Date (COD) Adjustment Tariff (Tariff Decision), forming the basis on which future indexations in the EPTL's tariff are to be made and the revenue is to be recognized with effect from the COD. EPTL believes that the aforementioned Tariff Decision is principally not in accordance with EPTL's Upfront Tariff issued by NEPRA dated March 13, 2015, and being aggrieved from the Tariff Decision, EPTL had filed an appeal before the Appellate Tribunal - NEPRA on July 13, 2022 in accordance with the applicable legislation.

Further, EPTL had obtained a stay order from SHC against the above Tariff Decision till the finalisation of EPTL's appeal before the Appellate Tribunal - NEPRA. Accordingly, the Tariff Decision dated June 15, 2022 also stands suspended.

In light of the aforementioned appeal filed and favorable advice from EPTL's legal counsel, EPTL's management had assessed that it has strong legal grounds against certain disallowances made by NEPRA in the Tariff Decision and the Group has continued to recognize revenue in these consolidated financial statements in accordance with its interpretation of the relevant tariff provisions.

However, there were certain adjustments disallowed in the Tariff Decision which are applicable on the EPTL post COD and the Group had recognized its impact in the consolidated financial statements for the year ended December 31, 2022 amounting to Rs. 2,338,389 which pertains to prior periods i.e. from July 10, 2019 till December 31, 2021. Resultantly, the Group has also recognized contract liability in respect of these disallowances of Rs. 610,321 as at December 31, 2023 (note 30).

35.3 This includes revenue from services rendered by EETPL which comprises of:

	2023	2022
	....Rupees....	
Operating lease rental income	1,563,427	1,261,205
Revenue from O&M services	5,667,134	4,125,807
Finance income on sublease	7,541,283	6,139,802
Revenue from utilization / regasification services	6,538,153	4,882,042
	21,309,997	16,408,856

(Amounts in thousand)

35.4 All revenue earned by the Group is Shariah compliant.

36. cost of revenue

	2023	2022
	....Rupees....	
Cost of goods sold (note 36.1)	303,362,204	233,122,267
Cost of services rendered (note 36.2)	18,231,635	14,021,085
Finance cost on lease liabilities	5,259,214	4,341,277
	326,853,053	251,484,629

36.1 Cost of goods sold

	2023	2022
	....Rupees....	
Raw and packing materials consumed including unprocessed rice (notes 36.1.2)	50,067,902	120,366,664
Salaries, wages and staff welfare (note 36.3)	6,907,031	5,321,923
Fuel and power	42,174,554	28,561,919
Operation and management	3,983,814	-
Repairs and maintenance	3,671,165	7,233,362
Depreciation - Right-of-use assets (note 5.2)	449,661	449,662
Depreciation (note 4.4)	14,582,634	11,885,090
Amortization (note 6.1)	42,200	28,543
Consumable stores	2,993,454	2,098,563
Staff recruitment, training, safety and other expenses	1,402,855	906,447
Purchased services	3,078,254	2,735,027
Storage and handling / product transportation	3,080,623	2,761,435
Travel	923,561	626,178
Communication, stationery and other office expenses	264,644	143,721
Insurance	3,902,447	2,819,284
Rent, rates and taxes	686,229	241,754
Provision against surplus and slow moving stores (note 13.1)	178,246	84,591
Write-off of stores and spares (note 13.2)	5,054	25,975
Write-off of stock-in-trade (net of proceeds) (note 14.1.1)	52,038	237,549
Other expenses	353,636	128,842
Manufacturing cost	138,800,002	186,656,529
Add: Opening stock of work-in-process	133,161	177,862
Less: Closing stock of work-in-process (note 14)	711,227	133,161
	(578,066)	44,701
Cost of goods manufactured	138,221,936	186,701,230

(Amounts in thousand)

	2023	2022
	....Rupees....	
Add: Opening stock of finished goods manufactured	9,469,340	7,351,417
Less: Closing stock of finished goods manufactured (note 14)	6,648,552	9,469,340
	2,820,788	(2,117,923)
Cost of goods sold		
- own manufactured product	141,042,724	184,583,307
- purchased product (note 36.1.1)	162,319,480	48,538,960
	303,362,204	233,122,267

36.1.1 Cost of goods sold - purchased and packaged products

	2023	2022
	....Rupees....	
Opening stock	9,453,715	8,523,247
Add: Purchases	162,861,690	49,469,428
Less: Closing stock	9,995,925	9,453,715
	162,319,480	48,538,960

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

(Amounts in thousand)

36.2 Cost of services rendered

	2023	2022
	....Rupees....	
Fixed expenses	3,813,809	2,539,978
Variable expenses (note 36.2.1)	4,431,354	3,289,463
Operational and maintenance services	1,342,420	996,950
Depreciation (note 4.4)	3,036,437	2,026,426
Depreciation - Right-of-use assets (note 5.2)	706,711	603,671
Amortization (note 6.1)	12,522	10,889
Amortization of direct cost on FSRU	86,516	86,516
Salaries, wages and staff welfare (note 36.3)	514,662	865,853
Fuel and power	2,729,117	2,143,452
Purchased services	21	160,218
Communication and other office expenses	2,685	89,105
Stores and spares consumed	157	-
Repairs and maintenance	706,634	504,839
Travelling and entertainment	54,283	157,238
Security and other expenses	636,398	525,328
Others	157,909	21,159
	18,231,635	14,021,085

36.2.1 This includes Rs. 2,947,483 (2022: Rs. 1,989,088) in respect of royalty charges paid to Port Qasim Authorities as per the LSA.

36.3 This includes Rs. 491,727 (2022: Rs. 436,366) in respect of staff retirement benefits.

37. selling and distribution expenses

	2023	2022
Salaries, wages and staff welfare (note 37.1)	1,742,835	1,629,617
Staff recruitment, training, safety and other expenses	181,638	196,958
Product transportation and handling	7,326,179	5,448,535
Repairs and maintenance	20,346	19,225
Advertising and sales promotion	786,475	755,244
Rent, rates and taxes	606,443	554,666
Communication, stationery and other office expenses	50,517	49,988
Travel	205,776	307,305
Depreciation (note 4.4)	147,138	154,212
Depreciation - Right-of-use assets (note 5.2)	25,392	25,299
Amortization (note 6.1)	11,316	4,371
Purchased services	138,694	96,926
Others	378,012	83,504
	11,620,761	9,325,850

(Amounts in thousand)

37.1 This includes Rs. 122,465 (2022: Rs. 137,130) in respect of staff retirement benefits.

38. administrative expenses

	2023	2022
	....Rupees....	
Salaries, wages and staff welfare (note 38.1)	5,877,642	4,993,768
Staff recruitment, training, safety and other expenses	261,294	222,203
Repairs and maintenance	126,186	87,440
Advertising	304,846	418,551
Rent, rates and taxes	934,805	525,279
Communication, stationery and other office expenses	623,394	506,512
Travel	1,215,593	862,619
Depreciation - Right-of-use assets (note 5.2)	332,999	245,086
Depreciation (note 4.4)	754,225	547,752
Amortization (note 6.1)	372,473	368,457
Purchased services	3,714,489	2,284,739
Directors' remuneration	616,324	479,698
Share based compensation expense (note 38.2)	24,360	133,993
Advisory and consultancy	359,072	160,386
Others	198,644	264,015
	15,716,346	12,100,498

38.1. This includes Rs. 400,158 (2022: Rs. 393,174) in respect of staff retirement benefits.

38.2. This represents expense recognized for cash settled share based payment transactions of Rs. 24,360 (2022: Rs. 133,993).

(Amounts in thousand)

39. other income

	2023	2022
	....Rupees....	
Financial assets:		
Income on deposits / other financial assets	18,243,258	14,196,542
Interest on amount receivable from SSGCL	151,469	161,969
Others	22,298	-
	18,417,025	14,358,511
Non financial assets:		
Insurance claims	239,655	106,743
Gain on disposal of property, plant and equipment	92,778	260,370
Delayed payment charges on overdue receivables	10,456,513	5,233,201
Income from sale of spares / scrap	230,136	181,248
Reversal of impairment of property, plant and equipment	-	1,458,297
Others	135,886	275,490
	11,154,968	7,515,349
	29,571,993	21,873,860

40. other operating expenses

	2023	2022
	....Rupees....	
Workers' profits participation fund	2,826,885	2,006,619
Workers' welfare fund	1,270,039	627,473
Legal and professional charges	632,132	547,066
Human resource development	35,129	21,351
Research and development	2,402	2,507,929
Auditor's remuneration (note 40.1)	134,857	155,884
Provision for doubtful debts (note 15.5)	91,554	12,426
Remeasurement loss on provision for GIDC (note 28.1)	678,192	1,102,678
Donations (note 56)	1,453,716	800,832
Exchange loss	1,252,204	3,787,394
Impairment against long-term investment and off balance sheet obligation of investee company	-	71,146
Write-off of property, plant and equipment	60,785	270
Others	581,795	285,877
	9,019,690	11,926,945

(Amounts in thousand)

40.1 Auditor's remuneration:

	2023	2022
	....Rupees....	
Fee for:		
- audit of annual financial statements	16,773	20,236
- review of half yearly financial information	4,944	5,238
- special audits, certifications, review of compliance with the Code of Corporate Governance, secondments and other assurance & advisory services	44,402	48,587
- taxation services	62,605	76,670
Reimbursement of expenses	6,133	5,153
	134,857	155,884

41. finance cost

	2023	2022
	....Rupees....	
Interest / mark-up on conventional borrowings:		
- long term	25,236,645	13,544,012
- short term	4,448,880	3,550,480
Markup on Shariah compliant borrowings:		
- long term	3,974,422	2,161,566
- short term	252,956	38,457
Interest on lease liabilities	1,593,778	1,537,633
Unwinding of deferred incentive revenue	51,641	79,313
Amortization of transaction costs (note 24.4)	857,541	885,074
Financial / bank charges	2,953,635	1,770,705
(Reversal of provision) / provision for default surcharge on GIDC (note 28.2)	(678,364)	503,733
Delayed payment charges	5,565,775	3,806,908
Others	281,537	77,039
	44,538,446	27,954,920

(Amounts in thousand)

42. share of income from joint venture and associates

	2023	2022
	....Rupees....	
Joint venture:		
Share of profit before taxation	2,606,503	1,975,972
Less: Share of provision for taxation	(1,162,081)	(753,203)
	1,444,422	1,222,769
Associates:		
Share of profit from:		
- Sindh Engro Coal Mining Company Limited	3,195,433	1,008,703
- FrieslandCampina Engro Pakistan Limited	602,006	983,804
	3,797,439	1,992,507
	5,241,861	3,215,276

43. taxation

	2023	2022
	....Rupees....	
Current		
- for the year (notes 43.2 to 43.3)	34,412,761	20,570,800
- for prior years (notes 43.1 to 43.2, 43.5.7, 43.6.5, 43.6.6)	3,271,783	6,512,742
	37,684,544	27,083,542
Deferred (note 43.3)	3,384,509	(4,993,864)
	41,069,053	22,089,678

43.1 Through Finance Act, 2022, levy of 'Super tax on high earning persons' under section 4C of the Income Tax Ordinance, 2001 (the Ordinance) was introduced. The levy was applicable at the rate of four percent on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) and onwards.

During the year, the SCP issued an interim order dated February 16, 2023 in respect of the petitions filed by the tax department against the SHC judgement dated December 22, 2022 in which the levy of super tax under section 4C inserted through Finance Act, 2022 was decided in favor of the petitioners. The SCP in its interim order, while accepting the tax department's petition, gave directions to the Nazir of the SHC to encash bank guarantees submitted by all petitioners including the Group to the extent of 4% of super tax liability.

43.2 Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs. 500,000. This is retrospectively applicable from tax year 2023 onwards. Accordingly, the Group has increased the super tax provision to 10% (previously recognized at 4%, based on the rate applicable at December 31, 2022) which has resulted in additional provision of Rs. 4,106,686 for prior tax year 2023. Further, this also includes super tax provision recognized at 10% for tax year 2024, amounting to Rs. 9,057,159.

Moreover, the Holding Company along with its subsidiary companies has filed a petition before Islamabad High Court (IHC) against retrospective increase in rate of Super tax under section 4C of the Ordinance through the Finance Act, 2023 as well as application of section 4C of the Ordinance to income that falls under the purview of final tax under other provisions of the Ordinance. The IHC has granted an interim stay against the recovery of super tax in excess of rates prescribed before the amendment through Finance Act, 2023 and on incomes subject to final tax under other provisions of the Ordinance.

43.3 Includes impact of higher deferred tax expense at the rate of 39% (including 10% super tax as explained in note 25.2 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled. Liability as at December 31, 2022 was recognized at 33% being the rate then enacted.

Details of significant income tax matters are as follows:

43.4 The Holding Company

43.4.1 Following is the position of the Holding Company's open tax assessments:

43.4.1.1 During the year, in respect of tax year 2022, the Assistant Commissioner Inland Revenue (ACIR) has issued an amended order under section 4C of the Ordinance and has raised a demand of Rs. 251,746 mainly due to non-consideration of taxable loss while computing the 'income' for the purpose of super tax. The Holding Company filed an appeal before the CIR(A), who has maintained the said demand. The Holding Company has filed an appeal with ATIR against the order of the CIR(A). The Holding Company, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.

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

During the year, the ACIR initiated proceedings and further amended the order for tax year 2017 to raise demand of Rs. 19,687,430 mainly on account of tax levied on capital gains on disposal of shares of listed subsidiaries of Rs. 14,388,250 (including super tax) and tax on undistributed profits under section 5A of the Ordinance of Rs. 4,727,408.

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

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

43.4.1.3 In 2020, the income tax department, in respect of the tax year 2014, amended the return by creating tax demand of Rs. 401,240 whereby the ACIR has levied tax on capital gains on disposal of shares of listed subsidiary, apportioned expenses against dividend income, disallowed the classification of 'Interest Income' as ""Income from Business" as well as not allowing the adjustment of brought forward capital losses and brought forward minimum tax paid under section 113(2)(c) of the Ordinance. As a normal recourse, the Holding Company filed an appeal against the order of ACIR before the CIR(A). In 2022, Appellate order has been framed by CIR(A) and favorable decision was made in respect of taxation of capital gains on disposal of shares of listed subsidiary whereas other matters have been remanded back to the ACIR for reconsideration. The tax department has filed an appeal on these matters before the ATIR.

During the year, the Holding Company has received an appeal effect order dated June 26, 2023. The ACIR has given effect to the findings of the Appellate Order of the CIR(A) dated December 30, 2022, by deleting the tax levied on capital gains on disposal of shares of listed subsidiary whereas favourable effect has also been given to other matters remanded back pertaining to allocation of expenses, classification of interest income and certain ancillary calculation errors.

The Holding Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Holding Company.

43.4.1.4 During 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs. 128,400, whereby, the ACIR - Audit has levied tax on inter-corporate dividends, Super Tax including on exempt income, the effects of classification of 'Interest Income' as "Income from Other Sources" as well as not allowing the adjustment of the minimum tax paid under section 113(2)(c) of the Ordinance. In the year 2019, the CIR(A) vide order dated May 6, 2019 has maintained the matter relating to taxation of intercorporate dividend, Super Tax under section 4B, the classification of the interest

income and carry forward of minimum tax for adjustment whereas the rectificatory matters including the levy of Super Tax on exempt income was remanded back. The Holding Company has preferred an appeal before ATIR on all issues adjudicated against it. The Holding Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Holding Company. However, on prudence, the Holding Company has recorded provision against Super Tax.

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

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

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

In 2022, Appellate Order has been framed by the CIR(A) wherein the levy of Super Tax under section 4B of the Ordinance has been maintained. An appeal has been filed before the ATIR which is pending.

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

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

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

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

During 2020, the Holding Company received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs. 75,308 and Rs. 112,681, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as “Income from Other Sources”. During 2022, an Appellate order was framed by CIR(A) and favorable decision was made in respect of classification of interest income as “Income from Business” and allocation of expenses to dividend income and capital gains. The income tax department, in response thereagainst, had filed an appeal with the SHC, which is still pending.

During the year, the Holding Company has received appeal effect orders both dated June 27, 2023 pertaining to tax years 2011 and 2012. Through these orders, the ACIR has given effect to the findings of the combined Appellate Order of the CIR(A) dated December 30, 2021.

The Holding Company, based on the advice of its tax consultant, is confident that these matters will be decided in favour of the Holding Company.

Subsidiary Companies

43.5 Engro Fertilizers Limited (EFert) and its subsidiary company

43.5.1 In 2020, the income tax department amended the assessment filed by EFert for tax year 2019. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs. 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

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. EFert 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 CIR(A)’s decision and has maintained disallowance on deductible allowance for WPPF having tax impact of Rs. 269,435. Appeal before CIR(A) has been filed against this matter.

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

43.5.2 In 2015, the income tax department amended the assessment filed by EFert for tax year 2014. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from EEAPL, under section 59B of the Ordinance resulting in demand of Rs. 1,231,201 (additions to taxable income of Rs. 3,191,963). In addition, the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which EFert specifically obtained a stay order. The matter was heard by the CIR(A) and favorable decision was made in respect of exchange gain and loss and acceptance of 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. EFert has filed an appeal against the order of CIR(A) before the Income Tax Appellate Tribunal (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.

43.5.3 In 2019, the income tax department amended the assessment filed by EFert for the tax years 2015, 2016 and 2017. EFert filed appeals before CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from EEAPL under section 59B of the Ordinance, resulting in cumulative demand of Rs. 1,980,698 (cumulative addition of Rs 16,173,826 to taxable income) for these tax years. Subsequently, CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by the taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realized basis. EFert, as well as the tax department filed appeals against CIR(A)'s order before the ATIR.

Through order dated February 26, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favor of EFert, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 01, 2020, the tax department filed reference application before 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.

43.5.4 In 2014, the income tax department amended the assessment filed by EFert for tax years 2010 and 2011. EFert 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 the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011, and loss on derivative for tax year 2011 raising a demand in respect of these years in aggregate of Rs. 1,075,466. EFert had challenged the said decision before the SHC. In the year 2020, the matter was heard, and was reserved for judgement. The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

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

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

43.5.6 In 2018, EFert received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the Ordinance for TY 2018. EFert filed a Constitutional Petition before the SHC challenging the notice as well as the vires of Section 4B of the Ordinance. An interim order was granted in favour of EFert. On July 21, 2020, SHC held that of Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, EFert

filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by EFert 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 EFert for TY 2015 to 2019 in relation to recovery of Super Tax aggregating to Rs. 2,110,491. EFert filed appeals against the orders before 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 EFert) subject to them depositing 50% of the impugned outstanding tax amount. EFert 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.

43.5.7 During the year, EFert received an order from the DCIR, in respect of tax year 2022, amending the Group return filed along with its 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. EFert has filed an appeal before the CIR(A) against this order.

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

43.5.8 As a result of demerger in the year 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Limited had been transferred to EFert. Major issues pending before the 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 EFert'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.

43.6 Engro Polymer & Chemicals Limited (EPCL) and its subsidiary companies

43.6.1 Through the notice dated January 20, 2020, ACIR raised issues inter alia with respect to the adjustment of carried forward minimum tax from the tax liability of Tax Year 2019 and required EPCL to pay Rs. 552,331 being the amount short paid with the income tax return. EPCL filed a Constitutional Petition in the SHC challenging the notice. SHC through its order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company. However, SHC directed the department to refrain from passing the order on the basis of the aforesaid notice for a period of thirty days which was then extended for further thirty days to enable EPCL to approach the SCP. EPCL has filed Civil Petition for Leave to Appeal against SHC order in SCP, which was heard on March 18, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by EPCL. EPCL based on the advice of its legal advisor, is confident of a favorable decision. Accordingly, no provision has been recognized in these consolidated financial statements.

43.6.2 Through the Finance Act 2015, section 4B of the Ordinance was inserted which levied super tax at specified rates on income for the tax year 2015. This levy was subject to the threshold of taxable income of Rs. 500,000. The levy was extended uptil tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the super tax rate has been amended to 0% from tax year 2020 and onwards for companies other than banking companies. On August 01, 2018, EPCL filed petition against the levy of super tax in the SHC, however, based on the opinion of EPCL's legal advisor, EPCL has made a provision for full amount of Super tax of Rs. 328,000. In 2020, super tax was declared intra vires by the SHC and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, EPCL received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. EPCL filed appeal against the said notices with CIR(A) whereby the action of the tax officer has been confirmed by CIR(A) for tax years 2017 to 2019. EPCL has filed an appeal thereagainst before the ATIR against the decision of CIR(A) which is pending adjudication.

In the meanwhile, EPCL also filed petition in the SCP against the order of the SHC, which is pending adjudication. In November 2020, the SCP conditionally granted stay subject to deposit of 50% of super tax demand.

43.6.3 DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206 for tax year 2009. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,239, disallowance of provision against Special Excise Duty (SED) refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

(Amounts in thousand)

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL’s position except for additions on account of SED provision of Rs. 36,687 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained. EPCL filed a reference with SHC against the additions maintained by ATIR. Likewise, the tax department has also filed reference with SHC against the order passed by the ATIR in favour of EPCL. The management of EPCL, based on the advice of their tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, no provision has been recognized in these consolidated financial statements.

43.6.4 During the year, the income tax department amended the assessment filed by EPCL for tax year 2019. EPCL preferred an appeal thereagainst before the CIR(A) against the disallowances, which mainly pertains to the adjustment of minimum tax carried forward resulting in excess demand of Rs. 532,754. EPCL has paid demand of Rs. 200,000 under protest. However, as EPCL based on the advice of its tax consultant expects a favourable outcome, accordingly, no provision has been recognized in these consolidated financial statements.

43.6.5 During the year, income tax department finalized the monitoring proceedings for tax years 2018 to 2022 against EPCL and raised demand amounting to Rs. 316,851 on account of alleged non-withholding of taxes on payments made to various parties. The tax demand has been paid by EPCL under protest and has preferred an appeal before the CIR(A) to contest the aforementioned monitoring proceedings. EPCL, based on the advice form its tax consultant expects a favourable outcome in this respect and hence, no provision has been recognized in these consolidated financial statements.

43.6.6 During the year, the income tax department amended the assessment filed by EPCL for tax year 2020. The DCIR has allowed the tax credit claimed under section 65B to the extent of 5% and hence, the Group has recognized tax credit amounting to Rs. 157,500 in these consolidated financial statements to the extent of credit allowed. EPCL has preferred an appeal before the CIR(A) against the disallowances, for remaining tax credit under section 65B.

43.6.7 During the year, the Group has recognized tax credit (pertaining to EPCL) amounting to Rs. 400,861 related to prior years under section 65E of the Ordinance

43.7 Engro Energy Limited (EEL) and its subsidiary companies

43.7.1 In 2021, the ACIR under section 122 (5A) of the Ordinance, amended the tax return for the tax year 2020 vide order dated September 28, 2021 (Rectified Order November 8, 2021) and made certain additions and disallowances that primarily pertain to profit on debt on account of loans from the Holding Company claimed as a deduction and reciepts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR). EEL filed an appeal dated October 26, 2021 before the CIR(A), which was decided via order dated August 8, 2023, where certain issues were decided in favour of EEL.

43.7.2 EPTL's income tax return for tax year 2020 has been amended under section 122(5) of the Ordinance. The ACIR has issued order dated August 30, 2021, under which other income has been taxed which was partially treated by EPTL as exempt business income while the remaining was set-off against business losses. This has resulted in a tax demand of Rs. 190,963. Based on the advice of its tax advisor, EPTL has filed an appeal before CIR(A) dated September 8, 2021, for which hearing was held on December 29, 2022 and is reserved for order. EPTL based on the advice of its tax advisor, is confident that chances of ultimate success are strong, hence, no provision has been made in this respect in these consolidated financial statements.

43.7.3 In 2020, the ACIR under section 122 (5A), amended the tax return for the tax year 2017 vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertains to apportionment of administrative expenses against profit on debt and receipts on account of project management services to be taxed under NTR / MTR. EEL has filed an appeal dated December 28, 2020 before the CIR(A), which was heard on December 31, 2021 and is pending adjudication.

43.7.4 EEL's income tax return for the tax year 2016 was selected for audit under section 214C of the Ordinance. The DCIR after conducting audit made certain additions and disallowances, and hence amended the return filed by EEL vide order dated November 2, 2018, framed under section 122(1)/(5) of the Ordinance. These additions primarily relate to treating reimbursement from subsidiary as services, additions on account of apportionment of administrative expenses and receipts on account of project management services to be taxed under NTR / MTR and resulted in tax demand of Rs. 80,888. EEL being aggrieved filed an appeal before the CIR(A). EEL also approached the SHC for stay against recovery of demand which was duly granted till the adjudication of appeal by the CIR(A). ATIR annulled the orders of DCIR and CIR(A) and the return position was reinstated vide appeal effect order dated October 25, 2022. Appeal has been filed before the CIR(A) against the order dated June 28, 2022 under section 4B of the Ordinance for the tax year 2016.

In 2019, EEL received an order from the CIR(A) in which certain issues were remanded back to the DCIR while the other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it, which is currently pending. Based on the views of tax advisor and legal consultant of EEL, EEL's management believes that it has strong case on merits and expects a favorable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

43.7.5 The Assistant Commissioner Inland Revenue (ACIR) through separate show cause notices dated December 11, 2017 and December 12, 2017, issued in respect of tax years 2012, 2013, 2015 and 2016, raised an issue with respect to the inter-corporate dividend claimed as exempt. EEL challenged these notices before the SHC which has restrained the tax authorities from taking any coercive action including passing an order on the basis of the said notices. In addition, the ACIR also showed an intention to levy super tax on dividend income for tax years 2015 and 2016, against which an order dated June 28, 2022, has been issued for tax year 2016 whereby a demand of Rs. 23,000 has been raised by the DCIR.

Being aggrieved, EEL has filed an appeal before the CIR(A) against the said order of June 28, 2022, for which no hearing has been fixed yet. EEL's management believes that the ultimate outcome will be in its favor, accordingly, no provision has been made in this respect in these consolidated financial statements.

43.7.6 EEL's income tax return for the tax year 2014 was selected for audit under section 214C of the Ordinance. The DCIR after conducting the audit made certain additions and disallowances, and, hence amended the return filed by EEL vide order dated January 12, 2017, framed under section 122(1)/(5) of the Ordinance and raised a tax demand of Rs. 268,584. EEL being aggrieved filed an appeal before CIR(A). EEL also approached the SHC for a stay against recovery of said demand which was duly granted till the adjudication of appeal by the CIR(A).

In 2019, EEL received an order of CIR(A) in which certain issues were remanded back to the DCIR while other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, EEL's management believes that EEL has a strong case on merits and expects a favourable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

43.8 Elengy Terminal Pakistan Limited (ETPL) and its subsidiary company

EETPL's tax exemption period ended on March 28, 2020. In the post exemption period, EETPL applied for issuance of nil deduction certificate on the premise that its income from terminal services falls under clause 42 of Part IV of Second Schedule. However, the Commissioner Inland Revenue (the Commissioner) rejected EETPL's request. Thereafter, EETPL filed Revision Application with the Chief Commissioner Inland Revenue, who maintained the action of the Commissioner. EETPL in consultation with the lawyer filed Constitution Petition before the SHC and through the interim orders SHC has directed SSGCL not to withhold tax on payments made to the EETPL, however, this is subject to submission of Bank Guarantee [BG] of equal amount with the Nazir of SHC. EETPL in compliance with SHC directions is submitting BG and, based on assessment, has recognized the current tax charge based on the withholding tax deductible considering this as a minimum tax liability of EETPL as per the applicable provisions of the Ordinance.

Associated Company and Joint Venture

43.9 FrieslandCampina Engro Pakistan Limited (FCEPL)

Following is the position of FCEPL's open tax assessments:

(Amounts in thousand)

43.9.1 The DCIR issued show cause notices for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for the year 2013 on October 17, 2017 and for years 2014, 2015 and 2016 on March 9, 2018, aggregating to Rs. 14,886,500, challenging the exemption / zero rating on these products. Against the show cause notices, FCEPL had filed Constitutional Petitions before the SHC for year 2013 on October 25, 2017 and for years 2014, 2015 and 2016 on March 15, 2018, and had obtained an interim injunction against adverse action by tax authorities on the same day. The SHC through its order dated November 18, 2020 has upheld FCEPL's view with respect to 'Tarang' in view of the decision of the Classification Committee (CC) obtained by FCEPL on February 11, 2019. With respect to 'Omung' the SHC suspended the notice, advising that the FBR may refer the matter to the CC, for a decision afresh; and till such time no action can be taken against FCEPL. The amount of show cause notices pertaining to 'Omung' aggregate to Rs. 1,480,841. In case the CC (for Omung) decides against FCEPL, FCEPL can avail all legal remedies available to it. FCEPL filed an appeal against this decision with respect to Omung in the SCP. Further, FBR also challenged the order dated November 18, 2020 in the SCP. Subsequent to year end, SCP disposed-off cross appeals filed against the SHC order dated November 18, 2020. SCP has allowed FCEPL's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. Accordingly, show cause notices issued to FCEPL have been completely quashed.

On March 15, 2022, the CC issued ruling, effective prospectively, on tea whiteners including 'Tarang'. CC therein reviewed its previous rulings and decided the matter against the taxpayers. On October 28, 2022, the Lahore High Court (LHC) passed an order setting aside the ruling dated March 15, 2022 and remanded back the case to the Collector of Customs to re-adjudicate the matter as per the procedure prescribed under the law. Pursuant to the order of the LHC if any classification ruling is issued, the same would be applicable prospectively from the date of the final decision by the Collector of Customs. Some dairy companies have further challenged LHC order in SCP on the ground that LHC direction to Collector of Customs to re-adjudicate the matter afresh is void and illegal.

Following the directions of LHC, on April 04, 2023, the Customs department confirmed the earlier ruling of the CC pertaining to Tea Whiteners dated March 15, 2022 against the taxpayers. Being aggrieved, the ruling dated April 04, 2023 was again challenged in LHC on the grounds that proper opportunity of being heard was not provided to petitioners. Later by, LHC converted these appeals into representations before the FBR and directed the FBR to decide the same within 15 days. FBR vide order dated September 20, 2023 has upheld the CC ruling. However, various companies have challenged the FBR order in LHC which has suspended FBR's order and directed that previous ruling shall continue to apply in meantime. Hence, no provision has been recognised prior to the date of the aforementioned latest Classification decision.

43.9.2 On January 29, 2009, DCIR reduced tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007. Being aggrieved with the impugned order, FCEPL has filed appeal before the CIR(A) on March 11, 2009, which is pending for adjudication. However, FCEPL, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and hence no provision has been recognized in these consolidated financial statements.

43.9.3 FCEPL in accordance with section 59B 'Group Relief' of the Ordinance had surrendered to Holding Company, its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the financial years ended December 31, 2006, 2007 and 2008 (i.e. tax years 2007, 2008 and 2009) for cash consideration aggregating to Rs. 1,500,847, being equivalent to tax benefit / effect thereof.

FCEPL had been designated as part of the Group of the Holding Company by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59B of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

The ATIR, in respect of surrender of aforementioned tax losses by the FCEPL to the Holding Company for the financial years ended December 31, 2006 and 2007, decided the appeals on July 1, 2010 in favor of the Holding Company, whereby, allowing the surrender of tax losses by FCEPL to the Holding Company. The tax authority has filed reference application dated October 23, 2010 thereagainst before the SHC, which is under the process of hearings. On May 20, 2013, ATIR also decided similar appeal filed by the Holding Company for the year ended December 31, 2008 in favor of the Holding Company. FCEPL based on the merits of the case expects a favorable outcome of the matter.

43.10 Relationship between tax expense and accounting profit

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

	2023	2022
	....Rupees....	
Profit before taxation	77,163,998	68,200,884
Tax calculated at the rate of 29% (2022: 29%)	22,377,559	19,778,256
Effect of exemption from tax on certain income	(1,462,847)	(5,716,960)
Effect of applicability of Super tax, lower tax rate, Final Tax Regime and other tax credits / debits	13,056,520	1,520,586
Prior year current and deferred tax charge	4,294,395	6,513,916
Unrecoupable minimum turnover tax	-	4,870
Impact of Alternative Corporate Tax	332,982	-
Impact of change in tax rate	1,975,722	(1,326,196)
Tax effect of minimum tax liability on imports, exports and local trading	1,124,501	897,734
Effect of surrender of tax losses	(1,941,486)	(2,171,249)
Effect of expenses not allowed for tax	1,298,836	2,649,975
Others	12,871	(61,254)
Tax charge for the year	41,069,053	22,089,678

(Amounts in thousand)

44. profit from discontinued operations

In 2022, the Board of Directors of Engro Digital Limited (EDL, a former subsidiary of Engro Infiniti) had decided to discontinue its operations. As a result, financial performance of EDL had been classified as discontinued operations in prior years, the summary of which is as follows:

	2023	2022
	....Rupees....	
Other operating expenses	-	(197)
Other income	-	268
Profit from operations	-	71
Finance cost	-	-
Profit before taxation	-	71
Taxation	-	-
Profit for the year	-	71
Net cash inflow from operating activities	-	204
Net increase in cash generated by EDL	-	204

Subsequently, EDL was amalgamated in Engro Infiniti on March 31, 2022.

45. earnings per share - basic and diluted

Basic earnings per share has been calculated by dividing the profit attributable to the owners of the Holding Company by weighted average number of ordinary shares in issue during the year.

As at December 31, 2023, there is no dilutive effect on the basic earnings per share of the Group. Earnings per share is based on the following:

	2023	2022
	....Rupees....	
Profit for the year, attributable to:		
- continuing operations	21,020,362	24,331,981
- discontinued operations	-	71
	21,020,362	24,332,052
	....Number in thousands....	
Weighted average number of ordinary shares for determination of basic and diluted EPS	544,601	576,163
Earnings per share in rupees - Basic and Diluted		
- continuing operations	38.60	42.23
- discontinued operations	-	0.00
	38.60	42.23

(Amounts in thousand)

46. remuneration of chief executive, directors and executives

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

	2023			2022		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	----------------------------------Rupees----------------------------------					
Managerial remuneration	107,956	16,078	7,288,369	95,931	-	6,893,608
Bonus	18,114	-	2,454,269	70,195	-	2,227,161
Retirement benefits funds	-	1,766	933,091	-	-	864,429
Fees	-	122,700	45,400	-	136,242	53,474
Advisory fee	-	55,224	-	-	100,484	-
Other benefits	-	30	602,144	-	-	467,584
Total	126,070	195,798	11,323,273	166,126	236,726	10,506,256
Number of persons including those who worked part of the year	1	11	1,530	1	9	1,485

46.1 The Group also makes contributions to pension and gratuity funds and provides certain household items for use of some executives including the Chief Executive Officer. Cars are also provided for use of certain employees of the Group and directors of the Holding Company. In addition, an amount of Rs. 451,118 (2022: Rs. 318,498) has been incurred by the Group for business related travelling of the directors. Further, an amount of Rs. 24,360 (2022: Rs. 133,993) has been recognized in these consolidated financial statements for the share-based payment transactions as disclosed in note 38.2. Individual allocations of this amount will be determined upon completion of the vesting conditions.

46.2 Premium charged during the year in respect of directors' indemnity insurance policy, purchased by the Group, amounts to Rs. 816 (2022: Rs. 506).

47. retirement benefits

47.1 Defined benefit plans

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, EFert offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of the funds, the Act, the Ordinance and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

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

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

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

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

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

In addition to above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

47.1.1 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:

(Amounts in thousand)

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	2023	2022
	---Rupees---			
47.1.2 Consolidated Statement of Financial Position reconciliation				
Present value of defined benefit obligation	522,646	540,264	57,602	19,103
Fair value of plan assets	(399,493)	(348,972)	(40,704)	(43,900)
Deficit / (Surplus)	123,153	191,292	16,898	(24,797)
Unrecognized asset	-	-	-	24,797
Net liability recognized in the consolidated statement of financial position	123,153	191,292	16,898	-
47.1.3 Movement in net liability recognized in the Statement of Financial Position				
Net liability at beginning of the year	191,292	111,919	-	-
Expense / (income) for the year	49,327	35,124	29,380	(2,278)
Remeasurement loss to Other Comprehensive Income	(30,630)	44,249	(12,482)	2,278
Contribution made during the year	(86,836)	-	-	-
Net liability at end of the year	123,153	191,292	16,898	-
47.1.4 Movement in present value of defined benefit obligation				
As at beginning of the year	540,264	445,391	19,103	22,324
Current service cost	24,684	22,238	32,467	-
Interest cost	68,541	52,335	2,297	2,400
Benefits paid during the year	(109,216)	(3,112)	(5,540)	(3,059)
Remeasurement (gain) / loss to Other Comprehensive Income	(1,627)	23,412	9,275	(2,562)
As at end of the year	522,646	540,264	57,602	19,103
47.1.5 Movement in fair value of plan assets				
As at beginning of the year	348,972	333,472	43,900	42,821
Expected return on plan assets	43,898	39,449	5,384	4,678
Benefits paid during the year	(109,216)	(3,112)	(5,540)	(3,059)
Remeasurement (loss) / gain to Other Comprehensive Income	29,003	(20,837)	(3,040)	(540)
Contribution made during the year	86,836			
As at end of the year	399,493	348,972	40,704	43,900

(Amounts in thousand)

47.1.6 Charge for the year

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	2023	2022
	----Rupees----			
Current service cost	24,684	22,238	32,467	-
Net Interest cost	24,643	12,886	(3,087)	(2,278)
	49,327	35,124	29,380	(2,278)

47.1.7 Principal actuarial assumptions used in the actuarial valuation

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	2023	2022
Discount rate	16.00%	13.25%	16.00%	13.25%
Expected rate of return on plan assets - per annum	16.00%	13.25%	16.00%	13.25%
Expected rate of increase in future salaries - per annum	15% to 16%	12.25% to 13.25%	-	-

47.1.8 Demographic Assumptions

	Defined Benefit Gratuity Plan Funded	Defined Benefit Pension Plan Funded (Curtailed)
Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Heavy	-

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	2023	2022
	----Rupees----			
47.1.9 Actual return on plan assets	71,201	19,572	5,657	7,581

(Amounts in thousand)

47.1.10 Plan assets comprise of the following

	2023		2022	
	Rupees	%	Rupees	%
Defined Benefit Gratuity Plans				
Debt	342,164	85.65%	257,437	73.77%
Equity	42,291	10.59%	81,213	23.27%
Others (including cash)	15,038	3.76%	10,322	2.96%
	399,493	100%	348,972	100%
Defined Benefit Pension Plan				
Debt	30,000	73.70%	30,000	68.34%
Others	10,704	26.30%	13,900	31.66%
	40,704	100%	43,900	100%

47.1.11 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

47.1.12 Historical information of staff retirement benefits

	2023	2022	2021	2020	2019
	----Rupees----				
Defined benefit gratuity					
Present value of defined benefit obligation	(522,646)	(540,264)	(445,391)	(537,779)	(517,729)
Fair value of plan assets	399,493	348,972	333,472	511,969	306,420
Deficit	(123,153)	(191,292)	(111,919)	(25,810)	(211,309)
Defined benefit 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
(Deficit) / Surplus	(16,898)	24,797	20,497	11,984	14,259

47.1.13 Expected future cost / (reversal) for the year ending December 31, 2023 is as follows:

	....Rupees....
Defined benefit gratuity plans	43,880
Defined benefit pension plan	(2,510)

47.1.14 Remeasurement recognized in Other Comprehensive Income

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	2023	2022
	---Rupees---			
Gain / (Loss) from change in experience adjustments	2,458	(22,983)	2,741	1,332
Gain / (Loss) from change in financial assumptions	(831)	(429)	(12,016)	1,230
Remeasurement of obligation	1,627	(23,412)	(9,275)	2,562
Actual Return on plan assets	(38,968)	19,572	(5,384)	7,581
Expected Return on plan assets	66,271	(39,449)	5,657	(4,678)
Difference in opening fair value of plan assets	1,700	(960)	(3,313)	(3,443)
Remeasurement of plan assets	29,003	(20,837)	(3,040)	(540)
Effect of asset ceiling	-	-	24,797	(4,300)
	30,630	(44,249)	12,482	(2,278)

47.1.15 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	489,285	560,526	54,055	61,580
Long term salary increases	560,512	506,866	-	-
Long term pension increases	-	-	61,544	54,025

47.1.16 Maturity Profile

Time in years	Gratuity Plans	Pension Plan
	...............Rupees...............	
1	124,650	4,931
2	21,102	4,483
3	60,085	4,045
4	56,480	3,621
5-10	412,036	13,981
11-15	788,191	4,437
16-20	1,153,706	1,343
20+	5,363,830	530
Weighted average duration	7.98	6.16

(Amounts in thousand)

47.2 Defined contribution plans

47.2.1 An amount of Rs. 735,349 (2022: Rs. 944,603) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

48. cash generated from operations

	2023	2022
	....Rupees....	
Profit before taxation	77,163,998	68,200,884
Add: Profit attributable to discontinued operations	-	71
Profit before taxation from continuing operations	77,163,998	68,200,955
Adjustment for non-cash charges and other items:		
Depreciation	18,520,434	14,619,166
Depreciation on right-of-use assets	1,514,763	1,341,441
Amortization of intangible assets	438,511	412,260
Amortization of deferred income	(129,802)	(360,721)
Amortization of direct cost on FSRU	86,516	86,516
Reversal of impairment of property, plant and equipment	-	(1,458,297)
Gain on disposal / write-off of property, plant and equipment	(31,993)	(260,370)
Rent concession on lease liability	-	(12,729)
Remeasurement loss on provision for GIDC (note 28.1)	678,192	1,102,678
Adjustment in respect of carrying value of thermal assets (note 1.1.1)	29,950,311	-
Provision for retirement and other service benefits	240,376	226,136
Impairment of long term investment	-	35,212
Financial charges	37,358,283	21,344,811
Unwinding of deferred incentive revenue	51,641	79,313
Amortization of transaction cost	857,541	885,074
(Reversal of provision for) / provision for default surcharge on GIDC (note 41)	(678,364)	503,733
Finance income on net investment in lease	(7,541,283)	(6,139,802)
Finance cost on lease liability	6,949,345	5,931,308
Income on deposits / other financial assets	(18,417,025)	(14,358,511)
Loss allowance on subsidy receivable from GoP (note 17.1.1)	2,440,151	522,936
Share of income from joint venture and associates (note 42)	(5,241,861)	(3,215,276)
Foreign currency translation	1,252,204	3,787,394
Working capital changes (note 48.1)	26,776,865	11,063,664
	172,238,803	104,336,891

(Amounts in thousand)

48.1 Working capital changes

	2023	2022
	....Rupees....	
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(3,104,544)	(524,683)
- Stock-in-trade	(3,493,978)	1,270,218
- Trade debts	(7,058,013)	(20,303,880)
- Loans, advances, deposits and prepayments	(2,708,717)	(1,829,009)
- Other receivables - net	(16,867,253)	(10,338,918)
	(33,232,505)	(31,726,272)
Increase in current liabilities		
- Trade and other payables and provisions	60,009,370	42,789,936
	26,776,865	11,063,664

49. cash and cash equivalents

	2023	2022
	....Rupees....	
Cash and bank balances (note 20)	67,095,680	44,986,627
Short term investments with original maturity less than 3 months (note 19)	11,730,953	11,783,721
Short-term borrowings	(29,512,634)	(30,174,299)
Bank balances held under lien (notes 49.1 and 49.2)	(1,673,148)	(1,287,110)
Short term investments under lien	(931,000)	-
	46,709,851	25,308,939

49.1 Includes balance of Rs. 19,000 (2022: Rs. 17,000) held against bank guarantee in favor of custom authorities to comply with interim orders of the Court and Rs. 98,931 (2022: Rs. 40,752) held against letter of credit in favor of Custom Authorities have been excluded from cash and cash equivalents for the purpose of consolidated statement of cash flows.

49.2 Includes bank balance amounting to Rs. 1,555,217 (2022: Rs. 1,229,358) under lien in favour of the banks against next due interest and principal repayments of loans by Enfrashare.

(Amounts in thousand)

50. financial instruments by category

	2023	2022
	....Rupees....	
50.1 Financial assets		
- Financial assets measured at amortized cost		
Financial asset at amortized cost	1,051,611	3,783,265
Loans and advances	4,209,401	3,020,695
Net investment in lease	64,848,798	57,843,698
Trade debts	75,497,556	71,195,463
Other receivables	24,640,813	16,723,009
Accrued income	4,393,755	2,269,306
Short term investments	27,490,655	37,758,554
Cash and bank balances	67,095,680	44,986,627
	269,228,269	237,580,617
- Financial assets measured at fair value through other comprehensive income		
Pakistan Investment Bonds	10,572,006	29,380,322
Derivative financial instruments	963,207	737,319
Other investments	70,580	92,320
	11,605,793	30,209,961
- Financial assets measured at fair value through profit or loss		
Mutual fund units	31,047,655	17,166,688
Pakistan Investment Bonds	-	1,799,903
Special Sharikah Certificates	969,712	-
	32,017,367	18,966,591
50.2 Financial liabilities		
- Financial liabilities measured at amortized cost		
Borrowings	222,291,998	216,858,673
Trade and other payables	154,432,436	103,146,061
Lease liabilities	77,394,491	71,416,814
Accrued interest / mark-up	2,807,643	2,764,706
	456,926,568	394,186,254

51. financial risk management

51.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's finance and planning departments under policies approved by the Senior Management.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions, foreign currency loan liabilities, related interest payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options, interest rate swaps or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at December 31, 2023, if the foreign exchange rate had weakened / strengthened by 1% against Pakistani Rupee with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 134,363 (2022: Rs. 59,820).

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from short and long-term borrowings and short term and long term investments. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

(Amounts in thousand)

As at December 31, 2023, if interest rates had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 805,412 (2022: Rs. 778,452), mainly as a result of interest rate exposure on variable rate borrowings.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Group is mainly exposed to price risk on its mutual fund investments.

As at December 31, 2023, if net asset value had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been higher / lower by Rs. 251,594 (2022: Rs. 11,747).

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds, which in turn are deposited in banks and government securities. The Group maintains internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating and management quality rating of A1 and AM3, respectively. However, the Group maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Group's fertilizer segment is exposed to concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees.

The Group's power segment is not exposed to any credit risk on its trade debts as these are secured by sovereign guarantee from the Government of Pakistan.

The Group's polymer / chemical segment is not materially exposed to credit risk on trade debts as unsecured credit is provided to selected parties with no default in recent history and a major part is secured by bank guarantees.

(Amounts in thousand)

The Group's terminal segment is not materially exposed to credit risk on trade debts, other receivables and lease receivables from SSGC considering history, no default has been made by the customer and payments are received on a timely basis.

The Group's connectivity and telecom segment is not materially exposed to credit risk on balances with banks and financial institutions, deposits, trade debts and other receivables.

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 and advances	4,209,401	3,020,695
Trade debts	29,033,792	29,963,359
Contract assets	16,880,213	14,124,293
Other receivables	9,896,298	9,192,917
Investments	52,574,824	28,252,755
Bank balances	67,081,277	44,973,038
Accrued income	4,393,755	2,269,306
	184,069,560	131,796,363

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. Investments in Pakistan Investment Bonds and Treasury Bills are government guaranteed. The credit quality of the Group's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Bank / financial institution	Rating agency	Rating Short term	Long term
Conventional			
ABL Asset Management Company Limited	PACRA	-	AM1
Al Baraka Bank (Pakistan) Limited	VIS	A-1	A+
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Citibank N.A.	Moody's	P-1	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-

	Rating agency	Rating Long term	Short term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-
The Bank of Punjab	PACRA	A-1+	AA+
UBL Fund Managers Limited	JCR-VIS	-	AM1
Mobilink Microfinance Bank Limited	PACRA	A-1	A
Telenor Microfinance Bank Limited	PACRA	A-1	A
United Bank Limited	JCR-VIS	A1+	AAA
Samba Bank Limited	PACRA	A1	AA
HBL Asset Management Limited	VIS	AM1	-
Pak Kuwait Investment Company (Private) Limited	PACRA	AAA	A1+
National Investment Trust Limited	VIS	AM1	-
Faysal Asset Management Limited	VIS	AM2++	-
Alfalah Asset Management Limited	VIS	AM1	-
MCB Investment Management Limited	PACRA	AM1	-
Bank of China	FITCH	F1+	A+
Islamic			
Al Baraka Bank (Pakistan) Limited	VIS	A-1	A+
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-
UBL Fund Managers Limited	JCR-VIS	-	AM1
ABL Asset Management Company Limited	PACRA	-	AM1
Meezan Bank Limited	JCR-VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Faysal Asset Management Limited	VIS	AM2++	-
Dubai Islamic Bank Pakistan Limited	VIS	A1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A
Bank of Khyber	PACRA	A-1	A

(Amounts in thousand)

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2023			2022		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	---Rupees---					
Financial liabilities						
Borrowings	67,802,230	198,956,023	266,758,253	63,268,513	165,197,151	228,465,664
Trade and other payables	154,432,436	-	154,432,436	103,146,061	-	103,146,061
Lease liabilities	15,743,751	110,270,517	126,014,268	12,794,103	86,187,057	98,981,160
Accrued interest / mark-up	2,807,643	-	2,807,643	2,764,706	-	2,764,706
	240,786,060	309,226,540	550,012,600	181,973,383	251,384,208	433,357,591

51.2 Capital risk management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The regulatory regime in which the Group's power segment operates renders the value of the equity to a bond given the guaranteed IRR of 15% with an indexation allowed under the PPA for changes in US $ / PKR exchange rate.

The Group's strategy is to ensure compliance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lender covenants. The proportion of borrowing to equity at year end was:

	2023	2022
	....Rupees....	
Long-term borrowings (note 24)	190,652,279	183,873,713
Lease liabilities (note 26)	77,394,491	71,416,814
Total borrowings	268,046,770	255,290,527
Equity	223,132,632	240,583,957
	491,179,402	495,874,484
Gearing ratio	54.57%	51.48%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

52. fair value estimation

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

(Amounts in thousand)

	Level 1	Level 2	Level 3	Total
	---------------------------Rupees---------------------------			
As at December 31, 2023				
Fair value through profit or loss				
- Mutual fund units	-	31,047,655	-	31,047,655
- Special Sharikah Certificates	-	969,712	-	969,712
	-	32,017,367	-	32,017,367
Fair value through other comprehensive income				
- Other investments	65,580	5,000	-	70,580
	65,580	5,000	-	70,580
As at December 31, 2022				
Fair value through profit or loss				
- Mutual fund units	-	17,166,688	-	17,166,688
- Pakistan Investment Bonds	-	1,799,903	-	1,799,903
	-	18,966,591	-	18,966,591
Fair value through other comprehensive income				
- Derivative financial instruments	-	737,319	-	737,319
- Pakistan Investment Bonds	-	29,380,322	-	29,380,322
- Other investments	87,320	5,000	-	92,320
	87,320	30,122,641	-	30,209,961

Level 1 fair value has been determined using prices quoted on Pakistan Stock Exchange.

Level 2 fair values have been determined on the basis of PKRV rates and closing net asset values for government securities and mutual fund units, respectively.

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

53. segment reporting

53.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Holding Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

Type of segments	Nature of business
Fertilizer	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment include a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro and Engro DAP optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phosphatic fertilizers. The Company carrying on the fertilizer business is listed on Islamic Index.
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals in Pakistan and internationally. The Company carrying on the polymer business is listed on Islamic Index.
Terminal	This part of the business includes operating and maintaining integrated liquid chemical terminal and storage farm, and LNG terminal for receipt, storage and regasification of LNG.
Power and mining	This part of the business includes power generation, distribution, transmission and sale of electricity in Pakistan. This also includes investments made in coal mining business.
Connectivity and telecom	This part of the business includes buying, building, maintaining and operating telecommunications infrastructure and anciliary products and services.
Other operations	It includes investments made in foods,dairy, commodities and trading businesses.

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

(Amounts in thousand)

53.2 The following information presents operating results regarding operating segments for the year ended December 31, 2023 and asset information regarding operating segments as at December 31, 2023:

	Fertilizer		Polymer		Terminal	
	2023	2022	2023	2022	2023	2022
Revenue from external customers (note 34)						
At a point in time	223,704,592	157,016,931	81,157,456	81,982,766	-	-
Over time	-	-	112,078	76,817	21,309,997	16,408,856
	223,704,592	157,016,931	81,269,534	82,059,583	21,309,997	16,408,856
Segment gross profit / (loss)	72,297,228	42,847,140	20,733,922	23,703,750	7,038,661	5,611,632
Segment expenses - net off other income	(21,598,718)	(14,979,123)	(3,946,877)	(5,353,234)	(352,956)	(546,548)
Income from financial assets	3,345,739	1,838,431	1,183,635	1,437,332	1,242,207	692,804
Finance cost (note 41)	(1,910,830)	(2,621,808)	(4,214,708)	(3,091,904)	(890,760)	(965,141)
Loss allowance on subsidy receivable from GoP	(2,440,151)	(522,936)	-	-	-	-
Share of income from						
joint venture and associates (note 42)	-	-	-	-	1,444,422	1,222,769
Adjustment in respect of carrying value of						
thermal assets (note 1.1.1)	-	-	-	-	-	-
Reversal of impairment of property, plant and equipment"	-	-	-	-	-	-
Income tax (charge) / credit (note 42)	(23,502,166)	(10,558,414)	(4,823,678)	(5,006,829)	(3,382,723)	(2,323,766)
Segment profit / (loss) after tax - continuing operations	26,191,102	16,003,290	8,932,294	11,689,115	5,098,851	3,691,750
Segment profit / (loss) - discontinued operations	-	-	-	-	-	-
	26,191,102	16,003,290	8,932,294	11,689,115	5,098,851	3,691,750
Segment assets	160,842,670	145,413,332	90,597,810	85,400,579	83,026,306	74,971,634
Investment in joint venture /						
associates	-	-	-	-	-	-
Total segment assets	160,842,670	145,413,332	90,597,810	85,400,579	83,026,306	74,971,634
Total segment liabilities	112,939,915	100,359,904	62,005,725	58,278,863	73,534,119	67,330,086
Capital expenditure	6,174,436	8,377,514	11,366,384	9,095,716	646,236	463,889
Depreciation	3,883,411	3,256,411	3,433,012	2,934,134	441,281	442,703
Amortization of intangible assets (note 6.1)	203,700	181,908	104,545	97,446	12,126	12,332

	Power and mining		Connectivity and telecom		Other operations		Elimination - net		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers (note 34)										
At a point in time	-	-	-	-	142,360,381	75,246,438	(121,795,653)	(66,392,063)	325,426,776	247,854,072
Over time	122,521,891	83,069,965	13,230,238	9,094,633	-	-	(112,078)	(76,817)	157,062,126	108,573,454
	122,521,891	83,069,965	13,230,238	9,094,633	142,360,381	75,246,438	(121,907,731)	(66,468,880)	482,488,902	356,427,526
Segment gross profit / (loss)	47,523,124	29,371,094	5,369,868	3,830,597	26,464,753	22,930,852	(23,791,707)	(23,352,168)	155,635,849	104,942,897
Segment expenses - net off other income	7,848,548	2,267,909	(1,108,586)	(795,503)	(7,108,606)	(8,235,648)	1,065,366	345,906	(25,201,829)	(27,296,241)
Income from financial assets	7,224,574	3,527,054	347,416	546,632	6,717,393	7,533,956	(1,643,939)	(1,217,698)	18,417,025	14,358,511
Finance cost (note 41)	(31,553,414)	(18,846,137)	(6,678,490)	(3,603,487)	(1,503,001)	(847,870)	2,212,757	2,021,427	(44,538,446)	(27,954,920)
Loss allowance on subsidy receivable from GoP	-	-	-	-	-	-	-	-	(2,440,151)	(522,936)
Share of income from										
joint venture and associates (note 42)	3,195,433	1,008,703	-	-	602,006	983,804	-	-	5,241,861	3,215,276
Adjustment in respect of carrying value of										
thermal assets (note 1.1.1)	(29,950,311)	-	-	-	-	-	-	-	(29,950,311)	-
Reversal of impairment of property, plant and equipment"	-	-	-	-	-	1,458,297	-	-	-	1,458,297
Income tax (charge) / credit (note 42)	(3,626,462)	(1,976,879)	238,353	308,915	(6,232,979)	(2,391,416)	260,602	(141,289)	(41,069,053)	(22,089,678)
Segment profit / (loss) after tax - continuing operations	661,492	15,351,744	(1,831,439)	287,154	18,939,565	21,431,975	(21,896,921)	(22,343,822)	36,094,945	46,111,206
Segment profit / (loss) - discontinued operations	-	-	71	71	-	-	(71)	-	-	71
	661,492	15,351,744	(1,831,368)	287,225	18,939,565	21,431,975	(21,896,992)	(22,343,822)	36,094,945	46,111,277
Segment assets	325,947,570	292,796,191	69,097,845	60,974,587	94,585,248	92,570,122	(56,015,914)	(38,699,719)	768,081,535	713,426,726
Investment in joint venture /										
associates	5,529,243	7,696,482	-	-	28,885,499	28,292,444	-	-	34,414,742	35,988,926
Total segment assets	331,476,813	300,492,673	69,097,845	60,974,587	123,470,747	120,862,566	(56,015,914)	(38,699,719)	802,496,277	749,415,652
Total segment liabilities	263,093,522	228,595,228	50,989,467	42,760,262	44,813,609	26,155,440	(28,012,712)	(14,648,088)	579,363,645	508,831,695
Capital expenditure	3,536,315	4,671,204	7,927,473	17,626,696	1,090,560	495,244	624,109	-	31,365,513	40,730,263
Depreciation	8,029,418	6,486,824	3,388,571	2,276,585	849,974	563,950	9,530	-	20,035,197	15,960,607
Amortization of intangible assets (note 6.1)	67,022	64,171	12,442	10,811	38,673	54,424	3	(8,832)	438,511	412,260

53.3 Revenue derived from CPPA-G which is in excess of 10% or more of the Group's revenue amounting to Rs. 122,005,078 (2022: Rs. 82,548,083), attributable to power and mining segment.

(Amounts in thousand)

54. transactions with related parties

54.1 Following are the details of associated companies and undertakings and other related parties with whom the Group entered into transactions or had agreements and arrangements in place during the year:

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
1	Dawood Hercules Corporation Limited	39.97%	Holding Company
2	Arabian Sea Country Club	N/A	Associated Company
3	China Machiery Engineering Corporation	N/A	Associated Company
4	China East Resources Import & Export Corporation	N/A	Associated Company
5	EmpiricAI (Private) Limited	N/A	Associated Company
6	Engro Foundation	N/A	Associated Company
7	FrieslandCampina Engro Pakistan Limited	39.90%	Associated Company
8	Mitsubishi Corporation	N/A	Associated Company
9	Reon Energy Limited	N/A	Associated Company
10	Siddiqsons Energy Limited	N/A	Associated Company
11	Signify Pakistan Limited	N/A	Associated Company
12	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
13	Thar Foundation	N/A	Associated Company
14	Thar Power Company Limited	N/A	Associated Company
15	Vopak LNG Holding B.V., incorporated in the Netherlands	N/A	Associated Company
16	Engro Vopak Terminal Limited	50%	Joint Venture
17	Mr. Ghias Khan	N/A	Chief Executive Officer
18	Dawood Corporation (Private) Limited	0.64%	Common Directorship
19	Habib Bank Limited	N/A	Common Directorship
20	Pakistan Stock Exchange Limited - PSX	N/A	Common Directorship
21	Sui Southern Gas Company Limtited - SSGC	N/A	Common Directorship
22	Pakistan Institute of Corporate Governance (PICG)	N/A	Common Directorship
23	Hagler Bailly Pakistan	N/A	Common Directorship
24	Inbox Business Technologies (Private) Limited	N/A	Common Directorship
25	Karachi School for Business & Leadership	N/A	Common Directorship
26	Overseas Investors Chamber of Commerce & Industry	0.14%	Common Directorship
27	Pakistan Oxygen Limited	N/A	Common Directorship
28	Dawood Investments (Private) Limited	2.16%	Common Directorship
29	Tenaga Genarasi Limited	N/A	Common Directorship
30	The Dawood Foundation	0.01%	Common Directorship
31	The Karachi Education Initiative	N/A	Common Directorship
32	Unilever Pakistan Foods Limited	N/A	Common Directorship
33	Karachi Port Trust	N/A	Common Directorship
34	Engro Power Services Limited	N/A	Common Directorship
35	Indus Hospital and Health Network	N/A	Common Directorship
36	GEL Utility Limited	N/A	Common Directorship
37	KSB Pumps Company Limited	N/A	Common Directorship
38	Nimir Industrial Chemicals Limited	N/A	Common Directorship
39	ATS Synthetic (Private) Limited	N/A	Common Directorship
40	Mr. Abdul Samad Dawood	0.24%	Director
41	Mr. Hussain Dawood	3.32%	Director
42	Mr. Khawaja Iqbal Hassan	0.01%	Director
43	Mr. Mohammad Abdul Aleem	0.06%	Director
44	Mr. Rizwan Diwan	N/A	Director
45	Mr. Shahzada Dawood	1.22%	Ex - Director

(Amounts in thousand)

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
46	Ms. Dominique Russo	0.00%	Ex - Director
47	Ms. Henna Inam	N/A	Director
48	Ms. Sabrina Dawood	0.68%	Director
49	Mr. Shabbir Hussain Hashmi	0.02%	Director
50	Mr. Mazhar Abbas Hasnani	0.01%	Key Management Personnel / Ex - Director
51	Ms. Azmeh Dawood	0.28%	Daughter of director
52	Mrs. Ayesha Dawood	N/A	Spouse of director
53	Mrs. Humera Aleem	0.01%	Spouse of director
54	Mrs. Kulsum Dawood	1.46%	Spouse of director
55	Dr. Shamshad Akhtar	N/A	Ex-Director of Group Company
56	Mr. Asad Said Jafar	N/A	Director of Group Company
57	Mr. Asim Murtaza Khan	N/A	Director of Group Company
58	Mr. Feroz Rizvi	N/A	Ex-Director of Group Company
59	Mr. Hideki Adachi	N/A	Director of Group Company
60	Mr. Ismail Mahmood	N/A	Director of Group Company / Key Management Personnel
61	Mr. Javed Akbar	N/A	Director of Group Company
62	Mr. Nazoor Ali Baig	N/A	Director of Group Company
63	Ms. Ayesha Aziz	N/A	Director of Group Company
64	Ms. Danish Zuberi	N/A	Director of Group Company
65	Mr. Tomoya Kondo	N/A	Director of Group Company
66	Mr. Tariq Nisar	N/A	Director of Group Company
67	Mr. Kamran Nishat	N/A	Director of Group Company
68	Ms. Maryam Aziz	N/A	Director of Group Company
69	Mr. Usman Hassan	N/A	Key management personnel
70	Mr. Shahab Qader Khan	N/A	Key management personnel
71	Ms. Semeen Akhtar	N/A	Key management personnel
72	Mr. Abdul Qayoom	N/A	Key management personnel
73	Mr. Ahsan Zafar Syed	N/A	Key management personnel
74	Mr. Mohammad Yasir Khan	N/A	Key management personnel
75	Mr. Aneeq Ahmed	N/A	Key management personnel
76	Mr. Athar Abrar Khawaja	N/A	Key management personnel
77	Mr. Eram Hasan	N/A	Key Management Personnel
78	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
79	Mr. Imran Ahmed	N/A	Key Management Personnel
80	Mr. Jahangir Piracha	N/A	Key management personnel
81	Mr. Kalimuddin A Khan	N/A	Key management personnel
82	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
83	Mr. Khawaja Bilal Mustafa	N/A	Key Management Personnel
84	Mr. Khusrau Nadir Gilani	N/A	Key Management Personnel
85	Mr. Mahmood Siddiqui	N/A	Key management personnel
86	Mr. Muhammad Idrees	N/A	Key Management Personnel
87	Mr. Muhammad Majid Latif	N/A	Key Management Personnel
88	Mr. Muhammad Saad Khan	N/A	Key Management Personnel
89	Mr. Nadir Salar Qureshi	N/A	Key Management Personnel
90	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
91	Mr. Syed Shahzad Nabi	N/A	Key Management Personnel
92	Mr. Shariq Abdullah	N/A	Key Management Personnel
93	Mr. Suleiman Ijaz	N/A	Key Management Personnel
94	Mr. Ammar Shah	N/A	Key management personnel
95	Mr. Syed Manzoor Hussain Zaidi	N/A	Key Management Personnel
96	Mr. Sayyed Mohsin Hassan	N/A	Key management personnel
97	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel

(Amounts in thousand)

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
98	Mr. Tariq Zafar	N/A	Key Management Personnel
99	Mr. Yusuf Jamil Siddiqui	N/A	Key Management Personnel
100	Ms. Ekta Sitani	N/A	Key Management Personnel
101	Ms. Nida Fatima Hashmi	N/A	Key management personnel
102	Ms. Rabia Wafah Khan	N/A	Key management personnel
103	Ms. Shomaila Loan	N/A	Key Management Personnel
104	Mr. Vaqar Zakaria	N/A	Director of Group Company
105	Ms. Fauzia Viqar	N/A	Ex - Director of Group Company
106	Mr. Kaiser Bengali	N/A	Director of Group Company
107	Ms. Nausheen Ahmed	N/A	Director of Group Company
108	Mr. Kan Li	N/A	Director of Group Company
109	Mr. Xiangwei Duan	N/A	Director of Group Company
110	Mr. Xinjie Wei	N/A	Director of Group Company
111	Mr. Sami Aziz	N/A	Key Management Personnel
112	Mr. Wang Pu	N/A	Key Management Personnel
113	Mr. Ali Rathore	N/A	Key Management Personnel
114	Mr. Fahad Dar	0.00%	Key Management Personnel
115	Ms. Suman Humayyun	N/A	Key Management Personnel
116	Mr. Umair Ali Bhatti	N/A	Key Management Personnel
117	Mr. Atif Muhammad Ali	N/A	Key Management Personnel
118	Mr. Adeel Qamar	N/A	Key Management Personnel
119	Mr. Arif Jalil	N/A	Key Management Personnel
120	Mr. Khawaja Haider Abbas	N/A	Key Management Personnel
121	Engro Corporation Limited - MPT Employees Gratuity Fund	0.02%	Post Employement Benefits
122	Engro Corporation Limited - MPT Employees Pension Fund	0.02%	Post Employement Benefits
123	Engro Corporation Limited MPT Gratuity Fund	0.00%	Post Employement Benefits
124	Engro Corporation Limited Provident Fund	0.03%	Post Employement Benefits
125	Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employement Benefits
126	Engro Corporation Limited DB Pension Fund	N/A	Post Employement Benefits
127	Engro Foods Employees Gratuity Fund	N/A	Post Employement Benefits

54.2 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	2023	2022
	....Rupees....	
Parent Company		
Dividend paid	10,080,081	7,291,974
Expense in connection with advisory agreement	-	14,617
Reimbursements by Parent company	1,154	-
Reimbursements to Parent company	10,073	16,098
Purchases of goods and services	100,200	-

(Amounts in thousand)

	2023	2022
	....Rupees....	
Associated Companies		
Purchases and services	51,351,427	51,083,731
Sale of goods and rendering of services	4,861,260	-
Donations	1,281,670	671,184
Short term loan received	-	2,849,878
Repayment of overdraft facility	-	3,609,879
Reimbursement to associated companies	325,953	323,384
Expenses paid on behalf of associated companies	198,836	310,277
Dividends paid / payable	4,478,066	537,680
Loans repaid	130,306	113,052
Finance costs	5,862,176	4,170,368
Joint Venture		
Purchase of services	4,378,161	3,178,688
Services rendered	5,706	-
Reimbursements	146,709	78,865
Late payment charges	19,025	-
Dividend received	1,365,000	932,400
Expenses paid on behalf of joint venture company	450,634	399,456
Dividend paid	-	1,078,176
Retirement funds		
Contribution to retirement benefit funds	1,233,000	1,050,298
Directors		
Dividend paid	1,733,452	1,259,953
Dividend paid to key management personnel	35,025	15,750
Advisory fee	55,224	100,484
Directors' fees	122,700	136,242
Others		
Other benefits paid	132,021	147,844
Remuneration of key management personnel	1,653,501	1,514,454
Reimbursement to key management personnel	371	1,808

(Amounts in thousand)

54.3 Details of related parties incorporated outside Pakistan with whom the Group had transactions or arrangements in place are as follows:

	GEL Utility Limited	China Machinery Engineering Corporation	China East Resources Import & Export Corporation	Engro Power Services Limited (EPSL)	Engro Power Investment International B.V. (EPII B.V.)	Engro Power Services Holding B.V. (EPSH B.V.)	Engro Power International Holding B.V. (EPIH)	Engro Eximp FZE	Engro LNG FZE	Vopak LNG Holding B.V.
Country of Incorporation	Nigeria	People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates	United Arab Emirates	Netherlands
% of holding	45%	N/A	N/A	100%	100%	100%	100%	100%	100%	N/A
Basis of Relationship	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(Subsidiary)	(indirectly through subsidiary)	(Associate)

55. contributory retirement funds

The employees of the Group participate in the Provident Fund maintained by the Holding Company. Monthly contributions are made both by the companies in the Group and the employees to the fund maintained by the Holding Company at the rate of 10% of basic salary.

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

56. donations

56.1 During the year, the Group made / accrued the following donations which are above Rs. 1,000 or 10% of each component's total amount of donation or where the directors are interested in the donee:

	....Rupees....
Engro Foundation (note 56.1.1)	1,027,909
Thar Foundation	300,080
Flood Relief	2,500
The Dawood Foundation (note 56.1.2)	90

56.1.1 During the year, the Group made donation to Engro Foundation amounting to Rs. 1,027,909 (2022: 497,218). Mr. Ghias Khan (Chief Executive Officer of the Holding Company) and Ms. Sabrina Dawood (Director of the Holding Company) are also the trustees of Engro Foundation.

56.1.2 During the year, the Group made donation to The Dawood Foundation amounting to Rs. 90 (2022: Nil). Mr. Hussain Dawood (Chairman of the Board), Mr. Ghias Khan (Chief Executive Officer of the Holding Company) and Mr. Abdul Samad Dawood and Ms. Sabrina Dawood (Directors of the Holding Company) are also the trustees of The Dawood Foundation.

57. production capacity

		Designed Annual Capacity		Actual Production	
		2023	2022	2023	2022
Urea (note 57.1)	Metric Tons	2,275,000	2,275,000	2,313,448	1,954,528
NPK (note 57.1)	Metric Tons	100,000	100,000	96,328	137,075
PVC Resin (note 57.1)	Metric Tons	295,000	295,000	230,000	239,000
EDC (note 57.1)	Metric Tons	127,000	127,000	100,000	102,000
Caustic soda (note 57.1)	Metric Tons	106,000	106,000	96,000	97,000
Caustic flakes (note 57.1)	Metric Tons	20,000	20,000	13,000	9,000
VCM (note 57.1)	Metric Tons	245,000	245,000	224,000	219,000
Power (note 57.2)	Mega Watt Hours	7,166,294	7,139,758	4,493,430	4,454,614
Power	Mega Watt	66	66	45	55
Integrated rice processing					
- Milling	Metric Tons	144,000	144,000	12,713	60,738
- Drying (note 57.3)	Metric Tons	270,000	270,000	282	27,118

57.1 Production planned as per market demand and in-house consumption needs.

57.2 Output produced by the plants of EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

57.3 Three months season design capacity and production is dependent on availability of rice paddy.

57.4 The annual regassification capacity of EETPL as service provider to SSGCL is 4.5 MTPA and there has been no shortfall during the year.

58. number of employees of the group

	Number of employees as at		Average number of employees during the year	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Number of employees	2,742	2,814	2,717	2,761

59. seasonality

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average, fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

The Group's agri business is subject to seasonal fluctuation as majority of paddy / unprocessed rice is procured during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. The Group manages seasonality in the business through appropriate inventory management.

60. interest in joint arrangements

In 2022, EFert, Fauji Fertilizer Company Limited (Fauji) and Fatima Fertilizer Company Limited (FATIMA) (collectively the Fertilizer Manufacturers) entered into a Framework Agreement dated November 30, 2022 (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project. Under the Agreement, the Fertilizer Manufacturers have decided to jointly develop and install pressure enhancement facilities at Mari Petroleum Company Limited's (MPCL's) delivery node to sustain the current level of pressure of gas supply from HRL reservoir of MPCL.

All decisions with respect to the development and operations of PEF would be made only with unanimous consent of the Fertilizer Manufacturers. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS 11 - Joint Arrangements. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Fertilizer Manufacturers, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operation' in these consolidated financial statements. Current cost sharing percentages in PEF of EFert, Fauji and FATIMA are 33.9%, 47.7% and 18.4%, respectively. The Group has continued to recognize its share of jointly held asset in these consolidated financial statements.

61. non-adjusting event after reporting date

61.1 The Board of Directors of the Holding Company in its meeting held on February 23, 2024 has proposed a final cash dividend of Rs. 2 per share for the year ended December 31, 2023 amounting to Rs. 1,073,253 for approval of the members at the Annual General Meeting to be held on April 25, 2024.

(Amounts in thousand)

61.2 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on February 7, 2024 has proposed a final cash dividend of Rs. 6 per share for the year ended December 31, 2023, amounting to Rs. 540,000 of which the proportionate share of the Holding Company amounts to Rs. 270,000.

The consolidated financial statements for the year ended December 31, 2023 do not include the effect of the aforementioned proposed dividends, which will be accounted for in the consolidated financial statements for the year ending December 31, 2024.

62. listing of subsidiary companies, associated companies and joint venture

Name of Subsidiaries	Financial year end
Engro Fertilizers Limited (EFert)	December 31
EFERT Agritrade (Private) Limited (EAPL)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Think PVC (Private) Limited	December 31
Engro Peroxide (Private) Limited	December 31
Engro Plasticizer (Private) Limited	December 31
Engro Energy Limited (EEL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTL)	December 31
Elengy Terminal Pakistan Limited (ETPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Eximp FZE (FZE)	December 31
Engro LNG FZE (ELNG)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Connect (Private) Limited	December 31
Engro Infiniti (Private) Limited	December 31
Engro Enfrashare (Private) Limited	December 31
Thermal Vision (Private) Limited	December 31
Engro Energy Services Limited (EESL)	December 31
Name of Joint Venture	
Engro Vopak Terminal Limited (EVTL)	December 31

(Amounts in thousand)

Name of Associates	Financial year end
FrieslandCampina Engro Pakistan Limited (FCEPL)	December 31
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
Gel Utility Limited (GEL)	December 31
Siddiqsons Energy Limited (SEL)	June 30
Pakistan Energy Gateway Limited (PEGL)	December 31
Magboro Power Company Limited (MPCL)	December 31
Thar Power Company Limited (TPCL)	December 31

62.1 Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI). The amounts disclosed for each subsidiary are before inter-company eliminations:

	2023				
	EPQL	EPTL	ETPL	EFert	EPCL
	---------------------------Rupees---------------------------				
Total Assets	23,077,478	332,118,454	83,026,306	160,842,670	90,597,810
Total Liabilities	8,594,871	239,908,407	73,534,119	112,939,915	62,005,725
Total Comprehensive Income	2,511,119	28,003,279	3,654,429	26,217,066	8,932,294
Total Comprehensive Income allocated to NCI	781,209	13,973,636	1,607,949	11,464,723	3,913,238
Adjustment for allocation of profit from Owners to NCI for preference dividend share	-	5,378,620	-	-	762,222
Adjustment in respect of carrying value of thermal assets allocated to NCI	(1,444,214)	(15,210,604)	-	-	-
Accumulated NCI	3,090,182	35,656,575	4,165,220	20,864,913	14,150,676
Cash and cash equivalents	(3,593,641)	29,057,667	2,996,200	3,973,574	(2,695,581)
Cash (utilized in) / generated from					
- operating activities	4,407,771	43,777,067	4,742,121	60,554,681	5,156,107
- investing activities	97,145	1,430,720	(2,058,297)	(18,744,013)	2,583,580
- financing activities	(2,164,219)	(38,190,344)	(3,715,393)	(33,740,528)	(14,322,931)
Dividend paid / payable to NCI	(352,626)	(2,065,100)	(793,667)	(10,218,712)	(3,631,494)
Interest of NCI	31.11%	49.90%	44%	43.73%	43.81%

(Amounts in thousand)

	2022				
	EPQL	EPTL	ETPL	EFert	EPCL
	---------------------------Rupees---------------------------				
Total Assets	24,161,647	272,636,155	74,971,632	145,413,332	85,400,580
Total Liabilities	11,056,858	206,364,041	67,330,086	100,359,904	58,278,865
Total Comprehensive Income	1,460,181	16,264,068	2,468,981	15,993,161	11,689,115
Total Comprehensive Income allocated to NCI	454,262	8,115,770	1,086,352	6,993,809	5,121,001
Accumulated NCI	4,105,813	33,580,023	3,350,938	19,618,902	13,106,710
Cash and cash equivalents	(5,934,338)	19,751,100	4,027,769	(4,096,566)	3,453,356
Cash (utilized in) / generated from					
- operating activities	4,281,665	23,887,877	5,143,195	31,634,356	21,734,401
- investing activities	(544,366)	6,766	(1,188,443)	(18,926,865)	(8,753,830)
- financing activities	(4,963,631)	(27,808,130)	(3,828,703)	(29,181,273)	(15,550,460)
Dividend paid / payable to NCI	(1,410,279)	(12,078,738)	(1,078,335)	(7,883,006)	(6,619,089)
Interest of NCI	31.11%	49.90%	44%	43.73%	43.81%

63. corresponding figures

Corresponding figures and balances have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation, the effects of which are not material.

64. date of authorization for issue

These consolidated financial statements were authorized for issue on February 23, 2024 by the Board of Directors of the Holding Company.

Shabbir Hussain Hashmi	Farooq Barkat Ali	Ghias Khan
Director	Chief Financial Officer	President and Chief Executive

annexures

proxy form

I/We ____

of ___________________________________ being a member of ENGRO CORPORATION 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 25th day of April, 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 کارپوریشن 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، کو25 اپریل 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 کیے _______________(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۔ کمپنی کے ممبر کے علاوہ کوئی بھی فرد پراکسی کے طور پر کام نہیں کرسکتا۔

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۔

standard request form

Circulation of Annual Audited Accounts.

The Share Registrar
Engro Corporation 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 Corporation Limited.**

I, ______________________________ S/o, D/o, W/o ______________________ being a registered shareholder of Engro Corporation Limited with the particulars as mentioned below would request that my name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual 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 Corporation Limited
8th Floor, The Harbour Front, Dolmen City
HC-3, Block 4, Clifton, Karachi-75600.

اقلیتی شیئر ہولڈرز کے مفادات کے تحفظ کے لیے، کوئی بھی ممبر مذکورہ کیٹگریز میں سے کسی میں بھی الیکشن لڑنے کے لیے اپنی نامزدگی بھیج سکتا ہے۔

کوئی بھی شخص جو ڈائریکٹر کے عہدے کا انتخاب لڑنا چاہتا ہے، چاہے وہ ریٹائر ہونے والا ڈائریکٹر ہو یا دوسری صورت، وہ مندرجہ ذیل دستاویزات کمپنی سیکریٹری کو رجسٹرڈ آفس ایڈریس 8th فلور، ہاربر فرنٹ بلڈنگ، HC#3، میرین ڈرائیو، بلاک 4 کلفٹن کراچی، سالانہ اجلاس عام کی تاریخ سے چودہ (14) دن پہلے درج ذیل دستاویزات کے ساتھ جمع کرائے گا۔

1۔ ایکٹ کے سیکشن (3)159 کے مطابق ڈائریکٹرز کے انتخاب کے لیے اپنے آپ کو پیش کرنے کے ارادے کا نوٹس اور ایکٹ اور کمپنیز (عام شرائط اور فارمز) ریگولیشنز، 2018 کے تحت مقرر کردہ فارم 28 پر ڈائریکٹر کے طور پر کام کرنے کی رضامندی ظاہر کرے۔

2۔ ڈائریکٹرز کے انتخاب میں حصہ لینے والے کسی بھی شخص کو اپنی رضامندی جمع کرانے کے وقت کمپنی کا ممبر ہونا چاہئے جب تک کہ ایسا شخص کسی ایسے ممبر کی نمائندگی نہ کر رہا ہو جو کہ فطری شخص نہیں ہے۔

3۔ ایک دستخط شدہ اعلامیہ اس بات کی تصدیق کرتا ہے کہ:

ا) وہ ایکٹ، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019، پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک، میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن آف دی کمپنی اور دیگر متعلقہ قوانین اور ضوابط کے تحت اپنے فرائض اور اختیارات سے واقف ہے۔

ب) وہ ایکٹ، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور دیگر قابل اطلاق قوانین/ضوابط کے تحت کسی لسٹڈ کمپنی کا ڈائریکٹر بننے کے لیے نااہل نہیں ہے۔

4۔ SRO 1196 (I)/2019 مورخہ 03 اکتوبر 2019 کے تحت کمپنی کی ویب سائٹ پر تقرری کے لیے اس کے آفس ایڈریس کے ساتھ ایک تفصیلی پروفائل۔

5۔ منعقدہ ڈائریکٹرشپ آفیسز کی تفصیل۔

6۔ فعال CNIC یا پاسپورٹ کی کاپی (غیر ملکی شہری کی صورت میں) NTN اور فولیو نمبر/CDC اکاؤنٹ یا سب اکاؤنٹ نمبر کے ساتھ۔

7۔ ایک آزاد ڈائریکٹر کے طور پر الیکشن لڑنے کا ارادہ رکھنے والے امیدواروں کو درج ذیل اضافی دستاویزات جمع کرانے کی ضرورت ہے:

ا) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ریگولیشن (3)6 کے تحت آزادی کا اقرار۔

ب) غیر عدالتی اسٹامپ پیپر پر اقرار کرنا کہ وہ کمپنیز (آزاد ڈائریکٹرز کا طریقہ اور انتخاب) ریگولیشنز، 2018 کے ریگولیشنز (1)4 کے تقاضوں کو پورا کرتا ہے۔

انڈیپنڈنٹ ڈائریکٹر کی کیٹگری کے لیے موصول ہونے والے تمام نوٹس، کمپنی کی طرف سے ایکٹ کے سیکشن 166 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے 7A کے تحت مقرر کردہ لوازمات سے مشروط ہوں گے۔

الیکشن لڑنے والے امیدواروں کی حتمی فہرست کمپنیز ایکٹ 2017 کے سیکشن (4)159 کی تعمیل میں سالانہ اجلاس عام کی تاریخ سے سات (7) دن پہلے جاری کی جائے گی۔ کمپنی کی ویب سائٹ کو مطلوبہ معلومات اور ڈائریکٹرز کے پروفائل۔ کے ساتھ اپ ڈیٹ کیا جائے گا۔

کمپنیز ایکٹ، 2017 کے سیکشن (3)134 کے تحت اصل حقائق کا بیان

ایجنڈا آئٹم 5

یہ اسٹیٹمنٹ خصوصی کاروبار سے متعلق مادی حقائق کا تعین کرتا ہے جیسا کہ کمپنی کے سالانہ اجلاس عام کے نوٹس میں بیان کیا گیا ہے۔

ٹیکنالوجی میں پیشرفت کے زیادہ سے زیادہ استعمال کو مدنظر رکھتے ہوئے اور ماحولیات اور پائیداری کے لیے کمپنی کی کارپوریٹ سماجی ذمہ داری کو پورا کرنے کے لیے، سالانہ رپورٹ (بشمول سالانہ آڈٹ شدہ مالیاتی گوشواروں اور دیگر نوٹس اور اس میں موجود رپورٹس) کی سرکولیشن کے لیے ممبران کی منظوری طلب کی جاتی ہے جو SECP کی جانب سے مورخہ 21 مارچ 2023 کو جاری کردہ ایس آر او (1)389 کی تعمیل میں ویب لنک اور QR کوڈ کے حامل کوڈ کے ذریعے کمپنی کے ممبران کو ترسیل کی جائے گی۔

کمپنیز (متعلقہ کمپنیوں یا ایسوسی ایٹڈ انڈرٹیکنگز میں سرمایہ کاری) ریگولیشنز، 2017 کے تحت اپ ڈیٹ

30 مارچ 2023 کو منعقدہ ستاون ویں (57 ویں) سالانہ اجلاس عام میں، کمپنی کے شیئر ہولڈرز نے مندرجہ ذیل متعلقہ کمپنیوں قلیل مدتی فنڈ ڈ اور غیر فنڈ ڈ فنانسنگ سہولیات/ذیل میں بیان کردہ رقم تک کی سیکورٹی کے ساتھ قرض دینے/فراہم کرنے کی منظوری دی۔ یہ سہولت خصوصی قرارداد کی تاریخ سے ایک (1) سال کی مدت کے لیے کارآمد تھی، جسے کمپنی ہر ایک (1) سال کی مسلسل چار (4) مدتوں تک تجدید کرسکتی ہے۔ اس کے مطابق ان سہولیات کی تجدید کی جارہی ہے جیسا کہ شیئر ہولڈرز نے پہلے منظور کیا تھا۔

- اینگرو فرٹیلائزرز لمیٹڈ 12 بلین روپے
- اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ 7 بلین روپے
- اینگرو ایلنجی ٹرمینل (پرائیویٹ) لمیٹڈ 4 بلین روپے
- اینگرو پاورجن قادر پور لمیٹڈ 2 بلین روپے
- اینگرو ووپاک ٹرمینل لمیٹڈ 2 بلین روپے
- اینگرو انفراشیئر (پرائیویٹ) لمیٹڈ 2 بلین روپے

سال 2023 کے دوران، اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ اور اینگرو پاورجن قادر پور لمیٹڈ نے ایک فنڈ ڈ سہولت کے طور پر مذکورہ بالا سے فائدہ اٹھایا اور اس کی ادائیگی کی۔

مزید برآں، اینگرو انفراشیئر (پرائیویٹ) لمیٹڈ نے بھی مذکورہ سہولت حاصل کی ہے، جو 31 دسمبر 2023 کو ختم ہونے والے سال میں بقایا تھی۔ اسے اینگرو کارپوریشن لمیٹڈ اور اینگرو انفراشیئر (پرائیویٹ) لمیٹڈ کے درمیان قرض کے معاہدے کی شرائط کے مطابق ادا کیا جائے گا۔

9۔ انکم ٹیکس آرڈیننس، 2001 کے پہلے شیڈول کے پارٹ III کے ڈویژن I کے ساتھ سیکشن 150 کی تعمیل میں، ڈیویڈنڈ کی آمدنی پر ود ہولڈنگ ٹیکس ''فائلر'' اور ''نان فائلر'' شیئر ہولڈرز کے لیے 15% اور 30% کے حساب سے منہا کیا جائے گا۔ ''فائلر'' وہ ٹیکس دہندہ ہے جس کا نام ایف بی آر کی طرف سے وقتاً فوقتاً جاری کردہ ایکٹو ٹیکس پیئرز لسٹ (ATL) میں ظاہر ہوتا ہے اور ''نان فائلر'' فائلر کے علاوہ کوئی اور شخص ہوتا ہے۔ کمپنی کو فائلرز کے لیے 15% ٹیکس ود ہولڈ کرنے کے قابل بنانے کے لیے، تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام FBR کی ویب سائٹ پر تازہ ترین دستیاب ATL میں ظاہر ہوں، بصورت دیگر نان فائلرز کے لیے ان کے کیش ڈیویڈنڈ پر 30% ٹیکس منہا کیا جائے گا۔ ڈیویڈنڈ کی آمدنی سے ود ہولڈنگ ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دی جائے گی جب ایک درست ٹیکس استثنیٰ کے سرٹیفکیٹ کی کاپی شیئر رجسٹرار، میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو کتاب بند ہونے کے پہلے دن تک دستیاب کرائی جائے۔

ایف بی آر کے مطابق جوائنٹ اکاؤنٹس کی صورت میں ود ہولڈنگ 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 FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ تحریری طور پر کو فراہم کریں۔ اگر ہمارے رجسٹرار کو مطلوبہ معلومات فراہم نہیں کی جاتی تو یہ فرض کیا جائے گا کہ شیئرز پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر کے برابر تناسب میں رکھے گئے ہیں۔

10۔ زکوٰۃ کی لازمی کٹوتی سے استثنیٰ کا دعویٰ کرنے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ NJSR پر 50 روپے کے زکوٰۃ ڈیکلریشن فارم ''CZ-50'' کی ایک نوٹرائز کاپی کتاب کی بندش ہونے کے پہلے دن تک کمپنی کی شیئر رجسٹرار، میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو جمع کرائیں۔ 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، ان کے پارٹیسپنٹ / سرمایہ کار اکاؤنٹ کی خدمات کے ذریعے اپ لوڈ کیا جانا چاہیے۔

مزید برآں، غیر مسلم شیئر ہولڈرز کو بھی کمپنی کے شیئر رجسٹرار کے پاس سولمن اقرار (https://famcosrs.com/downloads/ پر دستیاب ہے) فائل کرنے کی ضرورت ہے اگر حصص فزیکل سرٹیفکیٹس میں یا سی ڈی سی پارٹیسپنٹ / سرمایہ کار اکاؤنٹ میں رکھے گئے ہیں۔ شیئرز اگر غیر منقولہ شکل میں ہیں، زکوٰۃ کی کٹوتی سے اس وقت تک کسی قسم کی رعایت کی اجازت نہیں دی جائے گی جب تک کہ مذکورہ بالا دستاویزات تمام پہلوؤں سے مکمل طور پر دستیاب نہ ہوں۔

11۔ درست CNIC جمع کروانا (لازمی)

ایس ای سی پی کی ہدایات کے مطابق، شیئر ہولڈرز، جن کے فعال شناختی کارڈ 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 CNICs کی فوٹو کاپی فوری طور پر، اگر پہلے سے فراہم نہیں کی گئی ہیں، شیئر رجسٹرار، میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو بغیر کسی تاخیر جمع کرائیں۔

12۔ غیر دعویٰ شدہ ڈیویڈنڈ

ایکٹ کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ شیئرز، یا ڈیویڈنڈ کا اعلان کیا گیا ہے جو اس تاریخ سے تین سال کی مدت کے لیے بغیر دعویٰ کے باقی رہ گیا ہے جس کی ادائیگی واجب الادا تھی اور اسے SECP کے پاس جمع کرانا ضروری ہے۔ شیئر ہولڈرز کو اپنا دعویٰ دائر کرنے کے نوٹس جاری کرنے کے بعد وفاقی حکومت کے پاس جمع کرائے جائیں گے۔ کمپنی کے جاری کردہ شیئرز اور ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے بقایا ہیں شیئر ہولڈرز کو بھیج دی گئیں۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعویٰ شدہ ڈیویڈنڈ اور شیئرز کے لیے ان کے دعوے فوری طور پر درج کیے جائیں۔ اگر مقررہ وقت میں کمپنی کے پاس کوئی دعویٰ درج نہیں کیا جاتا ہے، تو کمپنی، اخبار میں نوٹس دینے کے بعد، ایکٹ کے سیکشن (2)244 کی دفعات کے مطابق غیر دعویدار / غیر ادا شدہ رقم اور شیئرز وفاقی حکومت کے پاس جمع کرانے کے لیے آگے بڑھے گی۔

3۔ سی ڈی سی اکاؤنٹ میں فزیکل شیئرز کی تبدیلی

ایس ای سی پی نے اپنے خط نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ ایکٹ کے سیکشن 72 کی دفعات پر عمل کریں، ایکٹ کے نفاذ کے چار سال کے اندر اندر فزیکل شکل سے بک انٹری فارم جس کے تحت تمام کمپنیوں کو جاری کردہ شیئرز کو تبدیل کرنے کی ضرورت ہے۔

اسی طرح، 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 کریں۔ شیئر ہولڈرز سی ڈی ایس اکاؤنٹ کھولنے اور بعد ازاں فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے میں مدد کے لیے PSX ممبر، سی ڈی سی پارٹیسپنٹ، یا سی ڈی سی انویسٹرا 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 کمپنی کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ، یعنی FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ سے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کے لیے رابطہ کر سکتے ہیں۔

کمپنیز ایکٹ، 2017 کے سیکشن (3)166 کے تحت اصل حقائق کا بیان

ایجنڈا آئٹم 4

یہ اسٹیٹمنٹ عمومی کاروبار سے متعلق مادی حقائق کا تعین کرتا ہے جیسا کہ کمپنی کے سالانہ اجلاس عام کے نوٹس میں بیان کیا گیا ہے۔

کمپنی کے موجودہ ڈائریکٹرز کی مدت ملازمت 25 اپریل 2024 کو ختم ہو جائے گی۔ ایکٹ کے سیکشن (1)159 کے مطابق، بورڈ آف ڈائریکٹرز نے سالانہ اجلاس عام میں منتخب ہونے والے ڈائریکٹرز کی تعداد سات (7) مقرر کی ہے جو سالانہ اجلاس عام کی تاریخ سے شروع ہونے والی تین (3) سال کی مدت کے لیے ڈائریکٹر کے عہدے پر فائز رہیں گے۔

آزاد ڈائریکٹرز کا انتخاب ایکٹ، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کمپنیز (آزاد ڈائریکٹرز کا طریقہ اور انتخاب) ریگولیشنز، 2018 کے مطابق کیا جائے گا۔

اسی طرح، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ریگولیشن 7A کی دفعات کے مطابق، مندرجہ ذیل تین کیٹیگریز کے لیے الگ سے ڈائریکٹرز کا انتخاب منعقد کیا جائے گا:

سیریل نمبر	کیٹیگریز	نشستوں کی تعداد
1	خاتون ڈائریکٹر (ایکٹ کے سیکشن 166 کے تحت طے کردہ آزادی کے معیار پر پورا اترنے پر اسے آزاد ڈائریکٹر بھی سمجھا جا سکتا ہے)	1
2	آزاد ڈائریکٹرز	3
3	دیگر ڈائریکٹرز	3

"قرار پایا کہ اینگرو کارپوریشن لمیٹڈ (''کمپنی'') اپنی سالانہ رپورٹ بشمول سالانہ آڈٹ شدہ مالیاتی گوشواروں، آڈیٹرز کی رپورٹ، ڈائریکٹرز کی رپورٹ، چیئرمین کی جائزہ رپورٹ، شیئر ہولڈرز کے اجلاس کا نوٹس اور اس میں موجود دیگر رپورٹس کو ویب لنک اور QR کے حامل کوڈ کے ذریعے کمپنی کے ممبران کو بھیجنے کی مجاز ہے۔''

بحکم بورڈ

مورخہ: 6 مارچ 2024

کراچی

نوٹس

1۔ شیئر ہولڈرز کو تحائف دینے پر پابندی

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (''SECP'') نے اپنے 2018 کے سرکلر 2 کے ذریعے، مورخہ 9 فروری 2018، کمپنیز کو عام اجلاسوں یا متعلقہ میٹنگز کے سلسلے میں شیئر ہولڈرز کو (ٹوکن/کوپن/ لنچ / ٹیک وے پیکجز)) کسی بھی شکل یا انداز میں تحائف کے بدلے تحائف یا مراعات دینے سے سختی سے منع کیا ہے۔ ایکٹ کے سیکشن 185 کے تحت، اس میں کسی بھی خلاف ورزی کو جرم سمجھا جائے گا اور اس پر عمل نہ کرنے والی کمپنیوں کو جرمانے کا سامنا کرنا پڑ سکتا ہے۔

2۔ ویڈیو کانفرنسنگ کی سہولت کے ذریعے AGM کی کارروائی میں شرکت

ممبران کو ویڈیو کانفرنسنگ کی سہولت کے ذریعے AGM کی کارروائی میں شرکت کرنے کی ترغیب دی جاتی ہے، جس کا اہتمام کمپنی کی طرف سے کیا جائے گا۔

AGM میں شرکت میں دلچسپی رکھنے والے تمام شیئر ہولڈرز / ممبرز، جسمانی طور پر یا ویڈیو کانفرنسنگ کی سہولت کے ذریعے اپنا نام، فولیو نمبر، موبائل نمبر، CNIC/ پاسپورٹ نمبر https://forms.office.com/r/2nKNTGkxJN پر رجسٹر کرائیں۔ جسمانی طور پر یا ویڈیو لنک اور لاگ ان اسناد کے لیے تصدیقی ای میل صرف ان شیئر ہولڈرز کے ساتھ شیئر کی جائے گی جن کی رجسٹریشن سالانہ اجلاس عام سے کم از کم 48 گھنٹے پہلے موصول ہوگی۔

شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈا آئٹمز کے لیے اپنی تجاویز اور سوالات بھی ای میل ایڈریس agm.ecorp@engro.com پر فراہم کر سکتے ہیں۔

3۔ سالانہ رپورٹ 2023 کی الیکٹرانک ترسیل

ایکٹ کے سیکشن (6)223 کی تعمیل میں، کمپنی نے سالانہ رپورٹ 2023 کو الیکٹرانک طور پر ای میل کے ذریعے ان شیئر ہولڈرز کو بھیجی ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار، میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس دستیاب ہیں۔ ایسی صورت میں کہ جہاں کمپنی کے شیئر رجسٹرار کے پاس ای میل ایڈریس دستیاب نہیں ہیں، مذکورہ سالانہ رپورٹ کو ڈاؤن لوڈ کرنے کے لیے ویب لنک اور QR کے حامل کوڈ کے ساتھ سالانہ اجلاس عام کے پرنٹ شدہ نوٹس بھیجے گئے ہیں۔ تاہم، کمپنی کسی بھی ممبر کو ان کے مطالبے پر سالانہ رپورٹ کی ہارڈ کاپیاں، ان کے رجسٹرڈ پتے پر، ایسی درخواست موصول ہونے کے ایک ہفتے کے اندر مفت فراہم کرے گی۔

علاوہ ازیں، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنا درست ای میل ایڈریس (فعال CNIC کی کاپی کے ساتھ) کمپنی کے شیئر رجسٹرار، میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو فراہم کریں اگر ممبر فزیکل فارم میں شیئرز رکھتا ہے یا گر حصص بک انٹری فارم میں رکھے گئے ہیں تو متعلقہ پارٹیسپنٹ / سرمایہ کار اکاؤنٹ سروسز کو فراہم کریں۔

4۔ کمپنی کی شیئر ٹرانسفر بکس بدھ، 17 اپریل، 2024 سے جمعرات، 25 اپریل، 2024 (بشمول دونوں دن) بند رہیں گی۔ ہمارے رجسٹرار میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، 8-F، نزد ہوٹل فاران، بلاک 6 P.E.C.H.S شاہراہِ فیصل، کراچی، پی اے بی ایکس نمبر 5-34380101-(21-92+) اور ای میل: info.shares@famcosrs.com پر منگل، 16 اپریل 2024 کو کاروبار کے اختتام تک (شام 5 بجے) موصول ہونے والی منتقلی کو حتمی نقد منافع کی ادائیگی اور اجلاس میں شرکت اور ووٹ دینے کے مقصد سے بروقت سمجھا جائے گا۔

5۔ سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا مجاز ممبر کسی دوسرے شخص کو اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنے پراکسی مقرر کرنے کا حقدار ہوگا، اور اس طرح مقرر کردہ پراکسی کے پاس ایسے تمام حقوق ہوں گے جو سالانہ اجلاس عام میں شرکت والے ممبر کے لیے دستیاب ہوں۔ پراکسیز کے فعال ہونے کے لیے ضروری ہے کہ ایسی درخواست کم از کم 48 گھنٹے پہلے کمپنی کو موصول ہونی چاہیے۔ پراکسی ہولڈر کو کمپنی کا ممبر ہونا ضروری نہیں۔

6 پراکسیز کی تقرری کے لیے

(a) افراد 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 ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔

(b) پراکسی فارم پر 2 افراد کی گواہی مطلوب ہیں جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں گے۔

(c) فعال CNICs کی تصدیق شدہ کاپیاں یا بینیفشری اونرز (مالکان) کے پاسپورٹ اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے۔

(d) پراکسی کو سالانہ اجلاس عام کے وقت اپنا فعال CNIC یا پاسپورٹ دکھانا ہوگا۔

(e) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی، نامزد شخص کے دستخط کے نمونے کے ساتھ، پراکسی فارم کے ساتھ کمپنی کو جمع کرنا ہوگا اگر پہلے فراہم نہ کیا گیا ہو۔

7۔ کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کے مطابق اور ایکٹ کے سیکشن 143 اور 144 کے ساتھ، ممبران کو پوسٹل بیلٹ کے ذریعے اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی، جو مذکورہ ضوابط میں موجود تقاضوں اور طریقہ کار کے تحت ڈاک کے ذریعے یا کسی بھی الیکٹرانک موڈ کے ذریعے ووٹ ڈالیں گے۔

8۔ الیکٹرانک ڈیویڈنڈ مینڈیٹ

ایکٹ کے سیکشن 242 کے تحت، تمام لسٹڈ کمپنیوں کے لیے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو الیکٹرانک طریقے سے براہ راست مجاز شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں نقد ڈیویڈنڈ ادا کریں۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے وہ کمپنی کی ویب سائٹ پر دستیاب کیش ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لیے شیئر ہولڈر انفارمیشن فارم کو پُر کریں اور فزیکل شیئرز کی صورت میں فعال CNIC کی کاپی کے ساتھ شیئر رجسٹرار، میسرز FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو بھیجیں۔

سی ڈی سی میں شیئرز رکھنے کی صورت میں، الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکرز / پارٹنر / سی ڈی سی اکاؤنٹ سروسز کو جمع کرانا ہوگا۔

معلومات موصول نہ ہونے کی صورت میں، کمپنی شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔

HSE کے طریقوں میں سب سے آگے رہنے کے لیے ایک جرات مندانہ اقدام میں، گروپ HSE نے HSE لائٹ ہاؤس سیریز کی بھی نقاب کشائی کی۔ اس بصیرت انگیز اقدام کا مقصد اینگرو اور عالمی HSE ماہرین کے درمیان خلیج کو ختم کرنا ہے، جس سے قیمتی معلومات اور بصیرت کے تبادلے کئے جاسکے گے۔ اس تبدیلی کی سیریز کے ایک حصے کے طور پر، معزز پیشہ ور افراد نے ڈاکٹر ٹیکن کنٹ اور ولیم برجز کے ساتھ ایک کامیاب سیشن کا انعقاد کیا۔ انہوں نے ان حکمت عملیوں پر روشنی ڈالی جو عالمی سطح کے پروسس سیفٹی کلچر کو قائم کرنے اور فروغ دینے کے لیے معروف عالمی ادارے استعمال کرتے ہیں۔ یہ سیریز اس بات کو یقینی بنائے گی کہ اینگرو HSE فیلڈ میں ایک ٹریل بلزر کے طور پر اپنی پوزیشن کو برقرار رکھے اور اس بات کو یقینی بنائے کہ یہ دنیا بھر میں جدید ترین پیشرفت اور بہترین طریقوں کے ساتھ ہم آہنگ رہے۔

پیٹرن آف شیئر ہولڈنگ

دی داؤد گروپ سمیت داؤد ہرکولس کارپوریشن لمیٹڈ اینگرو کارپوریشن کے اہم شیئر ہولڈرز ہیں۔ دیگر شیئر ہولڈرز میں مقامی اور غیر ملکی ادارے اور عوام الناس شامل ہیں۔

شیئر ہولڈنگ کے عام پیٹرن کے ساتھ رپورٹنگ فریم ورک کے تحت شیئر ہولڈرز کی مخصوص کلاسز، جن کا اعلان ضروری تھا، کے شیئر ہولڈنگ کے پیٹرن اور 2023 کے دوران ڈائریکٹرز، ایگزیکٹیوز اور ان کے ازواج سمیت چھوٹے بچوں کی طرف سے شیئر کی خرید و فروخت کے گوشوارے کی تفصیلات اس رپورٹ کے شیئر ہولڈنگ کے سیکشن میں پیش کی گئی ہیں۔

بعد کے واقعات کی وجہ سے مادی تبدیلیاں

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

اظہار تشکر

ڈائریکٹرز اپنے شیئر ہولڈرز کا شکریہ ادا کرتے ہیں کہ جنہوں نے ہمیشہ کمپنی پر اپنا اعتماد ظاہر کیا۔ ہم اینگرو فیملی کے ہر رکن کے عزائم، لگن اور جدید خیالات پیش کرنے پر مشکور و ممنون ہیں اور پر اعتماد ہیں کہ مستقبل میں بھی یہ لوگ ایسی کوشش جاری رکھیں گے۔

حسین داؤد
چیئرمین

غیاث خان
پریزیڈنٹ اور سی ای او

سالانہ عام اجلاس کی اطلاع

مطلع کیا جاتا ہے کہ اینگرو کارپوریشن لمیٹڈ (''کمپنی'') کے ممبرز کا 58 واں سالانہ اجلاس عام (''AGM'') درج ذیل کاروبار کی انجام دہی کے لیے بروز جمعرات 25 اپریل 2024 کو دوپہر 2 بجے نیشنل اسٹیڈیم روڈ، کراچی اسکول آف بزنس اینڈ لیڈرشپ (KSBL) بالمقابل لیاقت نیشنل ہسپتال، کراچی 74800 میں منعقد ہوگا۔

ممبران کو کمپنی کے زیر انتظام ویڈیو کانفرنس کی سہولت کے ذریعے AGM میں شرکت کی ترغیب دی جاتی ہے (براہ کرم تفصیلات کے لیے نوٹس کا سیکشن دیکھیں)۔

A) عمومی کاروبار

1۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے انفرادی اور مشترکہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز اور آڈیٹر کی رپورٹس اور چیئرمین کی جائزہ رپورٹ کی وصولی، ان پر غور اور منظوری دینا

کمپنیز ایکٹ، 2017 (''ایکٹ'') کے سیکشن (6)223 کی تعمیل میں، کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کئے گئے ہیں جنہیں مندرجہ ذیل لنک اور/یا QR کے حامل کوڈ سے ڈاؤن لوڈ کیا جاسکتا ہے۔

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

2۔ ڈائریکٹرز کی تجویز کے مطابق 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 2.00 روپے فی شیئر یعنی 20% کے تناسب سے حتمی نقد ڈیویڈنڈ کی ادائیگی کا اعلان اور منظوری دینا، یہ 46 روپے فی شیئر یعنی 460% کے عبوری نقد منافع کے علاوہ ہے۔

3۔ سال 2024 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ ممبران کو مطلع کیا جاتا ہے کہ بورڈ آڈٹ اینڈ رسک کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز اے ایف فرگوسن اینڈ کمپنی کی آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز دی ہے۔

4۔ ایکٹ کے سیکشن (1)159 کے مطابق 25 اپریل 2024 کو ہونے والے اجلاس عام سے شروع ہونے والی تین سال کی مدت کے لیے بورڈ کی طرف سے مقرر کردہ سات (7) ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام یہ ہیں۔

- جناب حسین داؤد
- جناب محمد عبدالعلیم
- جناب عبدالصمد داؤد
- محترمہ سبرینا داؤد
- جناب رضوان دیوان
- جناب سلطان محمد پرویز غیاث
- جناب شبیر حسین ہاشمی
- جناب خواجہ اقبال حسن
- اور محترمہ حنا انعام

B) خصوصی کاروبار

5۔ ایکٹ کی دفعہ (6)223، کے ساتھ ایس آر او 2023 / (I)389 مورخہ 21 مارچ 2023 کی تعمیل میں، کمپنی کے ممبران کو سالانہ رپورٹ (بشمول آڈٹ شدہ مالیاتی گوشوارے، آڈیٹر کی رپورٹ، ڈائریکٹرز کی رپورٹ، چیئرمین کی جائزہ رپورٹ، شیئر ہولڈرز کو اجلاس کی اطلاع) کی سرکولیشن ویب لنک اور QR کے حامل کوڈ کے ذریعے کرنے کی منظوری دینا۔

آڈیٹرز

موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کو, چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے آڈیٹرز کی حیثیت سے ان کے دوبارہ تقرر کی سفارش کرتی ہے۔

انسانی سرمایہ

ینگرو میں، ہمارے لوگوں کی ترقی اور فلاح و بہبود پر مسلسل توجہ مرکوز ہے۔ لوگوں کی تبدیلی کی بنیاد بنانے کے بعد، ہمیں اب ٹیلنٹ ایجنڈے پر توجہ مرکوز کرنی ہے۔ اس تعاقب میں ایک اہم قدم ہمارا ٹیلنٹ ڈیولپمنٹ پروگرام (ٹی ڈی پی) ہے، جس کا مقصد ملازمین کو بااختیار بنانا ہے تاکہ وہ اپنی ترقی اور کیریئر کے راستے خود سنبھال سکیں۔ ٹی ڈی پی کی تکمیل کرتے ہوئے، اہم عہدوں کی جانشینی کی منصوبہ بندی ٹیلنٹ پائپ لائن کی ترقی کے لیے لازمی رہی ہے۔

تنوع اور شمولیت ہماری روایت کے بنیادی معاون ہیں۔ تمام کوششیں ہمارے کام کے ماحول میں تنوع، مساوات اور شمولیت (DE&I) کو شامل کرنے اور سب کے لیے یکساں ماحول فراہم کرنے کے لیے تیار ہیں۔ جیسا کہ ہم ایک باخبر اور مساوی کام کی جگہ بنانے کے لیے پرعزم ہیں، DE&I لیڈرز پروگرام نے کامیابی سے ہماری 100% افرادی قوت کو آگاہ کیا ہے اور ایسے رول ماڈل بنائے ہیں جو واقعی ہماری جامع اقدار کی نمائندگی کرتے ہیں۔ اینگرو نے دیگر پالیسیوں کے ساتھ ساتھ زچگی کی چھٹی، پیٹرنٹی لیو، اور ڈے کیئر کی سہولت جیسی فیملی فرینڈلی پالیسیاں متعارف کروا کر اس بات کو یقینی بنایا ہے، نتیجے میں اینگرو کمپنی کو CFA سوسائٹی کی جانب سے ''کام کی جگہ پر صنفی تنوع کو تسلیم کرنے'' کا ایوارڈ ملا۔ ساتھ ہی OICCI کا ''ویمن لیڈرز ڈویلپمنٹ ایوارڈ'' بھی حاصل ہوا۔ اینگرو کو تمام صنعتوں میں ''سب سے زیادہ ترجیحی آجر'' کا رنر اپ بھی قرار دیا گیا۔

اس سال، ہم نے اپنا فلیگ شپ پروگرام ''خودی'' شروع کیا جس کا مقصد معذور افراد کو ہماری ٹیلنٹ پائپ لائن میں شامل کرنا ہے۔

ہمارا مقصد تکنیکی ترقیوں کی مدد سے منظّم عمل کے ذریعے ملازمین کو بہتر تجربہ فراہم کرنا ہے، اینگرو نے اپنے آپریشنز کو سنٹرلائز اور ڈیجیٹلائز کیا ہے۔ ''افراد کو ترجیح دینا' ہمیشہ سے ہمارے فلسفے کا مرکز رہا ہے اور یہ ایک روشن مستقبل کی طرف ہمارے اقدامات میں جھلکتا رہتا ہے۔

سماجی سرمایہ

ماحول، معاشرے اور معیشت کے وسیع تناظر میں کارپوریٹ ادارے کی کارکردگی اس کے سماجی سرمائے کا تعین کرتی ہے۔ ہم سمجھتے ہیں کہ کاروبار کی ترقی کے لیے ایک مضبوط اور خوشحال معاشرہ ناگزیر ہے اور اس لیے اپنی کارپوریٹ گورننس پر فخر کریں اور ماحول اور معاشرے کے تئیں اپنی ذمہ داری سے آگاہ رہیں۔

ہم اپنی ویلیو چینز میں پاکستان کے کچھ اہم ترین مسائل کو حل کرنے کے لیے مثبت کردار ادا کرنے کے لیے پروگرامز اور کوششیں کرتے رہتے ہیں اور جن کمیونٹیز میں ہم کام کرتے ہیں ان کی بہتری کے لیے انسان دوست سرمایہ لگاتے ہیں۔ ہماری تعلیم، مہارتوں کی نشوونما، صحت کی دیکھ بھال، اور دیگر کمیونٹی پروگرام ایسے مواقع فراہم کرتے ہیں جو ہمارے بزنسز اور کمیونٹیز کے درمیان ایک طویل مدتی زبردست تعلقات کو آگے بڑھاتے ہیں۔ ہمارے ماحولیاتی اور سماجی پروگراموں کی تفصیلات ہماری متعلقہ رپورٹس میں دستیاب ہیں۔

صحت، تحفظ اور ماحول (HSE)

ینگرو میں، صحت، حفاظت اور ماحولیات (HSE) ہماری بنیادی قدر ہے، اور ہم بین الاقوامی معیارات اور عالمی بہترین طریقوں کو اپناتے ہوئے اور اپنی سہولیات میں ایک مضبوط HSE روایت کو یقینی بنانے کے ذریعے HSE میں سب سے آگے رہنے کے لیے غیر متزلزل عزم کو برقرار رکھتے ہیں۔ ہمارا نقطہ نظر مشہور HSE ماہرین، بہترین کارکردگی کا مظاہرہ کرنے والی کمپنیوں، اور ہمارے اندرون ملک تجربات سے مسلسل سیکھنے پر مبنی ہے۔

2023 میں، اینگرو نے کمپلائنس پر مبنی HSE مینجمنٹ سسٹم سے ایک جدید اور زیادہ مؤثر رسک بیسڈ HSE مینجمنٹ سسٹم میں تبدیل ہونے کے لیے اپنے رسک پر مبنی سفر میں ایک اہم سنگ میل حاصل کیا۔ اس میں ایک مضبوط خطرے کی تشخیص کے عمل کو لاگو کرنا، اہم حفاظتی اور ماحولیاتی رکاوٹوں کا مؤثر طریقے سے انتظام کرنا، اور ہر آپریشنل قدم میں سرفہرست خطرات کے رسک مینجمنٹ کو مربوط کرنا شامل ہے۔

پہلے قدم کے طور پر، اعلیٰ نتائج کے حامل HSE منظرناموں کا ایک جامع جائزہ 2023 میں مکمل ہوا۔ اس اہم اقدام کے لیے 44,000 سے زائد افرادی گھنٹوں سے زیادہ کی سرمایہ کاری کی ضرورت تھی، جس میں 10,000 سے زائد افرادی گھنٹے وسائل کو بہتر بنانے اور بااختیار بنانے کے لیے وقف کیے گئے تھے۔ اس بے مثال لگن کے ذریعے، اینگرو نے HSE پر کوئی سمجھوتہ کیے بغیر، ممکنہ بڑے حادثات کے خطرات کی شناخت، اندازہ لگانے اور ان کا انتظام کرنے کی اپنی صلاحیت کو مزید مضبوط کرنے کے لیے ایک سفر کا آغاز کیا ہے۔ اگلے (جاری) قدم میں اینگرو گروپ کمپنیوں میں عالمی معیار کے بیریئر مینجمنٹ پروگرام کو تعینات کرنا اور تمام سہولیات پر بنیادی خطرے کی تشخیص کرنا شامل ہے۔ HSE رسک اسیسمنٹ کی صلاحیت کو فروغ دینے کے لیے، تجربہ کار افراد کے لیے ایک فلیگ شپ ریسورس اپ اسکلنگ عمل کو احتیاط سے ڈیزائن کیا گیا ہے، جس سے وہ مستقبل میں خطرے کی تشخیص کی قیادت کرنے اور ہمارے اندرون خانہ وسائل کو تربیت دینے کے قابل بناتے ہیں۔ اینگرو کی تاریخ میں پہلی بار، پی ایچ اے اور ایل او پی اے کی کلاس روم ٹریننگ کے بعد ایک عالمی موضوع کے ماہر کی کوچنگ کے تحت 2 حقیقی خطرے کے جائزے کے مطالعے کو انجام دیا گیا۔

مزید برآں، گروپ HSE نے پورے گروپ میں HSE مینجمنٹ انفارمیشن سسٹم (MIS) کی اصلاح کا بیڑا اٹھایا۔ ویلاسٹی EHS، Verdantix کی طرف سے ایک اعلیٰ ریٹنگ والا EHS پلیٹ فارم ہے۔ یہ پلیٹ فارم اینگرو کے تمام ملازمین کے لیے قابل رسائی ہے اور پورے اینگرو گروپ کے لیے HSE کے لیے واحد ذریعہ کے طور پر کام کرے گا۔ تینوں (03) ماڈیولز یعنی EHS (ماحول، صحت اور حفاظت)، ESG (ماحولیاتی سماجی اور نظم و نسق)، اور OR (آپریشنل رسک) سے مزین اس پلیٹ فارم کا کامیابی سے آغاز کیا گیا ہے اور اس وقت HSE کے بہترین طریقوں کو پورا کرنے کے لیے ترتیب دیا گیا ہے۔ پوری دنیا میں اس کی پیروی کی جاتی ہے، اینگرو کی ایچ ایس ای کی ضروریات اس سے اچھی طرح پوری ہوتی ہیں۔ نئے MISHSE کا نفاذ، گہری بصیرت، تعمیل میں آسانی، HSE ڈیٹا کی ٹریکنگ، نگرانی اور دیکھ بھال اور تجزیات کو چلانے، صارف دوست انٹرفیس، خطرے کو منظّم کرنے اور کم کرنے کے لیے ڈیٹا کی بہتر مرئیت، اور آسانی سے قابل رسائی رپورٹس کے قابل بنائے گا اور تیزی سے فعال اور قابل عمل بصیرت کا تجزیہ کرنے اور حاصل کرنے کے لیے حسب ضرورت ڈیش بورڈز استعمال ہوں گے۔

بورڈ کی سرگرمیوں کا جائزہ لینے کے لیے 2023 میں بورڈ کے 8 اجلاس منعقد ہوئے۔ بورڈ نے تین کمیٹیاں تشکیل دے رکھی ہیں تا کہ بورڈ کو اپنی قانونی ذمہ داریاں نبھانے میں مدد مل سکے۔ ممبرشپ تفصیلات کے ساتھ ان کمیٹیوں کی معلومات درج ذیل ہیں:

بورڈ آڈٹ اور رسک کمیٹی	بورڈ فنانس اینڈ انویسٹمنٹ کمیٹی	بورڈ پیپل کمیٹی
2023 میں 5 اجلاس منعقد ہوئے	2023 میں 5 اجلاس منعقد ہوئے	2023 میں 7 اجلاس منعقد ہوئے
جناب شبیر حسین ہاشمی	جناب عبدالصمد داؤد	محترمہ سبرینہ داؤد
جناب محمد عبدالعلیم	جناب شبیر حسین ہاشمی	محترمہ حنا انعام
جناب رضوان دیوان	جناب محمد عبدالعلیم	جناب خواجہ اقبال حسن
محترمہ حنا انعام	جناب رضوان دیوان	
	جناب خواجہ اقبال حسن	

ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹرز سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم کی تعمیل کی توثیق کرتے ہیں جو کہ درج ذیل ہیں:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کررہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کی جاتی ہے، ان معیارات، ترامیم یا وضاحتوں کی بنیادی تعمیل میں ہونے والی تبدیلی کے علاوہ اور اکاؤنٹنگ تخمینے کی تیاری مناسب اور محتاط انداز کی بنیاد پر کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ کے معیار کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک وشبہ کی کوئی گنجائش نہیں۔
- کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

نان ایگزیکٹیو اور آزاد ڈائریکٹرز کے لیے معاوضے کی پالیسی

ڈائریکٹرز کے بورڈ نے نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کے معاوضے کی پالیسی منظور کی ہے جس کی نمایاں خصوصیات یہ ہیں:

- معاوضہ مناسب اور ڈائریکٹرز کی مہارت اور ذمہ داریوں کے موافق ہونا چاہئے جس کا مقصد ڈائریکٹرز کی توجہ اور مصروفیت کو قائم رکھنا ہے جو کمپنی کی نگرانی کے لیے ضروری اور قدر میں اضافے کے لیے حوصلہ افزا ہیں۔ یہ معاوضہ ڈائریکٹرز کی خودمختاری پر ہرگز اثر انداز نہیں ہونا چاہئے نہ ہی اس پر کوئی سمجھوتہ کیا جائے گا۔
- بورڈ اگر مناسب سمجھے تو اپنے ڈائریکٹرز کے معاوضوں کی معقول سطح جانچنے کے لیے آزاد کنسلٹنٹ کی خدمات حاصل کرسکتا ہے۔
- اینگرو کی دیگر کمپنیوں میں تعینات دیگر ایگزیکٹیو ڈائریکٹر اور نا ایگزیکٹیو ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کرنے کا کوئی معاوضہ ادا نہیں کیا جائے گا۔
- بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کی طرف سے خرچ کئے گئے کسی بھی طرح کے سفری اور دیگر ضروری اخراجات کی حقیقی رقم قابل ادا ہوگی۔

ڈائریکٹرز کا معاوضہ

کمپنی میں کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل میں اپنے ڈائریکٹرز کے معاوضے کے لیے ایک شفاف طریقہ کار اور ایک باضابطہ پالیسی موجود ہے۔ پالیسی میں نان ایگزیکٹیو ڈائریکٹرز کے لیے کاروباری سفر کے لیے ڈیلی الاؤنس اور ٹریول سہولت کی وضاحت فراہم کی گئی ہے۔

معاوضہ بشمول بورڈ یا بورڈ کمیٹی کے اجلاس میں شرکت کے لیے ڈائریکٹر کی فیس، ڈائریکٹرز اور چیف ایگزیکٹیو آفیسر کو کی جانے والی ادائیگی کی تفصیل ان کنسالڈیٹڈ فنانشل اسٹیٹمنٹس کے نوٹ 27 پر واضح کی گئی ہے۔

اندرونی مالیاتی کنٹرولز کی مناسبت

بورڈ آف ڈائریکٹرز اینگرو کے اندرونی کنٹرول کے نظام اور اس کے موثر ہونے کی نگرانی کے قطعی ذمہ دار ہے۔ اپنی مجموعی ذمہ داری کو مدنظر رکھتے ہوئے بورڈ نے اندرونی کنٹرول کے نظام کا تفصیلی ڈیزائن اور آپریشن چیف ایگزیکٹیو آفیسر کو سونپ دیا ہے۔

اینگرو کے اندرونی کنٹرول کا نظام عمل درآمد کے واضح ڈھانچے، اختیارات کی حدود اور حساب وکتاب، اچھی طرح سمجھی گئی پالیسیوں اور بجٹ بنانے کے طریقہ کار پر مشتمل ہے۔ بورڈ ہر سہ ماہی میں اجلاس منعقد کرتا ہے جس میں اینگرو کی مالی کارکردگی، مالیاتی اور آپریٹنگ بجٹ، تجارتی ترقی اور ترقیاتی منصوبوں، سرمائے کی اخراجات کی تجاویز اور دیگر اہم کارکردگی کے امور پر غور وخوص کیا جاتا ہے۔ بورڈ آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹرز کی طرف سے اندرونی مالیاتی کنٹرول کے نظام کی رپورٹ وصول کرتی اور اندرونی کنٹرولز کے موثر ہونے کی نگرانی کے عمل کا جائزہ لیتی ہے۔

متعلقہ پارٹیز

کمپنی تمام متعلقہ پارٹیوں کی ایک تفصیلی فہرست برقرار رکھتی ہے۔ وہ تمام متعلقہ پارٹیاں جنہوں نے کمپنی کے سال دوران سال کسی لین دین میں حصہ لیا ہے، ان کی تفصیل، تعلق کی نوعیت اور کاروباری شرح مالیاتی گوشواروں کے نوٹ 54 میں وضاحت کے ساتھ بیان کردی گئی ہے۔

کچھ بیک آفس انجام دیئے جانے والے کام جیسا کہ ہیومن ریسورسز، انفارمیشن ٹیکنالوجی، کارپوریٹ کمیونیکیشن وغیرہ کو کمپنی میں مرکزی طور پر منظّم کیا گیا ہے تا کہ کمپنی آپریشنز میں بہتری، دوہراؤ کا خاتمہ اور اجتماعیت کے ذریعے اخراجات میں کمی واقع ہو۔ اس سے انتظامی بہتری اور خطرات پر قابو پانے کے ساتھ معیاری پروسیس، سسٹم اور رپورٹنگ کی بدولت بہتر اور بروقت نگرانی یقینی ہوجاتی ہے۔ کمپنی نے اپنے ذیلی کمپنیز اور متعلقہ اداروں کے ساتھ اخراجات پر گفت وشنید کے معاہدے کئے ہیں تا کہ اس بات کو یقینی بنایا گیا کہ عمومی کاروباری امور میں متعلقہ پارٹیوں کے ساتھ ہونے والی لین دین کو عمومی کاروباری شرائط وضوابط کے تحت نظر میں رکھا گیا۔

کوڈ آف کارپوریٹ گورننس اور نافذ قوانین کی تعمیل میں، ہر سہ ماہی میں تمام متعلقہ پارٹیوں کے ساتھ ٹرانزیکشن کی تفصیل بورڈ آڈٹ کمیٹی کو جائزہ کے لیے پیش کی جاتی ہے اور اس کی تجویز کی بنیاد پر بورڈ کی جانب سے ان کی منظوری ہوتی ہے۔

یہ کریڈٹ ریٹنگ اداروں کی مالی اور انتظامی قوتوں کے ساتھ ساتھ سازگار کریڈٹ سٹینڈنگ کی عکاسی کرتی ہیں، اور ہماری مضبوط بیلنس شیٹ اور مسلسل ڈیویڈنڈ کی ادائیگی کے ساتھ مضبوط کارکردگی کا ثبوت ہیں۔

سال کے آخر میں مجموعی قرضے 31 دسمبر 2022 کو 255,291 ملین روپے سے 268,047 ملین روپے پر مستحکم رہے۔ 2023 کو ختم ہونے والے سال کے لیے گیئرنگ 54% رہی جو 2022 کے آخر میں 51% تھی، جس سے مستقبل میں ترقی کے مواقع سے فائدہ اٹھانے کے لیے کافی گنجائش باقی ہے۔

رسک مینجمنٹ

اینگرو کارپوریشن اور اس کے ذیلی ادارے خطرے کا اندازہ لگانے اور ان کے انتظام کے لیے لین انٹرپرائز رسک مینجمنٹ فریم ورک کا استعمال کرتے ہیں۔ غیر یقینی صورتحال اور خطرات جو ممکنہ طور پر کارپوریٹ اہداف اور مقاصد کے حصول پر اثر انداز ہو سکتے ہیں ان کا انتظام کرتے ہوئے رسک مینجمنٹ کو شیئر ہولڈر کی قدر کی تخلیق، تحفظ اور اضافہ کے لیے لازمی طور پر دیکھنا ہماری پالیسی ہے۔

اینگرو کے متنوع بزنس ایک پیچیدہ کاروباری ماحول میں کام کرتے ہیں، اور اس کے لیے ہر کاروبار کی حکمت عملی اور خطرے کی مقدار کا اندازہ لگانے کی ضرورت ہوتی ہے جسے کاروبار پوری کمپنی میں مناسب طور پر ذمہ داریاں تفویض کر کے قبول کرنے کے لیے تیار ہے۔ ہر ذیلی ادارہ خطرے کے امکان اور اثر کا اندازہ لگاتا ہے جس سے ادارہ متاثر ہو سکتا ہے اور ان خطرات کو قابو میں رکھنے کے لیے ذمہ داریاں تفویض کرتا ہے۔ خطرات کی شناخت پوری تنظیم میں کی جاتی ہے اور ان کے اثرات اور امکان کی بنیاد پر درجہ بندی کی جاتی ہے۔ شناخت کے بعد، اس کے اثرات کو کم کرنے کے لیے ایک حکمت عملی وضع کی جاتی ہے، جس کی نگرانی مینجمنٹ کمیٹی اور بورڈ کرتے ہیں۔

اینگرو کارپوریشن نے درج ذیل اہم خطرات اور تخفیف کی حکمت عملیوں کی نشاندہی کی ہے:

معاشی اور ریگولیٹری رسک	مستقل اور موثر کوششوں اور پالیسی سازوں سے مذاکرات کے ذریعے اپنے کاروبار کو معاشی اور ریگولیٹری مسائل سے پیدا ہونے والے خطرات سے نمٹنے میں مدد ملی۔
غیر ملکی زرمبادلہ کا خطرہ	ہمارا سرمایہ کاری پورٹ فولیو ہمیں غیر ملکی زرمبادلہ کے خطرے سے دوچار کرتا ہے، مجموعی طور پر پورٹ فولیو کا جائزہ لیکر ہم اس بات کو یقینی بناتے ہیں کہ جہاں تک ممکن ہو مناسب قدرتی حدود کو برقرار رہیں۔
شرح سود کا خطرہ	ہمارے قرض اور سرمایہ کاری کے اضافی فنڈز ہمیں شرح سود کے خطرے سے دوچار کرتے ہیں۔ کسی بھی قسم کے منفی اتار چڑھاؤ کی مسلسل نگرانی اور قلیل مدتی منصوبوں میں اضافی فنڈ کی سرمایہ کاری سے اس خطرے کو کم کیا جاتا ہے۔
لیکوئڈٹی رسک	ٹریژری پالیسی کا مقصد پورٹ فولیو کی ممکنہ ترقی کے لیے درکار معاہدوں کے لیے فنڈز کی دستیابی یقینی بنانا ہے۔ ہم کیش کی اندرونی پیداوار اور مالیاتی اداروں کی سہولیات کے ذریعے لیکوئڈٹی رسک میں کمی لاتے ہیں۔
کریڈٹ رسک	اعلیٰ کریڈٹ ریٹنگ کے حامل مضبوط مالیاتی اداروں کے محتاط طریقے سے انتخاب سے ہمیں یہ خطرہ کم کرنے میں مدد ملی۔
بزنس آپریشن رسک	توانائی کے خدشات، درآمد شدہ خام مال کے حصول اور دیگر آپریشنل خطرات کا باقاعدہ اور جاری بنیادوں پر جائزہ لیا جاتا ہے۔ کمپنی کاروبار کے تسلسل کو یقینی بنانے کے لیے سرگرمی سے اقدامات کرتی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم امور پر نظر ثانی کرتا ہے۔ اس میں کمپنی کی کاروباری سمت، سالانہ کاروباری منصوبے اور اہداف، طویل مدتی سرمایہ کاریاں اور قرضہ جات کے فیصلے شامل ہیں۔ بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کا اعلیٰ معیار قائم رکھنے کے لیے پرعزم ہے۔ موجودہ بورڈ 26 اپریل 2021 کو منتخب ہوا۔ 31 دسمبر 2023 کے مطابق بورڈ 10 ڈائریکٹرز پر مبنی ہے بشمول چیف ایگزیکیٹو آفیسر اور اس کی تاثیر کو بڑھانے کے لیے صنف، علم اور مہارت کا متنوع امتزاج ہے۔ اس بورڈ میں 2 خاتون ڈائریکٹرز سمیت 7 مرد ڈائریکٹرز اور ایک عارضی اسامی شامل ہیں جسے درج ذیل انداز میں تقسیم کیا گیا ہے:

4 آزاد مرد ڈائریکٹرز

1 آزاد خاتون ڈائریکٹرز

2 نان ایگزیکٹیو مرد ڈائریکٹرز

1 نان ایگزیکٹیو مرد ڈائریکٹر

1 ایگزیکٹیو ڈائریکٹر

1 عارضی اسامی

ذیل میں ان افراد کے نام ہیں جو سال 2023 میں کسی بھی وقت کمپنی کے ڈائریکٹرز رہے ہیں:

- جناب حسین داؤد
- جناب عبدالصمد داؤد
- محترمہ سبرینہ داؤد
- جناب محمد عبدالعلیم
- محترمہ حنا انعام
- جناب خواجہ اقبال حسن
- جناب غیاث خان
- جناب رضوان دیوان
- جناب شبیر حسین ہاشمی (21 اگست کو منتخب ہوئے)
- جناب مظہر حسنانی (18 اگست کو منتخب ہوئے اور 29 دسمبر کو مستعفی ہو گئے)
- جناب شہزادہ داؤد (18 جون 2023 کو وفات پا گئے)
- محترمہ ڈومنیق روسو (15 اگست 2023 کو مستعفی ہو گئیں)

ہمارا گروپ پاکستان کے چند اہم ترین مسائل کو حل کرنے اور اس کے شہریوں کی زندگیوں کو بہتر بنانے میں اہم کردار ادا کرنے کے لیے اچھی پوزیشن میں ہے۔ ہم اپنے تمام اہم شعبوں میں پائیدار قدر پیدا کرنے اور ترقی کے نئے مواقع تلاش کرنے کے لیے پرعزم ہیں۔

۔ کھاد

پاکستان میں زراعت نے 2022 کے تباہ کن سیلاب کے بعد 2023 میں مضبوط بحالی کا مظاہرہ کیا ہے، جہاں اہم فصلوں کی پیداوار نے امید افزا نتائج دیئے ہیں۔ تاہم، اقتصادی غیر یقینی صورتحال کی وجہ سے اس شعبے کو اب بھی اہم مشکلات کا سامنا ہے، جو بنیادی طور پر مہنگائی کے مسلسل دباؤ سے پیدا ہوتا ہے۔

چونکہ معیشت زرعی پیداوار پر بہت زیادہ انحصار کرتی ہے، اینگرو فرٹیلائزرز بین الاقوامی مارکیٹوں کے مقابلے میں مقامی کھادوں پر رعایتی قیمتیں فراہم کر کے اپنا کردار ادا کرتے رہنے کے لیے پرعزم ہے۔

پر توقع کی جاتی ہے کہ وہ اچھی فارم اکنامکس اور درست حکومتی اصلاحات کی پشت پر مستحکم رہے گا تاکہ صحیح قیمت پر زرعی اشیاء کی دستیابی کو یقینی بنایا جا سکے۔

۔ پیٹروکیمیکل

پولیمر کاروبار غیر ملکی کرنسی کے ذخائر کو محفوظ رکھنے کے ساتھ ساتھ برآمدات کے ذریعے غیر ملکی کرنسی پیدا کرنے میں اہم کردار ادا کرتا ہے۔ تعمیراتی شعبے کے مسائل 2024 میں پی وی سی کی طلب پر منفی اثرات مرتب کریں گے، تاہم ان اثرات کو کم کرنے کے لیے برآمدات جیسے راستے تلاش کرتا رہے گا۔

اینگرو پولیمر اینڈ کیمیکلز تعمیراتی اور ٹیکسٹائل جیسی بڑی پاکستانی صنعتوں کو ایک اہم فیڈ اسٹاک سپلائی کرنے کے لیے پرعزم ہے۔ گیس کی بڑھتی ہوئی قلت کو مدنظر رکھتے ہوئے، کاروبار بجلی کی لاگت کو کم کرنے اور گیس کی دستیابی کے خطرے کو کم کرنے کے لیے متبادل توانائی کے ذرائع تلاش کر رہا ہے، جبکہ نئے منصوبوں اور مارکیٹوں کی نشاندہی بھی جاری رکھے ہوئے ہے۔ مذکورہ بالا کے علاوہ، کمپنی حکومت سے گیس کی مناسب سپلائی حاصل کرنے کی بھی توقع رکھتی ہے، جو کہ برآمد پر مبنی ٹیکسٹائل سیکٹر کو خام مال فراہم کرنے والا ایک اہم ادارہ ہے۔

۔ ٹیلی کمیونیکیشن انفراسٹرکچر

Enfrashare کے لیے قلیل مدتی کاروباری نقطہ نظر بہت زیادہ شرح سود اور MNO مارکیٹ کے چار 4 سے تین 3 پلیئرز کے استحکام کی وجہ سے مشکلات کا شکار ہے۔ تاہم، موبائل ڈیٹا کے استعمال اور اعلیٰ معیار کی خدمات کی بڑھتی ہوئی مانگ کی وجہ سے کاروبار کے بنیادی اصول مضبوط ہیں، جس کے نتیجے میں دستیابی اور معیار کو بڑھانے کے لیے MNOs کی حوصلہ افزائی کی جا رہی ہے۔ اینگرو انفراشیئر آئی ٹی سی کے طور پر اپنی قائدانہ پوزیشن کو برقرار رکھنے کے لیے پرعزم ہے، جو اندرونی اور بیرونی ترقی کے مواقع کی تلاش میں ہے۔

۔ توانائی

کمپنی اینگرو انرجی لمیٹڈ کے ذریعے تھرمل اثاثہ جات کے پورٹ فولیو کے شیئرز کی فروخت کا جائزہ لے رہی ہے جیسا کہ اوپر بتایا گیا ہے۔ لین دین کی تکمیل کامیاب مذاکرات، حتمی دستاویزات پر عمل درآمد، اور ریگولیٹری اور فریق ثالث کی منظوریوں اور رضامندیوں کی وصولی سے مشروط ہے۔

۔ ٹرمینل آپریشنز

ایل این جی ٹرمینل ملک کو درپیش توانائی کی کمی کو جزوی طور پر دور کرنے میں مثبت انداز میں اپنا کردار ادا کر رہا ہے۔ یہ ٹرمینل دنیا میں سب سے زیادہ استعمال ہونے والے ٹرمینلز میں سے ایک ہے، جس میں 95 فیصد سے زیادہ دستیابی کا عنصر ہے، جو گیس کی مسلسل فراہمی کو یقینی بنانے میں اپنا کردار ادا کر رہا ہے۔ جیسے جیسے توانائی کی مارکیٹ کی طلب بڑھتی ہے، ہم شیئر ہولڈرز کی قدر بڑھانے کے لیے نئے مواقع تلاش کرنا جاری رکھیں گے۔

اینگرو ووپاک، مائع کیمیکل ہینڈلنگ انڈسٹری میں منفرد مقام سے کیمیکل ہینڈلنگ اور سٹوریج کے کاروبار میں ایک مارکیٹ لیڈر کی حیثیت رکھتا ہے۔ درآمدی پابندیوں میں نرمی کے ساتھ، کیمیکل ہینڈلنگ کے طبقہ گزشتہ سال کے مقابلے بہتر کارکردگی کا مظاہرہ کرنے کی توقع ہے، جس سے کاروبار کو بلاتعطل آپریشنز کو برقرار رکھنے میں سہولت ملے گی۔

۔ فوڈز

افراط زر کی بلند سطح اور صارفین کی کم ہوتی قوت خرید کے پیش نظر، کاروبار ان مشکلات کی توقع کرتا ہے جو طلب اور رسد دونوں طرف سے پیدا ہوتے ہیں۔ اس کے باوجود، بہترین کاروباری ماڈل سے، انتظامیہ کو ویلیو چین میں آپریشنز کو ہموار کرنے، استحکام کو مزید مضبوط بنانے اور صارفین کی ضروریات سے ہم آہنگ رہ کر ترقی کو برقرار رکھنے کی اپنی صلاحیت پر پرا اعتماد ہے۔

اینگرو ایک ذمہ دار کارپوریٹ شہری کے طور پر، پاکستان میں تقریباً 60 سالوں سے کام کر رہا ہے، ملک کی معاشی بحالی کو تشکیل دینے اور چلانے میں فعال طور پر حصہ ڈالنے اور ایک فعال انداز اپنانے کے لیے پرعزم ہے۔

شیئر ہولڈرز میں تقسیم

بورڈ پورٹ فولیو کے مجموعی منافع کو زیادہ سے زیادہ کرنے کی کوشش کرتا ہے اور 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 2.00 روپے فی شیئر کا حتمی نقد ڈیویڈنڈ تجویز کرنے پر خوش ہے۔ سال کے لیے منسوب کل ڈیویڈنڈ 48.00 روپے فی شیئر ہے، جس میں سال کے دوران 46.00 روپے فی حصص کا کل عبوری کیش ڈیویڈنڈ بھی شامل ہے۔

کریڈٹ ریٹنگز اور گیئرنگ

2023 کے دوران، کریڈٹ ریٹنگ ایجنسیوں نے کمپنی اور اس کے ذیلی اداروں کی کریڈٹ مضبوطی کی تصدیق کی ہے۔

کمپنی	ریٹنگ ایجنسی	طویل مدتی ریٹنگ	قلیل مدتی ریٹنگ
اینگرو کارپوریشن لمیٹڈ	PACRA	AA+	A1+
اینگرو فرٹیلائزرز لمیٹڈ	PACRA	AA	A1+
اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ	PACRA	AA	A1+
اینگرو ایکزمپ ایگری پروڈکٹس (پرائیویٹ) لمیٹڈ PACRA	PACRA	A-	A2
اینگرو انفراشیئر (پرائیویٹ) لمیٹڈ	VIS	A-	A2
اینگرو پاور جن تھر (پرائیویٹ) لمیٹڈ	PACRA	AA-	A1
اینگرو ایلنجی ٹرمینل (پرائیویٹ) لمیٹڈ	PACRA	AA-	A1

کیپٹل ایلوکیشن اپ ڈیٹ (سرمایہ مختص کرنے کی موجودہ تفصیل)

اینگرو نے حصص یافتگان کی قدر بڑھانے پر توجہ مرکوز کرتے ہوئے مختلف اقدامات کیے ہیں۔
سال کی بہت سی جھلکیوں میں سے کچھ یہ شامل ہیں:

1۔ جیسا کہ اوپر ذکر کیا گیا ہے، کمپنی اب اینگرو انرجی لمیٹڈ کے ذریعے حصص کی فروخت کے عمل کے ذریعے کمپنی کے تھرمل انرجی اثاثوں کی مجوزہ تقسیم کو انجام دینے کا جائزہ لے رہی ہے۔

2۔ انتظامی ٹیم، بورڈ آف ڈائریکٹرز کی توثیق کے ساتھ، اینگرو کی شیئر ہولڈرز کے لیے مسلسل قدر بڑھانے کی صلاحیت کے حوالے سے اپنے عزم پر قائم ہے۔ اس عزم کی 26 جنوری 2023 کو ہمارے معزز ممبران کی طرف سے منظور کی گئی، خصوصی قرارداد کے مطابق 25 جولائی 2023 کو اپنے شیئر بائی بیک پروگرام کے کامیاب اختتام کو پہنچایا۔

03 فروری 2023 سے 25 جولائی 2023 تک خریداری کی مدت کے دوران، کمپنی نے مجموعی طور پر 39.5 ملین شیئر خریدے جو کمپنی کے جاری کردہ اور ادا شدہ سرمائے کے 6.86% کی نمائندگی کرتے ہیں جس کی مجموعی مالیت 11,629 ملین روپے ہے، 293.6 روپے فی شیئر کی قیمت خرید (253.6 روپے فی شیئر کی ڈیویڈنڈ ایڈجسٹ شدہ قیمت) پہ۔

3۔ کمپنی نے ٹیلی کمیونیکیشن انفراسٹرکچر انڈسٹری میں قدم رکھا جس کا مقصد پورے پاکستان میں ٹیلی کام تک رسائی کو فعال کرنا اور اس شعبے میں اہم اقدار کو کھولنا ہے۔ کمپنی موجودہ میکرو اکنامک صورتحال اور بلند شرح سود کو مدنظر رکھتے ہوئے سرمایہ کاری کے نئے مواقع تلاش کر رہی ہے۔

4۔ اینگرو فرٹیلائزرز، دیگر فرٹیلائزر مینوفیکچررز کے ساتھ مل کر، گیس پریشر بڑھانے کی سہولیات (PEF) پروجیکٹ پر پیش رفت کر رہی ہے۔ اس اقدام میں ماری فیلڈ میں ایک کمپریشن یونٹ کی تعمیر شامل ہے، جس کا مقصد ڈیلیوری پریشر کی مناسب سطح کو یقینی بنانا ہے تاکہ مینوفیکچرنگ کی سہولت کے لیے مستقبل قریب میں مقامی گیس پر بہتر لیول پر آپریشن جاری رکھنا آسان ہو۔ اس منصوبے کے لیے کل سرمایہ خرچ 100 ملین امریکی ڈالر بنتا ہے۔

5۔ اینگرو پولیمر اینڈ کیمیکلز 28KTM کی صلاحیت والی ہائیڈروجن پرآکسائیڈ کی پیداواری سہولت متعارف کراتے ہوئے اپنے کاروبار کو حکمت عملی کے ساتھ متنوع بنا رہا ہے۔ توقع ہے کہ توسیع کاروبار کے منافع میں مثبت کردار ادا کرے گی اور شیئر ہولڈرز کے لیے قدر پیدا کرے گی۔ یہ منصوبہ 2024 کے دوسری ششماہی میں کام شروع کرنے والا ہے۔

2024 کے ترجیحی امور

ہمیں یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ، کاروباری ماحول میں بے مثال چیلنجوں کا سامنا کرنے کے باوجود، گروپ نے پائیداری کا مظاہرہ کیا ہے اور سال بھر ایک مضبوط کارکردگی پیش کی ہے۔ طویل مدتی پائیدار قدر کو حاصل کرنے اور اپنے شیئر ہولڈرز کے لیے زیادہ سے زیادہ منافع حاصل کرنے کے اپنے عزم میں، ہم نے ایک فعال حکمت عملی تیار کی ہے جس کا مقصد ممکنہ رکاوٹوں کا موثر طریقے سے انتظام کرنا اور مختلف خطوں میں اپنے آپریشنز کو پھیلانا ہے۔

ذیل میں گروپ کی جانب سے انجام دیئے جانے والے کچھ اہم اسٹریٹجک اقدامات ہیں:

- اقتصادی مشکلات کے باوجود، پلانٹ کی پائیداری اور کارکردگی بڑی ترجیح ہے اور رہے گی۔ ہمارے اثاثوں کی حفاظت کو یقینی بنانے کے لیے مخصوص مداخلتیں فعال طور پر کی جائیں گی۔

- زیادہ اخراجات کے دباؤ پر غور کرتے ہوئے، گروپ لاگت کی مینجمنٹ کے سخت اقدامات کو نافذ کرنے میں ثابت قدم ہے۔ لاگت کی مینجمنٹ، بہتر استعمال اور چستی کو ترجیح دیتے ہوئے، ہم نے حالیہ مشکل وقت کو طریقے سے گزارا ہے۔

- کرنسی کے اتار چڑھاؤ اور سپلائی چین میں رکاوٹوں کی وجہ سے درپیش چیلنجوں کو تسلیم کرتے ہوئے، ہماری حکمت عملی ضروری وسائل کو موثر اور لاگت سے محفوظ کرنے کے لیے پیشگی اقدامات کرنا ہوگی۔ دوراندیشی اور مستعدی پر زور دیتے ہوئے، ہم مارکیٹ کے محرکات سے آگے رہنے اور بیرونی غیر یقینی صورتحال سے اپنی سپلائی چین کی حفاظت کے لیے پرعزم ہیں۔

- کمپنی ایک مضبوط برآمدی حکمت عملی بھی تیار کر رہی ہے جس کا مقصد اپنے قیمتی وسائل بشمول زمین، قدرتی وسائل اور انسانی سرمائے کو استعمال کرنا ہے۔ ہمارا ارادہ اپنی برآمدی بنیاد کو مزید ترقی دینا ہے اور مختلف صنعتوں جیسے خوراک، زراعت، کیمیکلز اور ٹیکنالوجی میں برآمدی مواقع تلاش کریں گے۔

- بین الاقوامی منصوبوں پر توجہ مرکوز کرنے اور عالمی اداروں کے ساتھ شراکت داری کو فروغ دینے کے ہمارے اسٹریٹجک وژن کے ساتھ ہم آہنگ، اینگرو ایگزمپ FZE شراکت کی مضبوطی کے لیے پرعزم ہے جس سے اینگرو کی عالمی پہچان کو وسعت ملے گی۔ نان کیپٹیو اسپیس میں مواقع کی موثر تلاش کے ذریعے، ہمارا مقصد جغرافیائی تنوع کو حاصل کرنا اور دنیا بھر میں اینگرو برانڈ کی مارکیٹ میں موجودگی کو تقویت دینا ہے۔ یہ اسٹریٹجک نقطہ نظر اگلے پانچ 5 سالوں میں خاطر خواہ عالمی توسیع کی بنیاد رکھے گا۔

- گروپ بہترین روایت کو فروغ دینے کے اپنے عزم میں ثابت قدم رہے گا جہاں کردار اور اچھے اخلاق کو ترجیح دی جائے، اخلاقی طرز عمل اور شفافیت کے ماحول کو پروان چڑھایا جائے۔ ہم کیریئر کی ترقی اور سیکھنے کے وسیع تجربات کے لیے کافی مواقع فراہم کر کے اعلیٰ صلاحیتوں کو راغب کرنے اور برقرار رکھنے کے لیے پرعزم ہیں۔ یہ مضبوط بنیاد نہ صرف پائیدار اور منافع بخش ترقی کو فروغ دیتی ہے بلکہ ہمارے اس یقین کو بھی تقویت دیتی ہے کہ ہمارے لوگ ہماری کامیابی کے اصل محرک ہیں۔

ان اسٹریٹجک شعبوں پر توجہ مرکوز کرتے ہوئے، ہمارا مقصد اپنے مالیاتی استحکام کو مزید مضبوط کرنا، غیر یقینی صورتحال سے نکلنا، اور ترقی پذیر کاروباری منظرنامے میں مسلسل کامیابی کے لیے گروپ کو پوزیشن دینا ہے۔

مستقبل قریب کا منظرنامہ

اینگرو سیاسی محرکات، مہنگائی کے دباؤ، زیادہ ٹیکس لگائے اور مالی پابندیوں سے پیدا ہونے والے معاشی مسائل کی پیش گوئی کرتا ہے جو مختصر مدت میں جاری رہے گا۔ اس موقع پر، اقتصادی اور معاشی پالیسیوں کا درست نفاذ ہی اقتصادی ترقی کے ساتھ کاروباری اعتماد کی بحالی کا باعث بنے گا۔

ینگرو ایگزمپ FZE

revenue
(amount in millions)

USD
400

گلوبل کموڈٹی ٹریڈر کا درجہ پانے کی جستجو

اینگرو ایگزمپ FZE، کمپنی کی بین الاقوامی تجارتی شاخ نے گروپ کی تجارتی سرگرمیوں کو ایک ہی چھت کے نیچے مستحکم کرنے کے مقصد کے ساتھ 2022 میں متحدہ عرب امارات میں تجارتی سرگرمیاں شروع کیں۔ اس نے تقریباً 400 ملین ڈالر کا ٹرن اوور حاصل کیا جس میں سے تھرڈ پارٹی کنٹریکٹس بھی شامل ہیں۔

فی الحال، اینگرو ایگزمپ FZE دنیا بھر میں 40 سے زائد ممالک میں تجارت کرتا ہے، جو سال بھر میں 30 سے زیادہ مختلف پروڈکٹس پر کام کرتا ہے۔ اس کا سب سے بڑا مقصد اگلے پانچ 5 سالوں میں ایک اہم عالمی پہچان کے لیے ایک مضبوط بنیاد قائم کرنا ہے۔

اینگرو ایگزمپ ایگری پروڈکٹس

revenue
(amount in millions)

PKR
3,931

کاروبار کی طویل مدتی سمت کا جائزہ لیا جا رہا ہے۔

اینگرو ایگزمپ ایگری پروڈکٹس نے 6.9KT چاول کی برآمدات کے ذریعے 9.4 ملین ڈالر کی آمدنی حاصل کی جو گزشتہ سال 37KT تھی، اس کے ساتھ ساتھ سیزن کے دوران خریداری میں کمی کی وجہ سے 6.1KT کی مقامی فروخت تھی۔

سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے اینگرو ایگزمپ ایگری پروڈکٹس میں 2.5 بلین کے ایکویٹی انجیکشن کی منظوری دی۔ یہ بنیادی طور پر انوینٹری کے نقصانات سے پیدا ہونے والے فرق کو پر کرنے کے لیے تھا، جیسا کہ 2022 کے لیے ہماری ڈائریکٹر کی رپورٹ میں تفصیل سے بتایا گیا ہے۔ مذکورہ بالا مسائل اور بزنس کی مجموعی صورتحال کے پیش نظر، کمپنی اینگرو ایگزمپ ایگری پروڈکٹس کے کاروباری سمت کا از سر نو جائزہ لے رہی ہے۔

فریز لینڈ کیمپینا اینگرو

revenue
(amount in millions)

PKR
100,235

فریز لینڈ کیمپینا اینگرو نے ڈیری اور فروزن ڈیزٹ کے شعبے میں شاندار کارکردگی کا مظاہرہ کیا۔

فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ (FCEPL) نے اپنی ترقی کی رفتار کو برقرار رکھا، ایک مشکل ترین میکرو اکنامک منظرنامے اور شدید مقابلے کے باوجود 100 بلین روپے کی ریکارڈ توڑ آمدنی حاصل کی، جو گزشتہ سال کے مقابلے میں 36% کا غیر معمولی اضافہ بنتا ہے۔ آمدنی میں اضافہ ہماری ریٹیل کاروبار میں توسیع، پائیدار حجم، موزوں قیمتوں جیسے عوامل سے وابستہ رہا۔ ہمارے کاروبار کے فلیگ شپ برانڈ اولپرز نے برانڈ کی تعمیر اور تجارتی سرگرمیوں میں مسلسل سرمایہ کاری کے ذریعے اپنی مارکیٹ کی قیادت کی پوزیشن کو مستحکم کرتے ہوئے اس ترقی کو آگے بڑھانے میں اہم کردار ادا کیا۔

تاہم، FCEPL نے بعد از ٹیکس منافع میں کمی دیکھی، جو گزشتہ سال کی اسی مدت میں 2.5 بلین سے گر کر 1.5 بلین روپے بعد از ٹیکس منافع ہوگئی۔ اس کمی کو بنیادی طور پر مالیاتی اخراجات میں خاطر خواہ اضافے سے منسوب کیا جاتا ہے، جس میں شرح سود سال بھر میں تقریباً دوگنا ہوئی ہے۔

اینگرووو پاک اینڈ ایلنجی ٹرمینلز

revenue
(amount in millions)

PKR
28,238

اینگرووو پاک نے بلک مائع کیمیکلز اور ایل پی جی کے سٹوریج سلوشنز فراہم کرتے ہوئے محفوظ آپریشن مکمل کیا۔ اینگرو ایلنجی نے پاکستان میں توانائی کی کمی کو دور کرنے میں مدد جاری رکھی۔

اینگرووو پاک ٹرمینل نے گزشتہ سال 1,331KT کے مقابلے میں 951 KT کا کیمیکل تھرو پٹ حاصل کیا۔ یہ بنیادی طور پر درآمدی پابندیوں اور گیس کی کٹوتی کی وجہ سے اہم صارفین (Lotte اور ایف ایف بی ایل) کے آپریشنز میں خلل سے متاثر ہوا جو گزشتہ سال کے مقابلے (نئے صارفین کے حصول سے) ایل پی جی کی میرین امپورٹس میں 64 فیصد نمایاں اضافے سے جزوی طور پر پورا ہوا۔

LNG ٹرمینل نے 73 ویسلز کو ہینڈل کیا اور SSGC نیٹ ورک کو 215bcf ری گیسیفائیڈ LNG فراہم کی، جو پاکستان میں گیس کی کل فراہمی کا 13% سے 15% ہے، جس کی دستیابی کا عنصر 97.1% بنتا ہے۔

ٹرمینل بزنس کے مجموعی منافع نے شاندار کارکردگی کا مظاہرہ کیا جس کی وجہ ڈالر سے منسلک کمائی اور ایل پی جی اور ایل این جی کی زائد مقدار ہے، جو سپر ٹیکس کے نفاذ سے جزوی طور پر متاثر ہوا۔

اینگرو انرجی

revenue
(amount in millions)

PKR
122,522

2023 کے دوران قومی گرڈ میں GWH4,481 پائیدار توانائی کا تعاون کیا۔

ہمارا کان کنی کا کام باقاعدہ جاری رہا، تین آزاد پاور پروڈیوسرز (IPPs) اینگرو پاور جن تھر، تھر انرجی اور تھل نووا پاور کو کوئلے کی 100% فراہمی کو یقینی بنایا۔ 7.6 ملین ٹن سالانہ (MTPA) تک کان کی توسیع کے کامیاب آپریشن کے بعد، توانائی کی طلب میں ممکنہ اضافے کے پیش نظر، انتظامیہ نے 11.2 ملین ٹن سالانہ کی صلاحیت کے لیے توسیع کے تیسرے مرحلے کو شروع کرنے کا عہد کیا ہے۔ مزید برآں، حکومت سندھ نے کان کو 16.4 ملین ٹن سالانہ تک توسیع دینے پر عمل کے معاہدے کی منظوری دے دی ہے۔

اینگرو پاور جن تھر پرائیویٹ لمیٹڈ نے سال کے دوران 82% دستیابی حاصل کی اور نیشنل گرڈ کو 3,611GWH فروخت کئے جو کہ پچھلے سال کی اسی مدت میں 3,690 GWH تھے۔ پلانٹ کی کم دستیابی بنیادی طور پر پلانٹ کے آپریشنز کو قابل اعتماد بنانے کے لیے قسم A کی پہلی بڑی مینٹننس کی وجہ سے تھی۔

قادر پور پاور پلانٹ نے موثر پلانٹ آپریشنز کو یقینی بنا کر 100% دستیابی حاصل کی اور 46% کے لوڈ فیکٹر کے ساتھ 870 GWH کا نیٹ الیکٹریکل آؤٹ پٹ نیشنل گرڈ کو فروخت کیا۔ کاروبار نے سال کے لیے 2.5 بلین روپے کا بعد از ٹیکس منافع حاصل کیا، جو گزشتہ سال کی اسی مدت میں 1.5 بلین روپے تھا، جس کی بنیادی وجہ پلانٹ کے موثر آپریشن اور سود کی زیادہ آمدنی تھی۔

اینگرو انفراشیئر

revenue
(amount in millions)

PKR
13,230

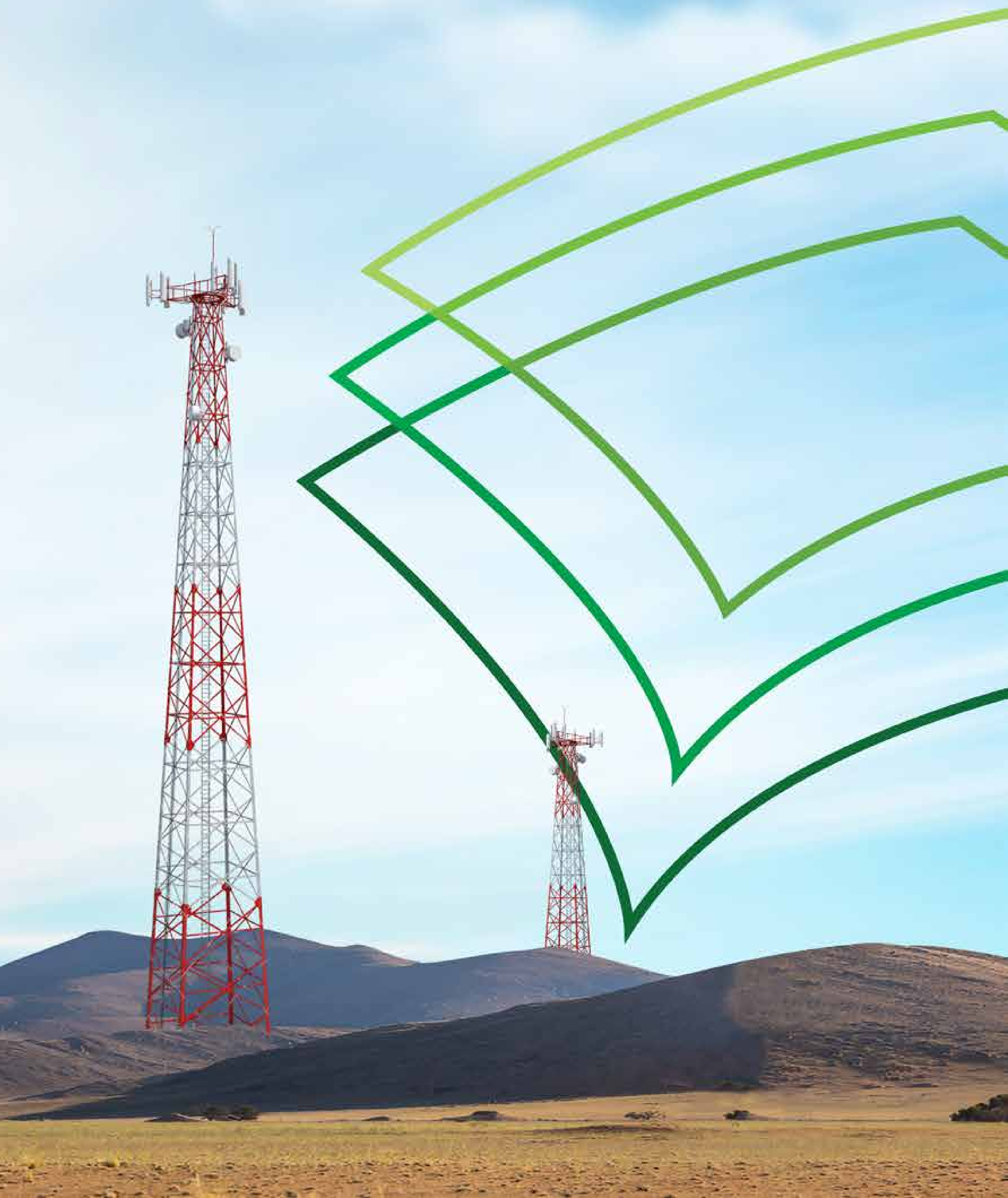
بامقصد ٹاور کی تعیناتی اور آپریشنل افادیت کے ذریعے ترقی کا حصول

پاکستان میں TowerCo کا سب سے بڑا آزاد بزنس ہونے کے ناطے، اینگرو انفراشیئر ٹیلی کمیونیکیشن ٹاور سے متعلق کیپکس شروع کر کے MNOs کو اس قابل بناتا ہے کہ وہ اپنے بنیادی کاروبار پر توجہ مرکوز کر سکیں اور اپنے بنیادی ڈھانچے کی عمدہ کارکردگی کے ذریعے آپریشنل افادیت کو برقرار رکھ سکیں۔

پاکستان بھر میں ڈیجیٹل رسائی کو بڑھانے کے لیے، اینگرو انفراشیئر نے اپنی ملکی وسعت کو بڑھانا جاری رکھا اور 1.21x کرایہ داری تناسب کے ساتھ 3,952 ٹاور سائٹس کی تعداد حاصل کی، جو پاکستان کے چاروں MNOs کی ضروریات کو پورا کرتا ہے۔ مزید براں، بزنس نے سال کے دوران مشترکہ لوکیشنز کے مواقع کے ذریعے اپنی ترقی کی صلاحیت کو بڑھایا اور ITCs کے ذریعے تعیناتی سے 30 فیصد مارکیٹ شیئر حاصل کرنے میں کامیاب ہوا۔

مضبوط آپریشنل کارکردگی کے باوجود 2023 میں شرح سود میں بے مثال اضافے سے کاروبار کی باٹم لائن متاثر ہوئی۔ اینگرو انفراشیئر کے سرمائے کے پیش نظر، شرح سود میں تبدیلی کی تشخیص کے ذریعے شرح سود کے منفی رجحان سے بچنے کے لیے مزید کچھ کیا جا سکتا تھا۔ تاہم، کاروبار مستقبل میں اس خطرے کو کم کرنے کے لیے مختلف آپشنز پر سختی سے عمل پیرا ہے، اس میں ہجنگ میکانزم اور اپنے سرمائے کے ڈھانچے کا از سر نو جائزہ لینا بھی شامل ہے۔

اگرچہ یہ مختصر مدت میں ایک چیلنج ہوگا، لیکن کاروبار کا نقطہ نظر مثبت ہے کیونکہ ہم ڈیٹا کے بڑھتے ہوئے استعمال اور اسمارٹ فون اسمبلی کی لوکلائزیشن کی وجہ سے شعبے کی متوقع ترقی سے فائدہ اٹھانے کے لیے کاروباری لحاظ سے اچھی پوزیشن میں ہیں۔



اینگرو پولیمر اینڈ کیمیکلز

revenue
(amount in millions)

PKR
81,270

پاکستان میں PVC ریسن کا واحد پروڈیوسر، درآمدی متبادل اور برآمد کے مواقع فراہم کرتا ہے۔

سال کے دوران بین الاقوامی PVC کی قیمتیں اوسطاً 837 ڈالر فی میٹرک ٹن رہیں، جو کرونا سے پہلے کی سطحوں کی طرف گراوٹ کا شکار رہیں اور کموڈٹی سپر سائیکل کے خاتمے کا اشارہ دے رہی ہیں۔ قیمتوں میں کمی کے باوجود، پاکستان میں گھریلو PVC مارکیٹ 9% تک سکڑ گئی جس کی وجہ افراط زر میں اضافہ، تعمیراتی سرگرمیوں میں سست روی، بنیادی ڈھانچے کی ترقی پر کم حکومتی اخراجات، اور جغرافیائی و سیاسی انتشار ہے۔ ان مشکلات کے باوجود، اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ مصنوعات کی دستیابی کو یقینی بنا کر اور مارکیٹ کے اعتماد کو بڑھانے کے لیے مختلف مراعات پر عمل درآمد کر کے 89 فیصد مارکیٹ شیئر کو برقرار رکھنے میں کامیاب رہا۔

پولیمر کاروبار نے 81 بلین روپے کی آمدنی ریکارڈ کی جو پچھلے سال کی اسی مدت میں 82 بلین روپے تھی۔ کمپنی کا بعد از ٹیکس منافع 9 بلین روپے رہا جو گزشتہ سال اسی مدت میں 12 بلین روپے تھا، جس کی بنیادی وجہ کموڈٹی سائیکل کی واپسی، مقامی طلب میں کمی اور سپر ٹیکس کا نفاذ ہے۔

بزنس نے 199KT کی مقامی فروخت ریکارڈ کی، جو کہ گزشتہ سال کے اسی عرصے میں 231KT تھی، جبکہ 92 ملین امریکی ڈالر کا درآمدی متبادل حاصل کیا۔ مقامی طلب کو کم کرنے کے لیے، کاروبار نے برآمدی مواقع پر توجہ مرکوز کی اور 22KT کاسٹک سوڈا کی برآمدات سمیت 44KT کی اب تک کی بلند ترین برآمدی مقدار حاصل کی، اس طرح اس مدت کے لیے 26 ملین ڈالر کا زرمبادلہ کمایا۔

اینگرو فرٹیلائزرز

revenue
(amount in millions)

PKR
223,705

0.8 بلین امریکی ڈالر کے درآمدی متبادل کے ذریعے پاکستان کے غذائی تحفظ میں حصہ ڈالنا

پاکستان کا زرعی شعبہ 2022 کے آخری ششماہی میں سیلاب سے بری طرح متاثر ہونے کے بعد 2023 میں دوبارہ بحال ہوا۔ امدادی قیمتوں اور سازگار موسم نے زیرکاشت رقبہ میں اضافہ کیا اور بڑی فصلوں کی بہتر پیداوار حاصل ہوئی۔ نتیجتاً 2022 میں KT 1,935 کے مقابلے میں اینگرو فرٹیلائزرز کے لیے KT 2,327 کی ہماری اب تک کی سب سے زیادہ یوریا کی فروخت کا ایک تاریخی سنگ میل ہے، نتیجے میں 2022 میں 29% کے مقابلے میں 35% کا مارکیٹ شیئر ہوا۔ فاسفیٹس کی فروخت گزشتہ سال کے دوران 333KT کے مقابلے میں 365KT رہی۔

بین اقوامی کوئلے اور توانائی کی قیمتوں میں کمی کی وجہ سے 2023 کے آخر تک بین الاقوامی یوریا کی قیمتیں 25% کم ہو کر 301 ڈالر فی ٹن (5,715 روپے فی بیگ کے مساوی) پر پہنچ گئیں۔ سال کے آغاز میں، ڈی اے پی کی قیمتیں 730 ڈالر فی ٹن تھیں اور پھر گر کر 480 ڈالر فی ٹن تک پہنچ گئیں۔ تاہم، ڈی اے پی کی قیمتیں دوسری ششماہی میں بڑھنا شروع ہوئیں اور سال کے آخر تک 625 امریکی ڈالر فی ٹن تک پہنچ گئیں جس کی وجہ محدود اسٹاک کی دستیابی اور عالمی سطح پر فصلوں کی قیمتوں میں اضافہ ہے۔ عالمی سطح پر اجناس کی قیمتوں میں اتار چڑھاؤ کے درمیان، مقامی کھاد کی صنعت نے کسانوں کو بین الاقوامی قیمتوں کے مقابلے میں 40% کی رعایت پر مقامی طور پر تیار کردہ یوریا کی دستیابی کو یقینی بنایا۔ اس طرح 2023 میں 2.3 بلین امریکی ڈالر کی درآمدی متبادل کو حاصل کیا، جس میں اینگرو فرٹیلائزرز کا حصہ 35% کے ساتھ 0.8 بلین روپے رہا۔

فرٹیلائزرز کے کاروبار نے مضبوط کارکردگی دکھائی اور 2022 میں 157 بلین روپے کے مقابلے میں 224 بلین کی ریکارڈ آمدنی کمائی۔ کمپنی نے گزشتہ سال 26 بلین روپے کے مقابلے میں 16 بلین روپے کے بعد از ٹیکس منافع کے بعد اب تک کا سب سے زیادہ منافع حاصل کیا۔ یہ اضافہ لاگت کی مینجمنٹ، پیداوار میں اضافہ، اور 2022 کے دوران عمل میں لائے جانے والے طویل مدتی قابل اعتماد منصوبوں کے ذریعے کارکردگی کی عکاسی کرتا ہے۔

5۔ سندھ اینگرو کول مائننگ کمپنی (SECMC) کی کان کی توسیع کے فیز 1 نے 25 مئی 2023 کو PCD حاصل کی اور SECMC نے اپنے پہلے منافع منقسمہ کا اعلان کیا۔ کان کی توسیع کا فیز 2 بھی کامیابی کے ساتھ مکمل ہو گیا، جس سے موجودہ کان کنی کی صلاحیت دوگنی ہو کر 7.6 MTPA ہو گئی۔ مزید برآں، حکومت سندھ نے کان کی توسیع کے فیز 3 کی منظوری دی ہے، جس کے 2024 کی چوتھی سہ ماہی تک مکمل ہونے کی امید ہے۔ توسیع کے بعد، تھر کا کوئلہ بیس لوڈ انرجی کا سب سے سستا ذریعہ بن جائے گا۔

6۔ اینگرو پاورجن تھر نے ملک میں توانائی کی بلاتعطل فراہمی کو یقینی بنانے کے لیے بھروسے کو برقرار رکھنے کی اہمیت کے پیش نظر، اپنی پہلی قسم کی مینٹیننس کا بڑا سنگ میل کامیابی سے حاصل کر لیا ہے۔ دونوں آئی پی پیز، اینگرو پاورجن تھر اور اینگرو پاورجن قادر پور نے سال کے دوران، ملک کے مشکل میکرو اکنامک ماحول کے باوجود زیادہ کلیکشن حاصل کیے۔

7۔ اینگرو کارپوریشن ایک پائیدار درآمدی متبادل ماڈل اور برآمد پر مبنی اسٹرکچر بنانے پر توجہ مرکوز کیے ہوئے ہے۔ ہمارے بزنسز نے PVC، کھادوں اور کوئلہ نکالنے کی مقامی پیداوار کے ذریعے 1.3 بلین ڈالرز کا زرمبادلہ بچایا۔ اس کے علاوہ، ہم نے چاول، کاسٹک سوڈا، اور پی وی سی ریسن کی برآمد کے ذریعے کامیابی سے 35 ملین امریکی ڈالر کا زرمبادلہ کمایا ہے۔

2021 میں حکومت پاکستان کی طرف سے نافذ سخت ٹیکس کے اقدامات کے جواب میں، اینگرو کارپوریشن نے انٹر کارپوریٹ ڈیویڈنڈ (ICD) کے متعدد ٹیکس لگانے کو سندھ ہائی کورٹ (SHC) میں چیلنج کیا تھا۔ اس مدت کے دوران، SHC نے اس معاملے کا منفی فیصلہ کیا، جسے بعد ازاں سپریم کورٹ آف پاکستان (SCP) میں چیلنج کیا گیا، اس معاملے کے خلاف کمپنی کو اسٹے آرڈر جاری کیا گیا ہے۔

آئی سی ڈی کے متعدد ٹیکسوں سے ریلیف 2008 میں متعارف کرایا گیا تھا جسے پاکستان میں بڑے اصلاحات کے حصے کے طور پر متعارف کرایا گیا تھا تاکہ ''ہولڈنگ کمپنی'' اسٹرکچرز کی تشکیل کے ذریعے کارپوریٹ سیکٹر میں بہترین عالمی طریقوں کو فروغ دیا جا سکے۔ اس عرصے کے دوران، گروپ نے، پاکستان کے مختلف کاروباری گروپوں کی طرح، اپنے آپ کو ایک ہولڈنگ کمپنی اسٹرکچر میں تبدیل کر دیا جس میں ہر کاروباری طبقے کے لیے علیحدہ ذیلی کمپنیاں تھیں۔

ICD ریلیف کو ہٹانے سے گروپ کے کیش فلوز اور اس کی انٹرپرائز ویلیو پر منفی اثر پڑتا ہے۔ لہٰذا، کمپنی مختلف متعلقین اور کاروباری فورمز کے ساتھ اس معاملے کو حل کرنے کے لیے مصروف عمل ہے، جس میں عالمی اہمیت، معاملے کی سنگینی، اور پاکستان میں کارپوریٹائزیشن اور نئی سرمایہ کاری پر اس کے منفی اثرات کو اجاگر کیا جا رہا ہے۔

کاروباری کارکردگی کا جائزہ

کمپنی نے 2022 میں 21 بلین روپے کے مقابلے میں 18 بلین روپے کا انفرادی بعد از ٹیکس منافع کمایا، نتیجے میں ہر ایک شیئر پر منافع 32.26 روپے بنتا ہے۔ منافع میں 17% کی کمی بنیادی طور پر ڈیویڈنڈ پر اضافی سپر ٹیکس اور سال کے دوران اعلان کردہ زیادہ ڈیویڈنڈ کی وجہ سے سود کی کم آمدنی ہے، جسے جزوی طور پر ریسرچ اور کاروباری ترقی کے اخراجات کم کرنے سے پورا کیا گیا۔

مشترکہ بنیادوں پر، اینگرو کارپوریشن کی آمدنی 2022 میں 356 بلین روپے کے مقابلے میں 2023 میں 35 فیصد بڑھ کر 482 بلین روپے ہو گئی۔ تھرمل انرجی کے اثاثوں کی اکاؤنٹنگ ایڈجسٹمنٹ کے اثر سے پہلے مجموعی بعد از ٹیکس منافع 66 بلین روپے (شیئر ہولڈرز سے منسوب 34 بلین روپے) بمقابلہ 2022 جس میں 46 بلین روپے (شیئر ہولڈرز سے منسوب 24 بلین روپے) رہا، اس بنیاد پر ہر ایک شیئر پر منافع 2022 میں 42.23 روپے کے مقابلے میں 63.01 روپے بنتا ہے۔ اس میں زیادہ فرق کی وجہ یوریا کی زیادہ فروخت، پلانٹ کے موثر آپریشنز، ڈالر سے منسلک بزنسز کی زیادہ آمدنی اور اخراجات کا موثر انتظام ہے۔

تاہم، تھرمل انرجی اثاثوں کی اکاؤنٹنگ ایڈجسٹمنٹ کے اثر کو شامل کرنے کے بعد، 2023 میں 38.60 روپے ہر ایک شیئر کے منافع کے ساتھ مجموعی بعد از ٹیکس منافع 36 بلین (شیئر ہولڈرز سے منسوب PAT، 21 بلین روپے) بنتا ہے۔ تھرمل اثاثہ جات کے اکاؤنٹنگ اثرات پر مزید تفصیلات اگلے حصے میں شامل ہیں۔

تھرمل اثاثوں سے سرمایہ کی مجوزہ واپسی

جیسا کہ 26 فروری 2024 کو پاکستان اسٹاک ایکسچینج (PSX) کو مطلع کیا گیا کہ کمپنی اب اپنے تھرمل انرجی اثاثوں سے سرمایہ کی واپسی کی تجویز کا جائزہ لے رہی ہے جس میں اینگرو پاورجن قادر پور لمیٹڈ، اینگرو پاورجن تھر (پرائیویٹ) لمیٹڈ اور سندھ اینگرو کول مائننگ کمپنی لمیٹڈ میں شیئر ہولڈنگ شامل ہے جو اینگرو انرجی لمیٹڈ کے توسط سے لبرٹی ملز لمیٹڈ کے ساتھ حصص کی فروخت کے عمل کے ذریعے، اشتراک میں کام کرنے والی دیگر پارٹیوں کے ساتھ زیر غور ہے۔

انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 36 کے تقاضوں کے مطابق، کمپنی نے انفرادی مقصد کے ساتھ ساتھ مشترکہ مالیاتی گوشواروں کے لیے تھرمل انرجی اثاثوں کی وصول کی جانے والی رقم کا جائزہ لگایا ہے۔

IPPs کے لیے مخصوص اکاؤنٹنگ ٹریٹمنٹ کی وجہ سے، جیسا کہ نوٹ 1.1.1 میں بتایا گیا ہے، گروپ کے مشترکہ مالیاتی گوشواروں میں تھرمل انرجی اثاثوں کی نیٹ قدریں ان کی قابل وصولی رقم سے زیادہ ہیں۔ اس کے مطابق 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے مجموعی مالیاتی گوشواروں میں 30 بلین روپے (مالکان کا حصہ 13 بلین روپے) کے اکاؤنٹنگ اثر کو تسلیم کیا گیا ہے۔

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے انفرادی مالیاتی گوشواروں کی صورت میں، کوئی اثر تسلیم نہیں کیا گیا کیونکہ تھرمل انرجی کے اثاثوں کی وصول کی جانے والی رقم ان کی ادا کی جانے والی رقم سے واضح طور پر زیادہ ہے۔

ڈائریکٹرز کی رپورٹ

اینگرو کارپوریشن لمیٹڈ (کمپنی) کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرنے پر خوش ہیں۔

بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی ماتحت اداروں، ایسوسی ایٹس اور مشترکہ منصوبوں میں اپنی سرمایہ کاری کا انتظام کرنا ہے جو Chlor-Vinyl مصنوعات کی تیاری اور مارکیٹنگ، کھاد کی تیاری اور تجارت میں مصروف ہیں، ٹیلی کمیونیکیشن انفراسٹرکچر کی فراہمی، ڈیری مصنوعات کی پروسیسنگ اور پیکیجنگ، بجلی کی پیداوار، کوئلے کی کان کنی، کھانے کی اشیاء، ایل این جی اور بلک کیمیکل ہینڈلنگ ٹرمینل اور اسٹوریج کے کاروبار میں مصروف عمل ہیں۔

میکرواکنامک ماحول

عالمی اقتصادیات

2023 میں، بڑھتے ہوئے علاقائی وسیاسی تناؤ، چین میں پراپرٹی سے متعلق طویل بحران اور اسرائیل فلسطین تنازعہ کی وجہ سے عالمی معیشت میں غیر یقینی صورتحال برقرار رہی۔ نتیجے میں ترقی کی شرح 2022 میں 3.5 فیصد سے کم ہو کر 2023 میں 3 فیصد تک گراوٹ کا شکار رہی۔
اس کے باوجود عالمی معیشت نے روس اور یوکرائن کے تنازعہ کے بعد بحالی کی طرف اپنا سفر جاری رکھا۔ اس کے برعکس، 2022 میں عالمی سپلائی چین میں خلل اپنے عروج کے بعد سے بہتر ہونے سے پائیداری قابل ذکر رہی۔ مزید برآں، عالمی مالیاتی حالات کی سختی نے افراط زر کو کم کرنے میں ایک اہم کردار ادا کیا ہے۔

پاکستان کی معیشت

پاکستان کی معیشت کو بے شمار چیلنجوں کا سامنا کرنا پڑا، خاص طور پر سال کی پہلی ششماہی کے دوران توانائی کی بڑھتی ہوئی قیمتوں، افراط زر میں 30% اضافہ، سیلاب کے نقصانات، روپے کی قدر میں گراوٹ، اور زرمبادلہ کا شدید بحران شامل ہے۔ غیر ملکی کرنسی کے ذخائر کی نازک حالت کے پیش نظر، پاکستان بھر میں بزنسز کو درآمدی پابندیوں کی وجہ سے مشکلات کا سامنا کرنا پڑا۔

بیرونی شعبے اور اقتصادی مارکیٹوں میں بڑھنے والے مہنگائی کے دباؤ اور عدم توازن کے جواب میں، اسٹیٹ بینک آف پاکستان (SBP) نے مالیاتی سختی کی پالیسی اپنائی، سال کی پہلی ششماہی کے دوران شرح سود کو 600 بیسس پوائنٹس (16% سے 22%) تک بڑھا دیا۔

تاہم، سال 2023 کی دوسری ششماہی میں پاکستان کی معاشی صورتحال میں بہتری کے کچھ آثار نظر آنا شروع ہوئے۔ جون 2023 میں، حکومت پاکستان (GoP) نے کامیابی کے ساتھ 3 بلین امریکی ڈالر کا 9 ماہ کا IMF اسٹینڈ بائی ایگریمنٹ (SBA) حاصل کیا، جس کے تحت پاکستان کو کئی شرائط پوری کرنی تھی۔ ان میں سبسڈی کی لاگت کو کم کرنے کے لیے ایندھن اور بجلی کی قیمتوں میں اضافہ، سال کے آغاز سے ہی مالیاتی سختی کا نفاذ، مارکیٹ کے لیے طے شدہ شرح مبادلہ کی پالیسی کو اپنانا، Super Tax جیسے سخت ٹیکس کے اقدامات کا نفاذ اور اسمگلنگ کو روکنے کے لیے کنٹرول کو مضبوط بنانا شامل ہے۔ اس پیکج سے 1.2 بلین ڈالر کی فوری فراہمی نے ڈیفالٹ کے بڑھتے ہوئے خطرے کو ٹال دیا، جس سے مختصر مدت کے لیے انتہائی ضروری ریلیف مل گیا۔ نتیجتاً، اسٹیٹ بینک میں زرمبادلہ کے ذخائر کی پوزیشن بہتر ہو کر دسمبر 2023 میں 8.2 بلین ڈالر ہو گئی جو جنوری 2023 میں 3.1 بلین ڈالر تھی۔

آئی ایم ایف کے قرض کو حاصل کرنے میں حکومت کی کوششوں کو تسلیم کرتے ہوئے، کاروباری لاگت میں اضافے کی وجہ سے مختلف انڈسٹریز پر پڑنے والے منفی اثرات کو دور کرنا بہت ضروری ہے۔ ہم پاکستان کے اہم مسائل کو حل کرنے کے لیے متعلقہ حکام کے ساتھ بھرپور تعاون جاری رکھنے کے لئے کوشاں ہیں اور توقع کرتے ہیں حکومت صنعتی ترقی کو فروغ دینے کے لیے موثر اقدامات اٹھائے گی۔

زیر نظر سال

2023 اینگرو کمپنی کے لیے کامیابی کا سال تھا۔ معاشی چیلنجز کے باوجود، اینگرو کارپوریشن نے اپنے متنوع پورٹ فولیو کی وجہ سے مضبوط آپریشنل کارکردگی کو یقینی بنایا، سپر ٹیکس کے اثرات کے باوجود، اینگرو کارپوریشن کی کارکردگی اپنے شاندار پورٹ فولیو کی وجہ سے بڑی حد تک مثبت رہی۔ بزنسز نے لاگت کی مینجمنٹ اور پیداواری صلاحیت میں اضافہ کرنے والے اقدامات کو یقینی بنایا تاکہ میکرواکنامک ماحول سے پیدا ہونے والے کسی بھی قلیل مدتی اثرات پر قابو پایا جا سکے۔

بلند افراط زر کے مشکل ماحول اور روپے کی قدر میں گراوٹ کی صورتحال میں، گروپ نے کاروباری تسلسل کو یقینی بنانے، لاگت کے بہتر استعمال کے لیے سخت اقدامات اور آپریشنل کارکردگی کو بہتر بنانے پر توجہ مرکوز کرتے ہوئے ایک زبردست حکمت عملی پر عمل کیا۔ مزید برآں، کمپنی نے مہنگائی کے ماحول سے درپیش چیلنجوں سے نمٹنے کے لیے منصوبہ بندی کے ساتھ قیمتوں کے تعین کی ایک جوابی حکمت عملی کو نافذ کیا۔

سال کے دوران، اینگرو کارپوریشن اور اس کے ذیلی اداروں نے ترقی اور کارکردگی کے مختلف سنگ میل عبور کئے:

1۔ اینگرو فرٹیلائزرز نے بنیادی طور پر پلانٹ کے موثر آپریشنز کی وجہ سے 2,313KT کی ریکارڈ توڑ پروڈکشن کے ساتھ سب سے زیادہ پیداوار حاصل کی۔ پروڈکٹس کی بڑھتی ہوئی دستیابی کے ساتھ، کاروبار نے 2,327 KT کی اب تک کی سب سے زیادہ یوریا کی فروخت بھی حاصل کی، جس میں زبردست یوریا میں گزشتہ سال کے مقابلے میں (400KT بمقابلہ 245KT) 64% کی قابل ذکر ترقی شامل ہے۔

2۔ تعمیراتی سرگرمیوں میں سست روی اور کور ڈیلٹا میں کمی کے باوجود، اینگرو پولیمر اینڈ کیمیکلز نے 89% کے متاثر کن مارکیٹ شیئر کے حصول کے ساتھ مقامی مارکیٹ میں اپنا مضبوط ہولڈ برقرار رکھا۔ کاروبار نے سٹریٹجک طور پر پروڈکٹس کو برآمدات کی طرف موڑ کر، 44KT برآمدات کی مقدار 26 ملین امریکی ڈالر تک حاصل کر کے سال بھر پلانٹ کے آپریشن کو بھی یقینی بنایا۔ اس فعال اقدام کو یقینی بنانے میں کمپنی کے بین الاقوامی تجارتی ادارے، اینگرو وایگزامپ FZE سے فائدہ اٹھایا گیا۔

3۔ سال کے دوران، اینگرو انفراشیئر نے بامقصد (Build-to-suit) ٹاورز کی بڑھتی ہوئی مانگ کو پورا کرتے ہوئے، اپنے پورٹ فولیو میں 623 نئے ٹاورز شامل کئے، جس سے کل آپریشنل سائٹس 1.21x کے کرایہ داری تناسب کے ساتھ 3,952 ہو گئیں۔ ہماری سائٹس کا تقریباً 50% سولر پاور سے فعال ہے جو پائیدار توانائی اور بہتر مارجن پر توجہ مرکوز کرتا ہے۔ اینگرو انفراشیئر کمپنی اندرونی اور بیرونی ترقی کے مواقع کی تلاش کے لیے سرگرم ایک آزاد ٹاور کمپنی کے طور پر اپنی قائدانہ پوزیشن کو برقرار رکھنے کے لیے پرعزم ہے۔

4۔ اینگرو وایگزامپ FZE نے اپنے نان کیپٹیو (Non-captive) کاروباری سفر کا آغاز کیا، جس نے دنیا بھر کے 40 سے زیادہ ممالک میں تھرڈ پارٹی ٹریڈ کی سہولت فراہم کی اور سال بھر میں 30 سے زیادہ مختلف پروڈکٹس کی تجارت کی۔

+92-21-111-211-211

engro.com
engro.corporation
engrocorp
engrocorp
engrocorporation
engro-corp

GREEN OFFICE
A WWF INITIATIVE TO REDUCE ECOLOGICAL FOOTPRINT
WWF