



February 16, 2024

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building, Stock Exchange Road  
Karachi

Dear Sir/Madam,

**ANNOUNCEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023**

We have to inform you that the Board of Directors of Engro Fertilizers Limited (“the Company”) in their meeting held on February 15, 2024 at 10:30 a.m. at Karachi recommended the following:

**(i) CASH DIVIDEND**

A Final Cash Dividend for the year ended at Rs. 8.00 per share i.e. 80%. This is in addition to Interim Cash Dividends already paid at Rs. 12.50 per share i.e. 125%.

**(ii) BONUS SHARES**

NIL

**(iii) RIGHT SHARES**

NIL

**(iv) ANY OTHER ENTITLEMENT / CORPORATE ACTION**

NIL

**(v) ANY OTHER PRICE-SENSITIVE INFORMATION**

The financial results of the Company are attached as Annexure “A” & “B”.

**Financial Performance**

1. Economic turbulence was the main theme for the year 2023 with heightened inflation and interest rates. The Rupee also faced significant pressures due to external debt repayments, coupled with declining export proceeds and remittances and was at its historic lowest against the US dollar.

During PKR devaluation and international price volatility, the local fertilizer industry has ensured that farmers continue to benefit from lower domestic urea prices. MRP of urea stood at PKR 3,596/bag at year end, at a discount of 40% to international prices. This delta constitutes a contribution of approximately PKR 330 Bn (based on Dec’23 international and local prices) per annum towards farmer income in Pakistan. Furthermore, the presence of a domestic urea manufacturing industry enabled import substitution to the tune of US\$ 2.3 Bn, including Engro Fertilizers’ share of US\$ 835 Mn.

2. Gas prices for the fertilizer sector were increased significantly in 2023 and Engro Fertilizers is additionally affected by significant rupee devaluation impacting Petroleum Policy, 2012 gas pricing applicable on its 950KT Base Plant. Accordingly, the Company increased urea prices to address the rising cost of production and to incorporate FED applicable from July 2023.

**Engro Fertilizers Limited**

The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi 75600

T 00 92 (21) 35297501-10 F 00 92 (21) 35810669

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3. The retrospective increase in Super Tax levy led to higher effective tax rate of 47% compared to 40% last year, further pressurizing Company's profitability. During the year 2023, the Company contributed nearly PKR 34.7 Bn towards the National Exchequer by way of Government taxes, duties, and levies, compared to PKR 11.6 Bn in 2022.
4. The Company's urea production increased by 18.3% during the year and stood at 2,313 KT vs 1,955 KT in 2022, mainly because of reduced outages at both plants. Consequently, our urea sales also improved by 20.3% to reach 2,327 KT as compared to 1,935 KT in 2022. As a result, our market share increased to 35% for the year as compared to 29% in 2022. The Phosphates business managed volumetric sales of 365 KT compared to last year's sales of 333 KT and the Company managed to earn good margins on these sales through efficient procurement and effective sales management. These developments translated into a sales revenue of PKR 223.7 Bn compared to sales revenue of PKR 157.0 Bn in 2022.
5. Despite significant interest rate hikes during the year the Company's interest expense reduced by 27% to reach PKR 1.9 Bn through efficient working capital management.
6. Interest income on cash balances has increased by 1.5 Bn mainly due to higher interest rates in 2023.
7. Since the implementation of axle load regime, the Company's average freight cost has increased by ~45%.
8. On a consolidated basis, the Company posted a profit after tax of PKR 26.2 Bn compared to profit after tax of PKR 16.0 Bn in 2022. This increase reflects efficiency through cost optimization, increased production from the long-term reliability projects executed during 2022. As a result, consolidated earnings per share rose to PKR 19.61/share compared to PKR 11.98/share in 2022.
9. The earnings in dollar terms, however, registered negative growth compared to 2017-2021 earnings.
10. The Company, along with other major fertilizer manufacturers, is committed to Gas Pressure Enhancement Facilities (PEF) project, to jointly develop and install pressure enhancement facilities at gas suppliers' delivery node to sustain the current level of pressure of gas. The Company's expected share of capital expenditure is over USD 100 million.
11. Through its nationwide network of warehouses and dealers, the Company ensured continuous fertilizer supply across the country. Recently, Engro Fertilizers, along with other fertilizer manufacturing companies, in a joint gathering called upon the dealers across the country to ensure sale of urea fertilizer on announced Market Retail Price (MRP). Attended by major fertilizer dealers from across the country, the convention facilitated a strategic discourse on vital topics such as fertilizer demand and supply situation, urea imports by the Government of Pakistan to fill the demand-supply gap, and the development of effective strategies to ensure the availability of urea and other fertilizers at manufacturer-recommended prices.
12. The Company strives to be a leader in the industry in its gender diversity by opening avenues to women from various socio-economic backgrounds to operate in unconventional roles. In 2023, 40%

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of entrant level positions were occupied by women and a larger number of women are now in leadership roles across the Company. Going beyond gender, and to help integrate differently abled individuals into our own workforce, the Company collaborated with the Karachi Down Syndrome to launch our internship program and inducted our first batch of interns in 2023.

13. The Company's Corporate Social Responsibility (CSR) programs are structured to maximize the effects of our investments in the communities. To help empower differently abled individuals and those in need of sustainable income, 12 livelihood projects were awarded to widows and persons with disabilities. Addressing water scarcity, the Company installed 12 Reverse Osmosis (RO) plants, powered by solar energy, delivering 15 million liters of clean water to 4,000 families. The Company has established various schools in rural areas with a total enrollment of 535 in 2023. In healthcare, the Company offers free clinics, hearing aid camps, and urgent treatments for snake and dog bites.

#### **ANNUAL GENERAL MEETING**

The 15<sup>th</sup> Annual General Meeting of the Company will be held at Karachi on Tuesday, March 26, 2024 at 02:30 p.m. (Pak Time).

The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on Monday, March 18, 2024.

#### **BOOK CLOSURE DATES**

The Share Transfer Books of the Company will be closed from Tuesday, March 19, 2024 to Tuesday, March 26, 2024 (both days inclusive). The transfers received in order at the office of the Company's share registrar, M/s. FAMCO Share Registration Services (Private) Limited, 8-F, near Hotel Faran, Block 6, PECHS, Shakra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email: [info.shares@famcosrs.com](mailto:info.shares@famcosrs.com) by the close of business (03:00 p.m.) on Monday, March 18, 2024 will be treated to have been in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the Annual General Meeting.

The Annual Report of the Company will be transmitted through PUCARS at least 21 days before holding of Annual General Meeting and shall also be made available on our website [www.engrofertilizers.com](http://www.engrofertilizers.com).

Yours faithfully,

For and on behalf of

**Engro Fertilizers Limited**

Sunaib Barkat, ACA  
Company Secretary

Copied to:

Surveillance, Supervision and Enforcement Department  
Securities & Exchange Commission of Pakistan  
NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad

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**ENGRO FERTILIZERS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Annexure A**

(Amounts in thousand except for earnings per share)

	2023	2022
	-----Rupees-----	
Net sales	223,704,592	157,016,930
Cost of sales	(151,407,364)	(114,169,791)
<b>Gross profit</b>	<u>72,297,228</u>	<u>42,847,139</u>
Selling and distribution expenses	(13,053,158)	(9,885,983)
Administrative expenses	(4,006,506)	(2,216,597)
	<u>55,237,564</u>	<u>30,744,559</u>
Other income	3,714,027	2,325,361
Other operating expenses	(4,369,431)	(2,523,538)
Finance cost	(1,910,830)	(2,621,808)
Other losses:		
- Remeasurement loss on provision for GIDC	(537,911)	(839,935)
- Loss allowance on subsidy receivable from GoP	(2,440,151)	(522,936)
	<u>(2,978,062)</u>	<u>(1,362,871)</u>
<b>Profit before taxation</b>	49,693,268	26,561,703
Taxation	(23,502,166)	(10,558,414)
<b>Profit for the year</b>	<u><u>26,191,102</u></u>	<u><u>16,003,289</u></u>
<b>Earnings per share - basic and diluted</b>	<u><u>19.61</u></u>	<u><u>11.98</u></u>

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**ENGRO FERTILIZERS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Annexure B**

(Amounts in thousand except for earnings per share)

	2023	2022
	-----Rupees-----	
Net sales	161,666,127	96,944,967
Cost of sales	(102,243,887)	(67,544,033)
<b>Gross profit</b>	<b>59,422,240</b>	<b>29,400,934</b>
Selling and distribution expenses	(11,706,176)	(8,766,004)
Administrative expenses	(4,001,319)	(2,183,699)
	43,714,745	18,451,231
Other income	10,120,660	9,986,839
Other operating expenses	(3,988,085)	(1,871,522)
Finance cost	(1,884,506)	(2,699,069)
Other losses:		
- Remeasurement loss on provision for GIDC	(537,911)	(839,935)
- Loss allowance on subsidy receivable from GoP	(2,440,151)	(522,936)
	(2,978,062)	(1,362,871)
<b>Profit before taxation</b>	<b>44,984,752</b>	<b>22,504,608</b>
Taxation	(19,306,334)	(7,096,474)
<b>Profit for the year</b>	<b>25,678,418</b>	<b>15,408,134</b>
<b>Unappropriated profit brought forward</b>	<b>26,356,179</b>	<b>28,974,586</b>
Final cash dividend for the year ended December 31, 2021 @ Rs. 5.00 per share	-	(6,676,497)
1st interim dividend for the year ended December 31, 2022 @ Rs. 5.50 per share	-	(7,344,146)
2nd interim dividend for the year ended December 31, 2022 @ Rs. 3.00 per share	-	(4,005,898)
Final cash dividend for the year ended December 31, 2022 @ Rs. 5.00 per share	(6,676,497)	-
1st interim dividend for the year ended December 31, 2023 @ Rs. 3.50 per share	(4,673,548)	-
2nd interim dividend for the year ended December 31, 2023 @ Rs. 3.00 per share	(4,005,898)	-
3rd interim dividend for the year ended December 31, 2023 @ Rs. 6.00 per share	(8,011,796)	-
<b>Profit available for appropriation</b>	<b>28,666,858</b>	<b>26,356,179</b>
<b>Earnings per share - basic and diluted</b>	<b>19.23</b>	<b>11.54</b>

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