April 04, 2025

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

TRANSMISSION OF THE ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

Dear Sir/Madam,

We would like to inform you that the Annual Report of Engro Holdings Limited (the "Company") for the year ended December 31, 2024, has been transmitted through PUCARS and is also available on the Company's website from where it can be downloaded using the following link

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

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Best Regards,

For and on behalf of
Engro Holdings Limited

Muhammad Amin
Company Secretary

Head Office

9th Floor, Dawood Center, MT Khan Road, Karachi – 75530

UAN: +92-21-111-211-211
www.engro.com

GREEN OFFICE

A WWF INITIATIVE TO REDUCE ECOLOGICAL FOOTPRINT

WWF

theAJENCY.

engro holdings

annual report 2024

annual report 2024

engro holdings
(formerly Dawood Hercules Corporation)

journey to building character

about the theme

This report advocates for human development rooted in Character and Good Manners (CGM), emphasizing the importance of investing in character building. By upholding the timeless principles of Truthfulness, Trustworthiness, Humility, Integrity, and Striving in Times of Hardships (TTHIS), individuals can achieve lasting success and foster a win-win situation for all. When practiced with perseverance and dedication, these principles can transform lives and communities, paving the way for a future where individuals and societies thrive together.

At Engro, CGM and TTHIS are more than just guiding philosophies—they form the foundation of our values, shaping the way we conduct business and interact with stakeholders. These principles are embedded in our code of conduct, driving ethical decision-making, creating a culture of trust, and ensuring that we operate with integrity and resilience. As we continue to expand and innovate, this framework serves as our north star, helping us build a purpose-driven organization that delivers excellence.

table of contents

corporate information

company information 03
key figures 04
our vision 05
core values 07
group structure 09
2024 at a glance 11
2024 snapshot 14

corporate governance

board of directors 17
chairman’s message 25
ceo’s message 27
shahzada dawood learning circles 29
awards & recognitions 31
memberships & associations 35
notice of annual general meeting 37
UN sustainable development goals (UN SDGs) 40

directors' report

directors' report 71
independent auditor’s review report 80
statement of compliance with listed companies (code of corporate governance) regulations, 2019 81
categories of shareholding 85
pattern of shareholding 86
operating highlights 89
horizontal & vertical analysis 91
statement of value addition 99
investor relations 100

financial statements

independent auditor's report (standalone) 105
financial statement (standalone) 109
independent auditor’s report (consolidated) 161
financial statement (consolidated) 167

annexures

proxy form 348
notice of annual general meeting – urdu 353
directors report – urdu 363

corporate information

company information

board of directors:
Mr. Hussain Dawood – Chairman
Ms. Sabrina Dawood – Director
Mr. Muhammed Amin – Independent Director
Mr. Isfandiyar Shaheen – Independent Director
Mr. Ahmed Ebrahim Hasham – Independent Director
Mr. Sohail Tai – Independent Director
Mr. Abdul Samad Dawood – Chief Executive Officer and Director

chief executive officer
Mr. Abdul Samad Dawood

chief financial officer
Mr. Farooq Barkat Ali

company secretary
Mr. Muhammad Amin

board audit committee
Mr. Muhammed Amin – Chairman
Mr. Isfandiyar Shaheen – Member
Mr. Sohail Tai – Member

board HR & remuneration committee
Mr. Isfandiyar Shaheen – Chairman
Mr. Ahmed Ebrahim Hasham – Member
Ms. Sabrina Dawood – Member

board investment committee
Mr. Abdul Samad Dawood – Chairman
Mr. Muhammed Amin – Member
Mr. Isfandiyar Shaheen – Member
Mr. Sohail Tai – Member
Mr. Ahmed Ebrahim Hasham – Member

registered office
Dawood Centre, M.T. Khan Road Karachi 75530
Tel: +92 (21) 35686001-11
Fax: +92 (21) 35644147
Email: info@engro.com
Website: www.engro.com

auditors
A.F. Ferguson & Co. Chartered Accountants State Life Building 1-C,
I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000.
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

bankers
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
MCB Limited
United Bank Limited
Habib Metropolitan Bank Limited

shares registrar
FAMCO Share Registration Services (Pvt) Limited
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi.
Tel: +92 (21) 34380101-5
Email: info.shares@famcosrs.com

tax consultant
A.F. Ferguson & Co. Chartered Accountants State Life Building 1-C,
I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000.
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

legal advisor
Haidermota & Co (Barristers at law)
Plot No. 101, Almurtaza Lane 1, DHA Phase 8, Karachi
Tel: +92 (21) 111520000, 35879097
Fax: +92 (21) 35862329, 35871054

key figures

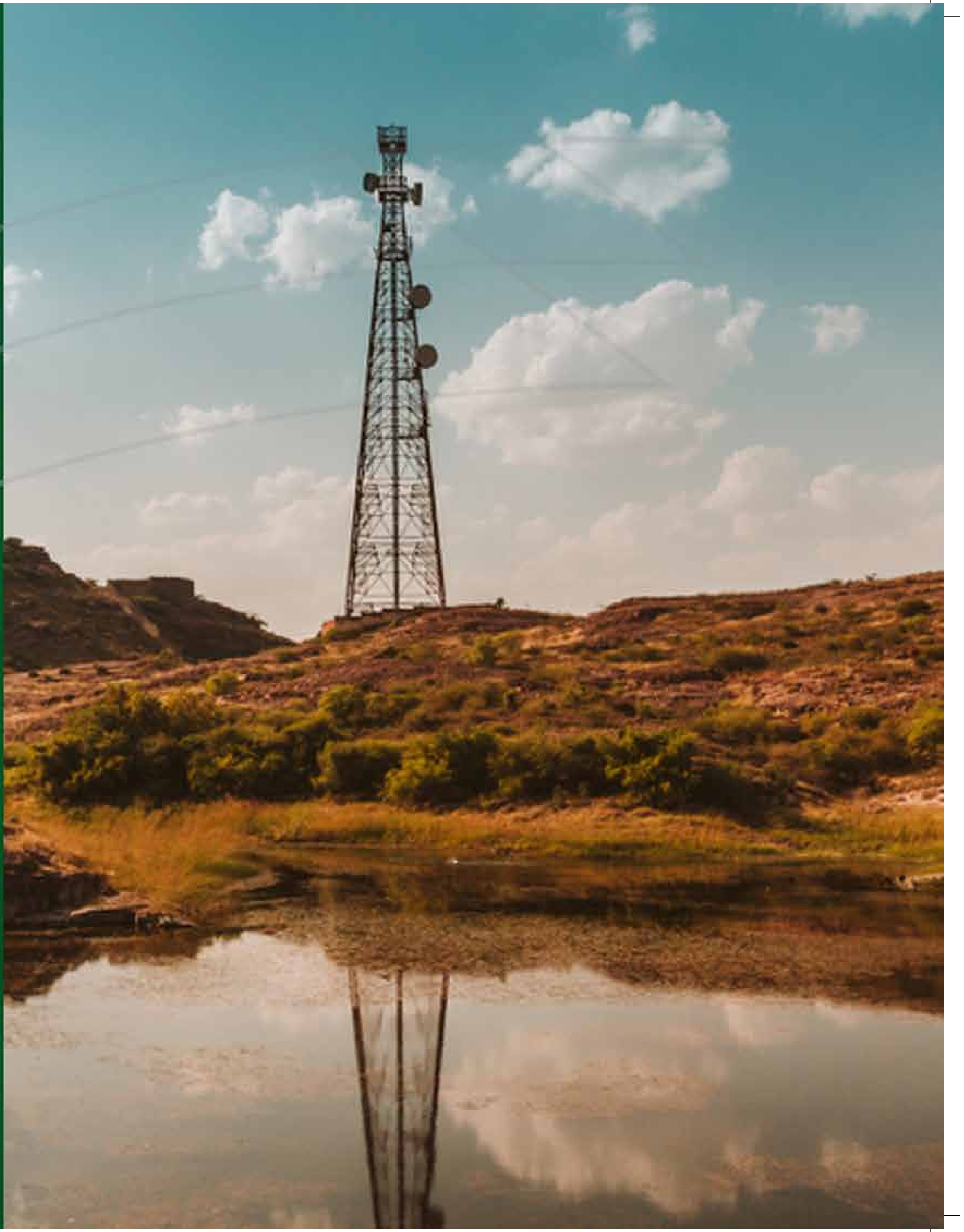
	2024	2023
revenue (includes discontinued operations) (Rs. in millions)	540,177	482,489
EBITDA (includes discontinued operations) (Rs. in millions)	134,969	146,782
earnings per share (Rs.)	26.78	20.67
total equity (Rs. in millions)	232,119	234,954
total assets (includes discontinued operations) (Rs. in millions)	769,337	815,792
capital expenditure (Rs. in millions)	24,530	22,913
cash flow from operations (Rs. in millions)	16,901	104,420
dividend paid (Rs. in millions)	58,425	40,477
market capitalization (Rs. in millions)	125,043	51,854

vision

The leading investor and wealth-creator of value driven businesses.

mission

We will maximize profit by investing in businesses that share our vision and fulfill our investment criteria to achieve our growth and return aspirations on a consistent basis. We will create intrinsic value by incorporating efficiency and capability within our existing operations and through our investments.



core values

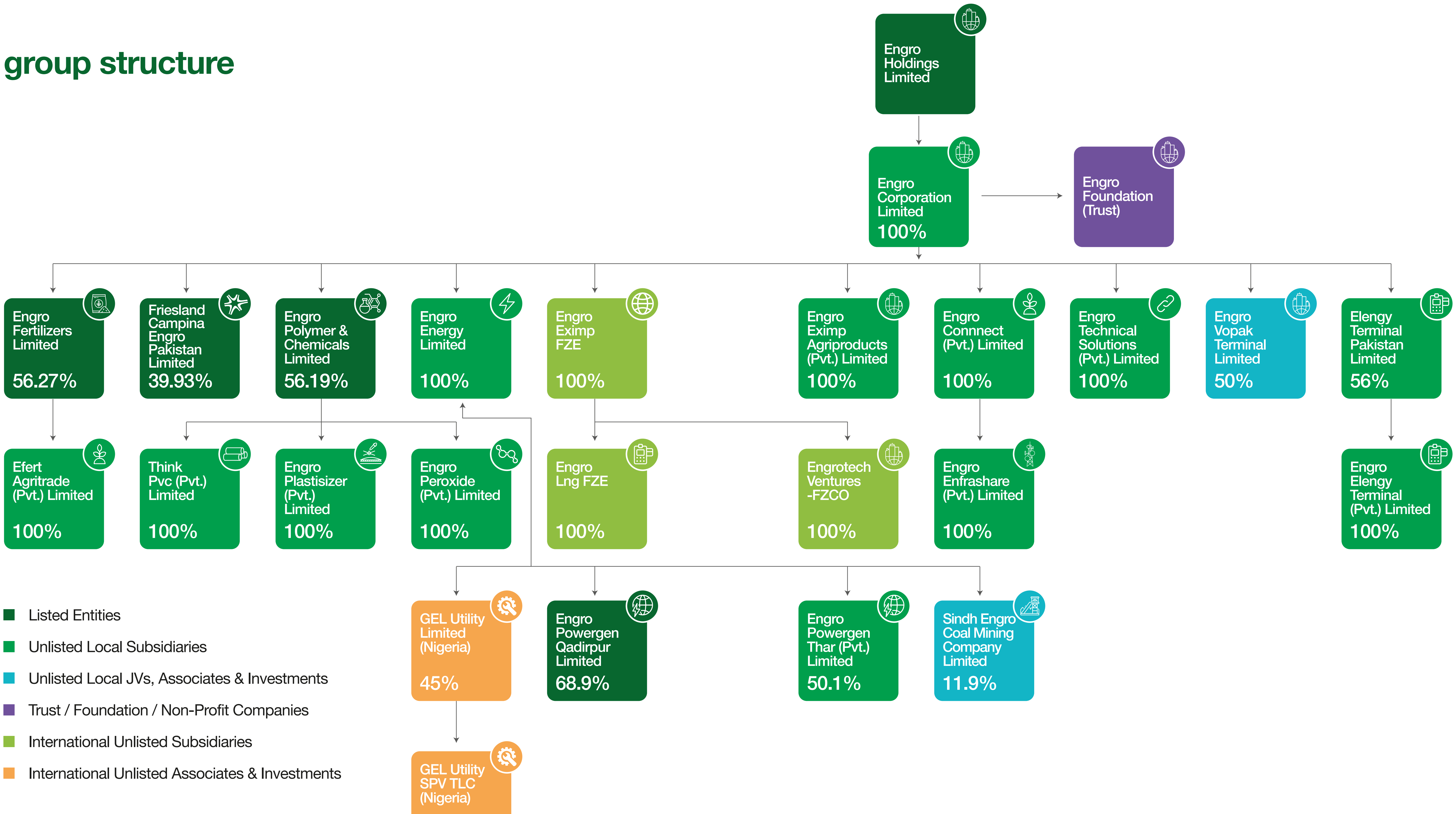
At Engro, culture is more than a set of values—it is the foundation of how we lead, collaborate, and grow. We foster an environment where open communication, trust, and respect guide our interactions, ensuring employee well-being, partner privacy, and a safe, inclusive workplace.

At the heart of our culture is Character and Good Manners (CGM)—our guiding framework shaped by Truth, Trust, Humility, Integrity, and Striving in Hardship (TTHIS). These principles define how we make decisions, recognize contributions, and build high-performing teams. From talent acquisition and onboarding to development and leadership, CGM is embedded across the employee lifecycle, shaping a workplace where values translate into action.

At Engro Holdings, we never forget what we stand for — our people, our purpose, and our unwavering commitment to doing what is right. Our core values are:

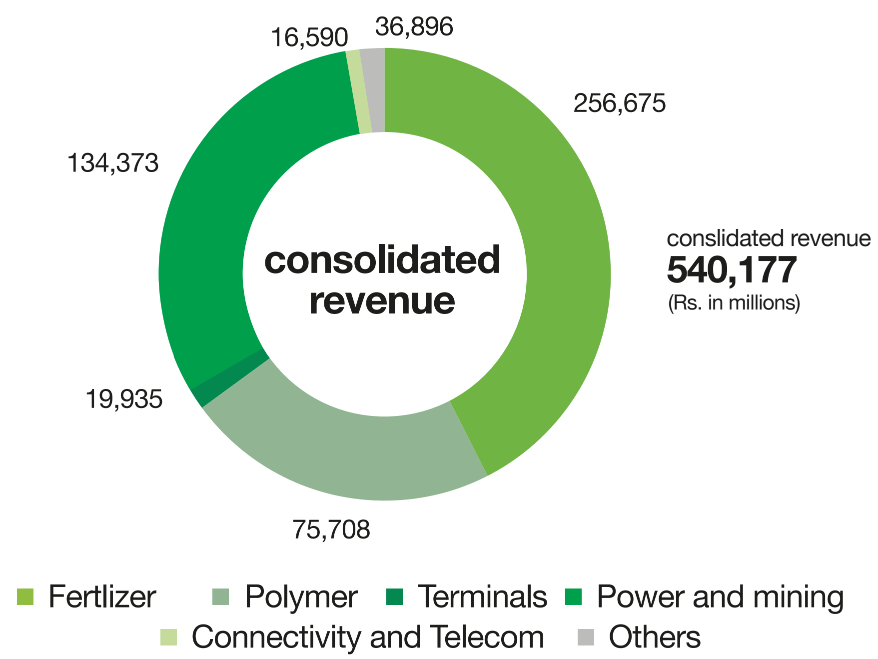
- accountability
- commitment to excellence
- diversity
- integrity
- teamwork

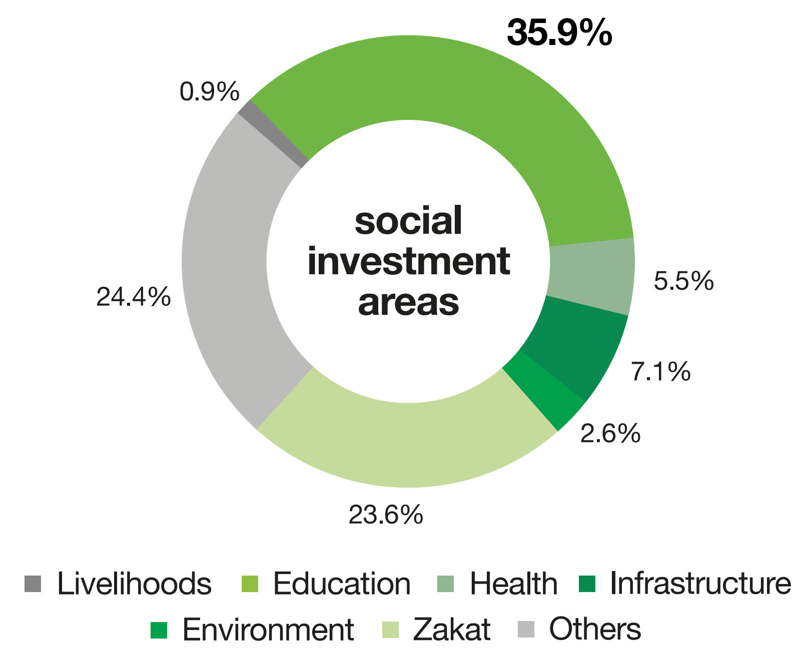
group structure

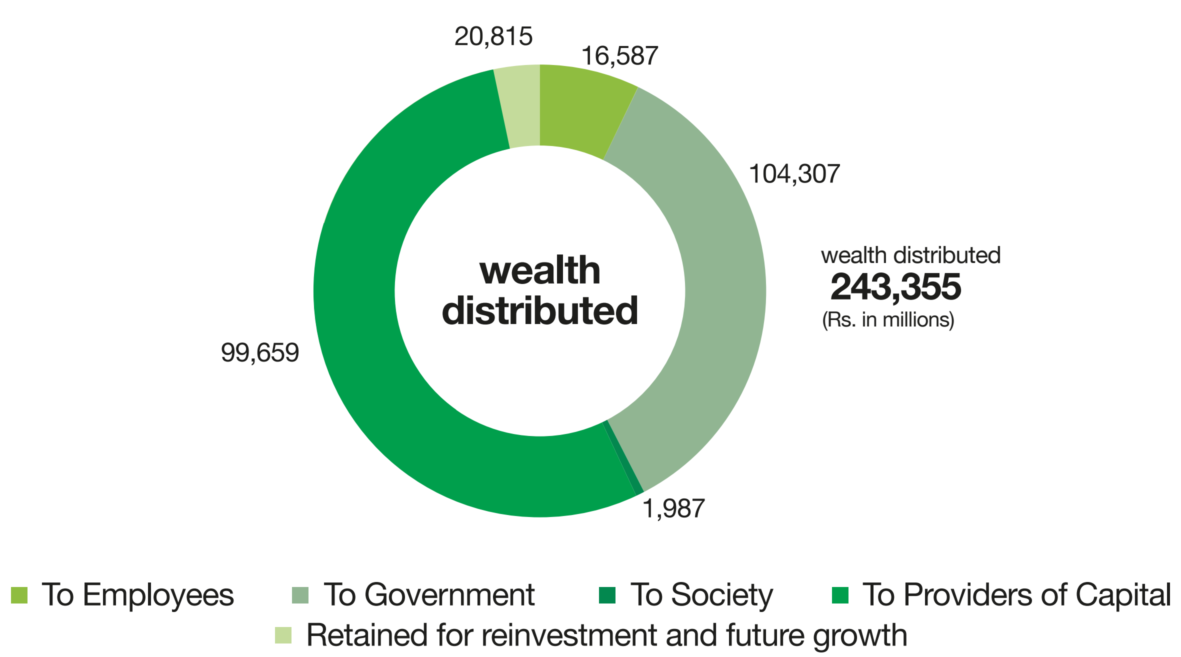


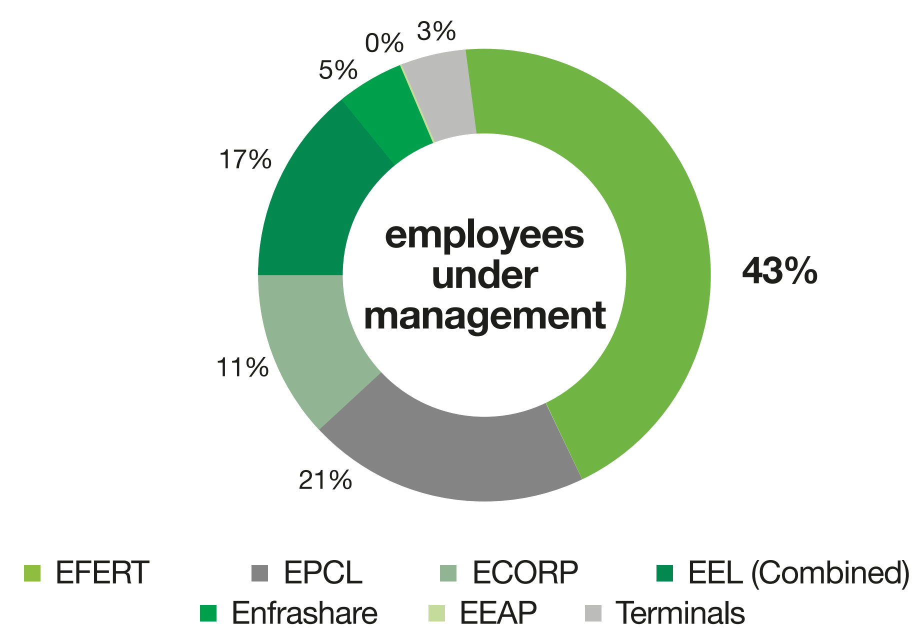
Note: The above companies include all the active business entities under Engro Holdings Limited.

2024 at a glance









(Engro Corp and its subsidiaries)

2024 snapshot

Engro Corporation

Engro Corporation contributed USD 301 million in taxes to the national exchequer

contributed **$301mn** in taxes to national exchequer

Engro Fertilizers

Engro Fertilizers saved USD 750 mn in import substitution through local urea manufacturing

import substitution **$750mn** for Pakistan

Engro Energy

Engro Energy illuminated more than ~20 million lives through its power generation projects

illuminated more than **~20mn** lives

Engro Enfrashare

Engro Enfrashare enabled connectivity by operationalizing 4125 telecom towers across Pakistan

operationalized **4,125** telecom towers

Engro Vopak Terminal

Engro Vopak Terminal ensured energy security of ~2 million households across Pakistan through marine LPG supply

energy security of **~2mn** households

Engro Elengy Terminal

Engro Elengy Terminal helped fulfil around 15% of local Natural Gas supply

fulfilled **~15%** natural gas supply

Engro Polymer & Chemicals

Engro Polymer & Chemicals contributed USD 81 million in import substitution through its local PVC & VCM production

contributed **$81mn** in import substitution

Engro Eximp FZE

Engro Eximp FZE achieved exports worth approximately USD 17 million for Engro subsidiaries

exports of approximately **$17mn** for subsidiaries

FrieslandCampina Engro

FrieslandCampina Engro Pakistan contributed to enhancing farmers livelihoods by disbursing USD 172 million in milk payments

disbursing **$172mn** in milk payments

corporate governance

Hussain Dawood

Chairman

Mr. Hussain Dawood is a philanthropist and entrepreneur who serves as the Chairman of Engro Holdings. Since 2002, he has stewarded Engro to invest in businesses that strive to solve meaningful problems across a variety of sectors.

Believing that institutions are defined by their values, he has championed high standards of corporate governance and a culture rooted in 'Character and Good Manners' across Engro. This frame of reference guides how Engro nurtures its people — by fostering a culture of truth, trust, humility, integrity, and striving in adversity — and how Engro builds businesses, ensuring they operate with transparency and accountability. These efforts ultimately contribute to the growth and betterment of the company, community, and country.

Mr. Dawood applies the same focus on human development to education, which he believes is fundamental to progress. For this reason, he chairs the Board of the Karachi Education Initiative, a not-for-profit entity that sponsors KSBL, a business school striving to build effective and ethical leaders. This belief is further perpetuated through The Dawood Foundation which has set up several educational projects to inspire social change (including Pakistan's first science museum, TDF MagnifiScience Center).

His complete list of directorships includes Engro Holdings, Engro Corporation, The Dawood Foundation, Karachi Education Initiative, and KSBL. He also has been a regular participant at the World Economic Forum's Annual Meeting in Davos for 30 years.

Mr. Dawood has been recognized for his contributions with a Hilal-i-Imtiaz from the President of Pakistan and an Ufficiale Ordine al Merito della Repubblica Italiana (Order of Merit of the Italian Republic) Award. He holds an MBA from Kellogg School of Management, Northwestern University, USA and is a graduate in Metallurgy from Sheffield University, UK.

Abdul Samad Dawood

Vice Chairman & CEO, Engro Holdings

Mr. Abdul Samad Dawood is the Vice Chairman and Chief Executive Officer of Engro Holdings (formerly known as Dawood Hercules Corporation). Engro Holdings is the holding company of Engro Corporation and the investing platform for the Engro enterprise.

With 20+ years in management and governance, he specializes in mergers and acquisitions, and has led multi-billion-dollar deals, including Engro Holdings' acquisition of the Hub Power Company (2012) and the sale of DH Fertilizers to Fatima Fertilizer Company (2015). He was also responsible for leading the merger of Engro Foods (a subsidiary of Engro Corporation) into Royal FrieslandCampina N.V., and has since served as the Chairman of the Board of FrieslandCampina Engro Pakistan.

Mr. Dawood serves as the Chairman of Cyan, SACH International, and FrieslandCampina Engro Pakistan, and is also a member of the Boards of Engro Holdings, Engro Corporation, The Dawood Foundation, Dawood Lawrencepur, Khaadi Corporation, Karachi Education Initiative, Karachi School of Business and Leadership, Dawood Corporation (Pvt), Dawood Investments (Pvt), and the Pakistan Business Council. Previously, he was on the Boards of The Hub Power Company and Sui Northern Gas Pipelines. He is also an active YPO member.

Mr. Dawood holds an economics degree from University College London, UK, and is a certified director from the Pakistan Institute of Corporate Governance.

Sabrina Dawood

Director

Ms. Sabrina Dawood is committed to building interactive and inclusive learning spaces, a passion she brings to her role as Vice Chair of the Board of The Dawood Foundation (TDF), the Group's key philanthropic vehicle since 1961.

Sabrina plays a meaningful leadership role in TDF's various projects. Her vision has helped shape Dawood Public School (DPS) into a space that fosters diversity, tolerance, and character, while providing education to over 2,500 female students. Under her guidance, DPS has also set up the Dawood Development Unit (DDU) which is a dedicated unit that supports individuals with special needs and abilities, aiming to integrate them into mainstream education.

In addition to formal education, she has played a leading role in transforming TDF Ghar into a vibrant hub where people can engage in discussions and activities while exploring Karachi's cultural heritage. More recently, she has led the development of TDF MagnifiScience Centre, a first-of-its-kind science museum which promotes science literacy through experiential learning. These efforts are a culmination of the values advocated by Group Chairman, Hussain Dawood, who believes a strong code of values builds the foundation for effective problem-solving and human prosperity.

Beyond philanthropy, Sabrina brings her leadership to corporate governance, serving as a Director on the Boards of Engro Holdings, Engro Corporation, Dawood Lawrencepur, DH Partners, Cyan, Karachi Education Initiative, KSBL, and Hajiani Hanifabai Memorial Society. She is also a Trustee of Engro Foundation, the philanthropic vehicle for Engro Corporation.

With a Master's degree in Medical Anthropology from University College London, and a Bachelor's degree in Anthropology and Law from London School of Economics, she brings a unique perspective to education, community development, and ethical leadership.

Sohail Tai

Independent Director

Sohail Tai is the CEO of Amin Tai Pvt. Ltd, a proprietary investment firm, where he has gained over 20 years of experience in capital allocation. A staunch believer in the principles of value investing, Sohail focuses on identifying businesses with strong fundamentals, sound financial health, and are led by competent, ethical management teams. His long-term investment philosophy drives his dedication to deep financial analysis and meaningful engagement with industry stakeholders.

Sohail earned his degree from Stern School of Business at New York University, graduating with double majors in Finance and International Business. Beyond his professional achievements, he is a passionate advocate for giving back to society and supports causes close to his heart. In his personal life, Sohail has a keen appreciation for sports and music, and finds joy in playing the piano during his leisure time.

Ahmed Ebrahim Hasham

Independent Director

Mr. Ahmed Ebrahim Hasham has been an Executive Director of the Hasham Group since 25 years. He serves as the CEO of Mehran Sugar Mills Limited and is a Board Member of Unicol Ltd, PMC Ltd, and MCB Islamic Bank Limited.

During his leadership at Mehran the company was awarded the Top 25 companies of the PsX award in 2020. Its associated company Unicol limited started a greenfield ethanol project and became one of the countries Top 100 exporters in 2019. He has played an instrumental role in the sale of an associated company Unifoods Ltd and in Unicol's acquisition of a sugar Mill in Punjab in 2022.

Ahmed is responsible for the groups public equities and real estate portfolio which has a long term objective of compounding capital and wealth preservation.
He has previously served as the Chairman of the PSMA Sind Zone as well as on the Board of Adamjee Insurance and YPO Pakistan.

He is actively involved in the family CSR activities through his board contribution at UIT. UIT specializes in Electric Engineering and Computer Sciences and has recently got its own University charter which makes the responsibility more challenging yet exciting. He serves on the board of Usman Memorial Hospital where he was involved between 2018-2020 in the complete rebuilding of the Hospital into a 90 bed modernized secondary care hospital.

He is a Graduate in International Relations and Economics from Tufts University and a Certified PICG Director. In his quest for continual education he remains an avid reader and continues to attend international courses and conferences with a focus on sugar, ethanol and value investing.

Isfandiyar Shaheen

Independent Director

Isfandiyar Shaheen is Core Modeler at Analysis Block, a platform for financial analysts to create, combine and share modular financial analysis.

Previously Isfandiyar was Founder & CEO at NetEquity Networks and Stablecoin Labs; his focus was on finding ways to make the Internet access affordable for all. He also served on the boards of Engro Foods, Engro Corporation, and Inbox Business Technologies.

Isfandiyar is a graduate of Franklin and Marshall College and holds a degree in Economics and Mathematics.

Muhammed Amin

Independent Director

Mr. Muhammed Amin is a Chartered Accountant. He has over 30 years of experience with reputed FMCGs at senior management positions.

He was CEO of Gillette Pakistan Limited till December 2000 and Regional Business Director, Gillette Middle East and Africa from 2001 to 2003. He headed Mondelez Pakistan Limited as CEO for over ten years till 2014. Later, he established Sunridge Foods in 2015 and headed the company until January 2020.

He has served on the Board of Directors of Engro Foods Limited from 2006 to 2016 and Al Shaheer Corporation Limited from 2016 to 2019. He has also been on the Board of Governors of the British Overseas School, Executive Committee of the American Business Council, Management Committee of the Lasbela Chamber of Industry and Executive Committee of the Pakistan Advertisers Society.

chairman's review

Dear shareholders,

On behalf of the Board of Directors, it is my humble privilege to present to you the Annual Report for Engro Holdings (formerly Dawood Hercules Corporation) for the year ended 31st December 2024.

As we reflect on the year that passed, there is a sense that we experienced a year of relative stability compared to previous years, which were marked by major disruptions. However, 2024 still remained far from uneventful. Several countries witnessed leadership transitions in 2024, most significant among them the U.S., which has an immense bearing on global economic expectations. In addition to this, monetary easing continued across the world, charting new avenues for capital flows. And lastly, conflicts persisted in different parts of the world; our prayers are with all those who suffered the loss of families, homes, and nationhood. It is worth noting that all of these events have been overlaid with technological advancements which continue to dramatically change the world we live in.

In such a global context, the ability to re-pivot — to reassess, recalibrate, and realign ourselves — becomes essential. Engro's focus in the past year has been on adapting to become a stronger, future-ready organization, ensuring that we remain well-positioned to deliver the best returns to our shareholders. Specifically, this re-pivot was on two critical dimensions: human development at the individual level, and portfolio realignment at the organizational level.

Our commitment to human development has been focused on the holistic and total development of individuals – not just their competencies or professional skills. And character is the foundation of this development – as the saying goes, "Hard times are the making of character, a revelation of character, and a test of character." (Hazrat Ali RA)

In collaboration with academics from KSBL, Engro embedded a frame of reference called 'Character and Good Manners' (CGM) at the heart of our core values and Leadership Competency Model (Engro's behavioural framework), ensuring that personal character is valued, rewarded, and incentivized alongside traditional skills. A 'CGM Training' program was subsequently rolled out where volunteers underwent immersive training on the subject. In the next phase, these ambassadors will champion 'Character and Good Manners' across Engro by role-modelling behaviours and training our teams. In doing this, we believe we have taken steps in a long-term journey to enhance our individual character, making Engro a place where people don't just come for jobs, but for growth.

We believe CGM will enhance our competitive edge. When people lead with character, operations become smoother, teamwork is stronger, and most importantly, decision-making is based on truth. We believe such a cultural foundation will differentiate Engro, allowing us to be a trustworthy partner of choice for global organizations seeking entry into Pakistan. Over time, these trusted partnerships can also serve as a bridge for Engro to expand its own footprint internationally, reinforcing our long-term competitiveness.

In the same spirit of advancing human development, the Shahzada Dawood Learning Circle (SDLC) platform brought 10 global experts to Engro in 2024 to share learnings on subjects ranging from AI disruptions to building future readiness. Attended by over 2,000 participants, the SDLC platform equips our colleagues with the mindset to embrace change and lead with purpose. This learning initiative remains crucial in developing the agility needed to capitalize on future opportunities.

Character is also the basis of our portfolio and organizational re-pivot. Over the years, we have developed a deeper view on our portfolio and its ability to generate returns over the long-term. In line with this, we have been on the lookout for investment opportunities that match our risk and return aspirations. In 2024, we found 'the one' – and committed to a strategic partnership with VEON's Jazz to acquire their telecommunication infrastructure. We believe this deal (subject to approvals) will help us bridge the digital divide in Pakistan by making connectivity more affordable. Furthermore, this undertaking marks a strategic shift in our portfolio towards a business model that we believe is geared to deliver consistent returns to the thousands of owners of Engro.

It is worth noting that this deal may not have materialized without the necessary patience (sabr). We were always on the lookout for good opportunities to invest in and faced many questions when those opportunities fell through. But the absence of investment in a certain time frame was actually patience – patience for the right opportunity, at the right time, on the right terms. Patience is one of the pillars of character and this incredible deal may not have been possible without our collective demonstration of patience.

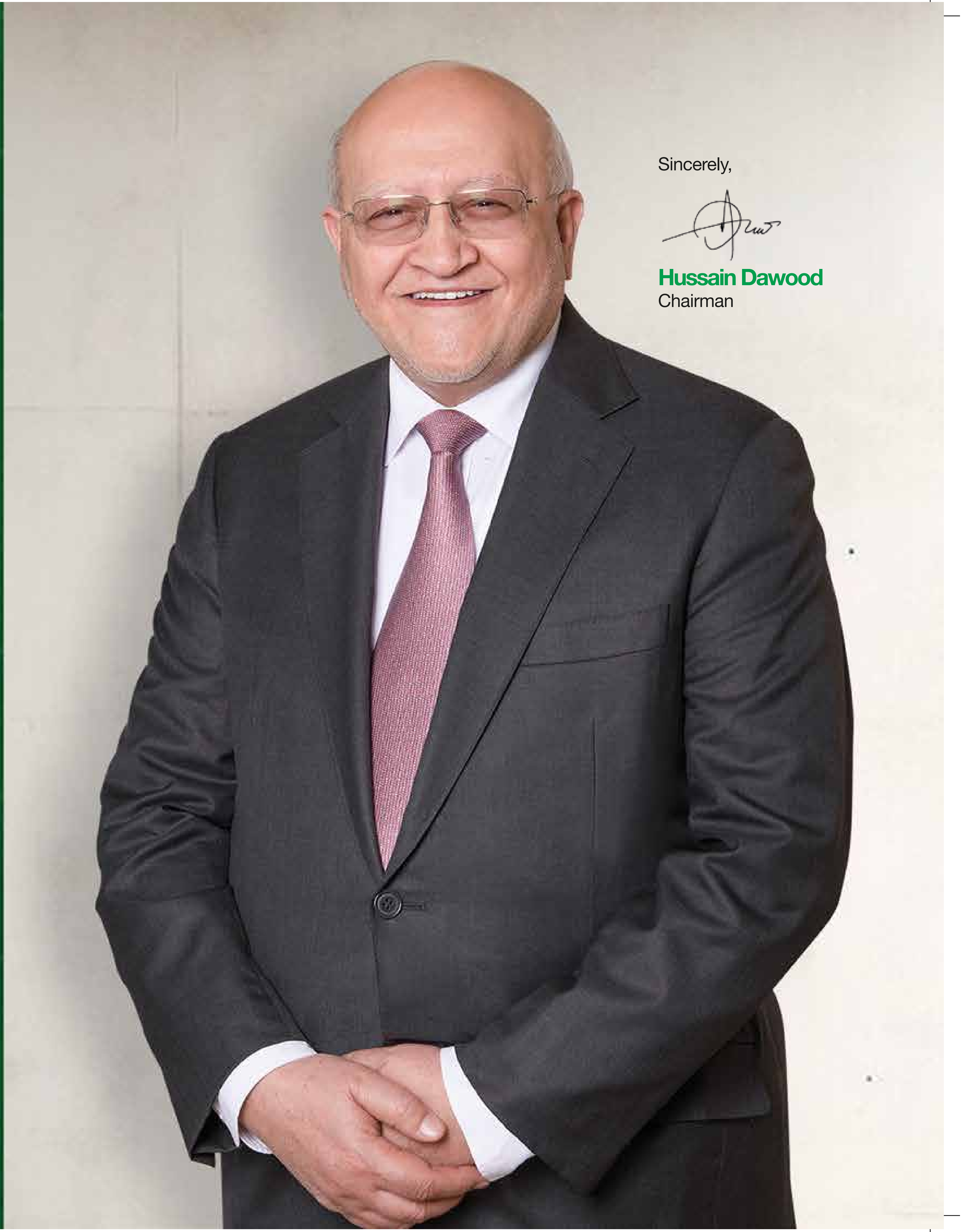
In 2024, we also continued to evolve our equity portfolio, building positions in assets that we believe can deliver strong returns to our shareholders. Our objective is to build an anti-fragile portfolio that has the ability to generate returns under varying economic conditions. Indeed, the restructuring we undertook last year was done with the goal of making our capital allocation efforts more agile – and we are happy to see this goal becoming reality.

On the philanthropy side, our humble efforts have been focused on enhancing community strength. Engro Foundation provided several grants to vulnerable segments of society to set up microenterprises, allowing them to earn with dignity. The Foundation has also led skills development programs and supported educational initiatives, whereby people (especially women) have received vocational training and formal schooling – the schools supported by the Foundation now have nearly 7,000 students enrolled in areas surrounding Ghotki, Daharki, and Karachi. While the efforts of Engro Foundation in 2024 have been multifaceted, all of them are centered around the UN Sustainable Development Goals (SDGs) so that we take our country and people along in our journey towards prosperity.

Engro has always recognized the immense value of global partnerships in helping us achieve our aspirations. To further build our network of partners, a delegation from Engro attended the Annual Meeting of the World Economic Forum in January 2025 to discuss global issues with leaders of countries, businesses, and philanthropic organizations. We believe these efforts are an essential path to building meaningful connections around the world wherein we create shared value based on shared values.

These efforts would not have been possible without the efforts of our Board. I would like to recognize them for their support in guiding the organization towards its long-term goals. The consistent support of our stakeholders, including the Government, regulators, service providers, partners, customers, and our colleagues, is also deeply appreciated. And we would especially like to thank our shareholders for your continued trust and confidence in us as stewards of your capital.

At Engro, character remains our compass, driving us to act with integrity, humility, and a commitment to truth as we strive to deliver enduring value to our stakeholders. With the strength of our people, the trust of our partners, and the support of our shareholders, we are confident in our ability to shape a future where character determines our individual and organizational actions.



Sincerely,

Hussain Dawood
Chairman

ceo's message

Dear shareholders,

It is my humble privilege to address you for the first time as the Chief Executive Officer of Engro Holdings Limited (formerly known as Dawood Hercules Corporation).

I write to you in an executive capacity exactly 10 years after my last CEO appointment. The decision to take on the CEO role was the result of a lot of deliberation with many factors to consider but today, I write to you with one commitment: to always be truthful – when we get things right and more importantly, when we make mistakes, along with the lessons we learn from them. I want to report to you in the way I would want the management in our investee companies to report to us — candidly, with clarity and accountability. My team and I want to build an organization based on the enduring values of truth and trust, recognizing the responsibility we have to our investors who place their capital with us as a sacred trust. I am grateful to our Chairman, Mr. Hussain Dawood, and the Board, for entrusting me with this enormous responsibility.

The new 'us'

This letter is coming from a new company name. Engro Holdings is now the sole holding company of Engro Corporation and the capital allocator for the Engro enterprise. Our teams at Engro Holdings will decide on the best use of capital, striving to ensure that such use generates the greatest possible return for shareholders over the long term. We want to make decisions based on what will be important 20-25 years into the future – that is the best way for us to separate the short-term noise from the things that truly matter.

Keeping the long-term view in mind, the restructuring effort we undertook last year that resulted in the formation of Engro Holdings was for this very purpose: to improve the way we invest our capital, making our portfolio more resilient in the face of volatility. We are fortunate to have a collection of business under Engro Corporation that collectively provide essential products and services for millions of people. Further investments in these businesses largely rely on large capital investments, availability of competitive energy, and consistent policy. It is challenging to have all three conditions be favourable at the same time (as in the case of our PDH project) which constrains the company's ability to create future value. Our solution is to expand the scope of our investments – investing in businesses outside the traditional Engro mandate, as we have done with our listed equity portfolio. This has already worked well over the past years and we can now build on that momentum with greater zeal and resources.

One of the best outcomes of the restructuring was the relentless cohesion with which our teams worked on a deal that (subject to the necessary approvals) has been the largest capital commitment the Pakistani private sector has made in the last decade and the largest commitment Engro has ever made in PKR terms. We entered into a strategic partnership with VEON's Jazz to acquire their telecom infrastructure, aiming to bridge the digital divide in Pakistan by leveraging shared telecom infrastructure. It is worth noting that multiple attempts at this deal have been made in the last 10 years – and it couldn't have come at a better time. Millions of network users with a rising demand for reliable and affordable connectivity will benefit from this deal – but in addition to them – partnering with Jazz allows us to work with other Mobile Network Operators in a more meaningful way, enabling everyone to participate in advancing affordable connectivity. Furthermore, this deal will diversify Engro's earnings by repivoting towards a business model that entails steady cashflows and benefits from the tailwinds of greater smartphone adoption and usage, as well as demand for inexpensive and reliable connectivity.

Our performance and lessons

The bulk of Engro Holdings' capital as of 31st December 2024 was deployed in Engro Corporation which performed resiliently in 2024 despite macroeconomic headwinds severely affecting its polymer business. The diversification of Engro's portfolio provided a strong foundation, with the terminals and fertilizer businesses delivering good performance, power-generation businesses benefiting from improved collections, and the tower-sharing business continuing its steady growth trajectory. This performance underscores the importance of building a high-quality portfolio that enhances overall returns while absorbing macro shocks. A diverse collection of assets, each with their own strengths, can strengthen our long-term growth profile while also contributing to an anti-fragile portfolio that diversifies our risks. More details about Engro Corporation's performance can be found in the Director's Report section of this Annual Report.

We also made a strategic decision to divest from Engro's rice business in 2025. Though not within the scope of 2024's performance, this is worth highlighting as the rice business was not the right fit for Engro. Resultantly, it has been one of our lowest-performing investments but one of the richest learning experiences. As they say, "Good judgement comes from experience, and experience comes from bad judgement". While there are many lessons from it, I want to share three that are most relevant for us from a capital allocation standpoint moving forward.

- Lesson 1: When considering a decision of magnitude where there seems to be unanimity, it is essential to argue the other side. Beyond pros and cons, this is about taking a proactive stance against overwhelming consensus, which not only requires arguments of reason but, importantly, courage to go against the crowd. Evidence suggests that up to a third of decisions can get overturned when we argue the other side well – and for a high-stakes decision, that's a big number. I was a newly elected director at Engro Corporation when the rice investment decision was being considered. Some of us voiced our concerns, but with strong consensus in the room, we all chose to support the popular decision, recognizing the management team's conviction and the effort they had put into it. My takeaway is that courage is the underappreciated part of leadership; it is far better to be trusted as a leader than be liked.
- Lesson 2: Beware of the psychological rate of return. We were facing significant losses in the rice business in 2013, resulting in pressure on the management team to turn the business around. This led us to accelerate growth to become more competitive with scale – simply put, we tried to grow our way out of losses. However, we hadn't accounted for a major market shift: exchange rate appreciation, which led to even larger inventory losses (as we were export-driven). In hindsight, it feels like we had downplayed the risk. Why? Because we made a decision based on emotion (pain) and justified it on facts, as all humans do. We were feeling the pain of losses in 2013 and we wanted to feel better. Pain pushes us to take bigger bets — if they work, the psychological reward is huge; if they don't, the psychological downside feels limited. These emotions play a vital role in how we interpret rational data and arguments and this cycle repeats in investments worldwide: in bullish markets, people overpay for fantasy; in bearish ones, they discount reality. The lesson is to be aware of our emotional state when making big decisions.
- Lesson 3: Bigger is not always better. In our industrial and infrastructure businesses, size matters. Size brings economies of scale and better efficiency. Our mining business is a great example of that principle, where the delivered cost of coal continues to decrease rapidly as the mine scales. But this is not true for all business; in our rice investment, we set up the largest rice mill in the country, thinking that the size of the plant will be a competitive advantage. This proved to be misleading, as it made us more dependent on procuring a larger amount of produce from the surrounding area. The benefit of a larger plant was more than offset by having higher procurement prices, which led to us being less competitive. It would have been wiser to have made smaller investments in multiple locations than having a single large plant.

Moving forward, these lessons are important for us to sharpen our decision-making and ensure our investments align with long-term value creation.

On the non-Engro equity portfolio, Engro Holdings has built passive investing experience over the years, achieving returns that have outperformed the KSE-100 index. The past year was no different – we consolidated our position in key assets that stand to benefit from tailwinds in their respective sectors, including banking, technology, and oil and gas. In addition to this, we acquired ownership in companies that have a solid runway for growth and turnaround potential that would significantly enhance the value of our holdings in the future. As a result of these decisions, our non-Engro equity portfolio delivered a return of 113.2%, outperforming the KSE-100 index return of 84.3%.

It is human to have preferences and biases, especially in capital choices. To ensure we are not limited by our own blind spots, we have brought in seasoned investors as Directors, who will strengthen our ability to build a high-quality asset allocation strategy. In this regard, We are delighted to welcome Mr. Sohail Tai and Mr. Ahmed Ebrahim Hasham to our Board.

Recognition and gratitude

There are many people we'd like to thank. Firstly, we are appreciative of the support of our shareholders, which has been meaningfully demonstrated in 2024. Without your endorsement, we would not have been able to effectuate our restructuring and we are honoured by your continued belief in us as stewards of your capital. Secondly, our Board has been instrumental in guiding the performance of our management teams for which they must be recognized. Thirdly, Pakistan's financial institutions have been a pillar of support for us and we look forward to building on this healthy relationship in the future as well. And fourthly, we are grateful to our wider stakeholders, including the Government of Pakistan, regulators, partners, and our colleagues for being with us in our journey.

On the management side, some individuals went above and beyond the call of duty and deserve special recognition. Firstly, the Jazz tower deal team — Mr. Khaqan S. Khan, Mr. Mohammad Yasir Khan, and Mr. Fahad Dar, who spearheaded the execution alongside their teams, and Mr. Zamin Zaidi, who, along with myself, led the negotiation — played a critical role in delivering this transaction. Secondly, Mr. Muhammad Bilal Ahmed, who not only conceived the restructuring between Engro Holdings and Engro Corporation but also saw it through from inception to closure as project manager, navigating complexities with the support of countless individuals across both companies. And last but definitely not least, Mr. Farooq Barkat Ali, who has played a significant role in each one of these projects, and Mr. Ahsan Zafar Syed, whose leadership created an enabling and frictionless environment for teams as they tirelessly pursued our shared objectives. The commitment of these individuals has been instrumental in our success, and I extend my deepest gratitude to them.

Reshaping Engro Holdings is about building a company that thrives in uncertainty, adapts with conviction, and invests with purpose. It is an honour for me to be a custodian of your amanat. My team and I will endeavor to always do the best we can, and report to you transparently on our progress.

Abdul Samad Dawood
CEO

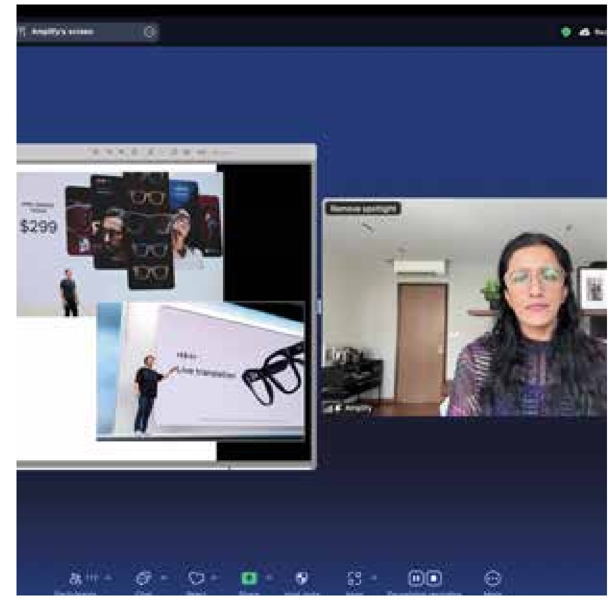
shahzada dawood learning circles (SDLC) in 2024

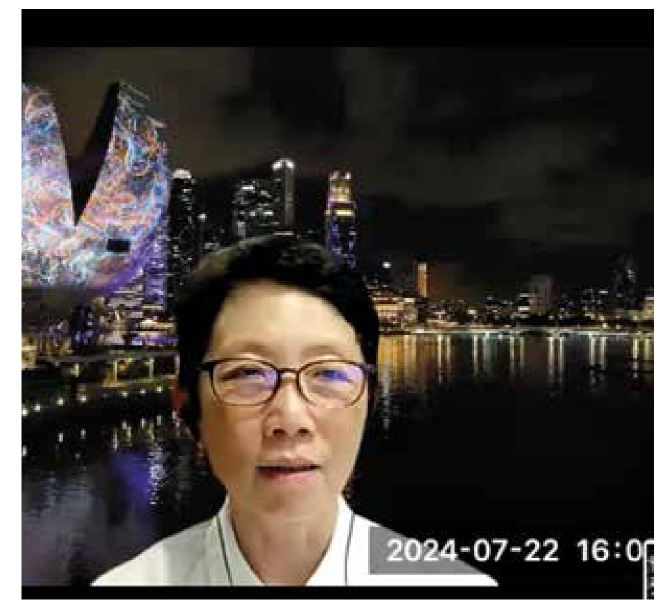
Continuing to honour the late Vice Chairman Shahzada Dawood's ethos of lifelong learning, the Shahzada Dawood Learning Circles (SDLC) thrived in 2024. The platform remains pivotal in nurturing curiosity, fostering innovation, and driving professional development across our organization.

This year, the SDLC hosted 10 sessions, eight virtual and two in-person, engaging over 2,000 participants. By connecting with globally renowned leaders, thinkers, and storytellers, the SDLC has reinforced a culture of innovation and intellectual curiosity. The insights from these sessions have strengthened critical thinking, adaptability, and purpose-driven leadership, equipping our organization for the challenges and opportunities ahead.

appendix

Month	Speaker	Title & Organization	Topic
December	Bill Burnett, Junaid Aziz	Co-Founder, Standford Design Lab, Stanford University	Empowering Teams to Think Creatively
December	Dr Ayesha Khanna	Co-Founder, ADDO (AI Advisory Firm)	Artificial Intelligence: Where do we go from here?
November	Max Levene	Economist and disable rights activist	The Story of Resilience and Perseverance
October	Joanna Lahham, Khalid Machchate	MENA regional manager WEF; Chairman K&W Tech Group	The economic significance of Middle East in the World
August	Tanya Sinha	Gender Specalist, Amazon Web Service	Making Meetings More Inclusive
July	Dr Soon Joo Gog	Chief Skills Officer, SkillsFuture (Govt of Singapore)	Are we Future Ready?
June	Lynne O'Donnell	Columnist, Foreign Policy	A journalists' journey
April	Dennis Vergne	Partner at Basis Ltd and ImpactBasis	Embracing Change
March	Missy Cummings	AI Expert and Professor, George Mason University	Promises and Perils of AI
February	Maleeha Lodhi	Diplomat, Author	Representing Pakistan





awards & recognitions

engro corporation

- Top Award for 'Gender Diversity at Workplace – Corporate' at the 21st Annual Excellence Awards by CFA Society Pakistan
- 6th OICCI Women Empowerment Awards for 'Conductive Workplace Environment 2023
- Winner at the Pakistan Stock Exchange Top 25 Companies Awards

engro energy limited

- 05 Global Diversity, Equity & Inclusion Awards in 2024
  - Vision, Strategy and Business Impact
  - Recruitment
  - Work-life Integration, Flexibility and Benefits
  - DEI Communications
  - DEI Learning and Development

sindh engro coal mining company

- SECMC received an award from SAP Pakistan for excellence in SAP Ariba implementation under the Cloud Innovation category

engro powergen qadirpur limited

- EPQL achieved an outstanding milestone 97% and an "Outstanding" rating in the NEPRA HSE Performance Evaluation Report
- ICAP & ICMAP awarded EPQL Best Corporate & Sustainability Report (BCR) Merit Award for its 2023 Annual Report
- SAFA honored EPQL with a merit award for Best presented Annual Report, Integrated Reporting and SAARC Anniversary Award for Corporate Governance Disclosure in the power sector

engro powergen thar limited

- Outstanding 97% ranking in NEPRA Annual HSE Rating
- EPTL Recognised for Corporate Risk by Energy Risk Asia Awards

engro fertilizers

- Green Leaf Award for environmental sustainability improvements and adopting safety best practices across its operational facility
- The Royal Society for the Prevention of Accidents (RoSPA) – Silver Award for demonstrating outstanding HSE performance in year 2024
- International Safety Award for unwavering commitment to ensuring the safety and wellbeing of its workforce and surrounding communities
- Transformation Award finalist position in HSE transformation for adopting risk-based safety program
- Corporate Sustainability Award for outstanding efforts in emission reduction and efficiency enhancement
- EHS Innovation Award finalist position in EHS innovation for implementing strategies and leveraging digital technology in HSE management and sustainability
- 18th Occupational Safety & Health Awards by Employers' Federation of Pakistan- 1st prize for advancing occupational safety, health and environmental sustainability
- ESG Champion Award finalist in the category for demonstrating exceptional performance in Environmental, Social, and Governance (ESG) programs
- ESG Award – Responsible Consumption finalist for unwavering commitment to advancing UNSDG goals and promoting sustainable practices
- Occupational Excellence Award- Received the Industry Leader Award for outstanding safety record in managing workplace safety to minimize injury and illness
- Safety Benchmark Report - Recognized among the top performers globally in Lost Time Injury Rate (LTIR), and secured the 11th position out of 63 industrial sites worldwide for Total Recordable Injury Rate (TRIR), ranking in the 20% of best-in-class companies
- Green Office Certification awarded to Zarkhez Plant for its environmentally sustainable practices within the office
- GDEIB Award - 2nd Most Inclusive Company - Won level-5 best practice in all 15 categories
- Clarisync Pakistan Digital Award 2024 - Won the Best App and Web-enabled Market Award
- Best Corporate Report 2023 - Shortlisted and awarded a merit certificate in the Chemical & Fertilizer sector
- Amir S Chinoy Corporate Excellence Award received at the 39th Corporate Excellence Awards
- 21st Annual Excellence Award - Won runner-up award for investor relations
- PSX Top 25 Companies Award 2023 - Secured 2nd Position, the company's highest ranking to-date

engro enfrashare

- Recognized by Telenor Pakistan for successful execution of the USF Jhang Project, enabling connectivity in an underserved area
- Awarded Telenor Pakistan's prestigious Safety Training Excellence Award for outstanding commitment to safety standards

awards & recognitions

engro polymer & chemicals

- The Account Response Rate Award 2024
- Employer Federation of Pakistan Women Empowerment & Gender Equality Recognition Award 2024 (EFP WEGER) in the Diamond category, awareded in collaboration with the International Labor Organization (ILO) and UNICEF
- 8 Awards at the GDEIB Awards 2024 for DE&I efforts and gained recognition for sponsoring the Directory of Women Leaders for Boards 2024
- PSX Top 25 Companies Award 2024
- Best Emerging Technology' award for pioneering 3D Intelligent Modelling at the Pakistan Digital Awards 2024
- Merit Award at the Best Corporate and Sustainability Report (BCSR) Awards 2023
- Ranked 'Outstanding' for the first time in the NEPRA Annual HSE Rankings 2024, among over 150 licenses
- Achieved 43 million man hours without lost workday cases in 46 months of operation, with large scale expansion projects, long term reliability, and massive turnarounds
- Successfully completed the SEDEX SMETA Audit
- Over 1,000 tons of PVC resin was transported by rail from Karachi to Lahore, marking EPCL's first rail shipment
- Out of 100+ esteemed customers, EPCL proudly stands as one of the top two most progressive clients of Aspen
- Achieved global recognition at Association for Talent Development awards (ATD-USA), IChemE UK, and International Learning Award for Integrated Capability Model (ICM) – End-to-End Talent Development Framework
- Pakistan Credit Rating Agency (PACRA) maintained EPCL's long-term credit rating at AA and its short-term rating at A1+

engro terminals

- EVTL won the Service Excellence Award at the Vopak Asia & Middle East (AME) Awards for the highest Net Promoter Score (NPS) of 100 amongst a network of 25 AME terminals
- Secured Global Diversity, Equity, and Inclusion Benchmarks Award 2025 in six categories
- EETL achieved an impeccable landmark of 9 years of safe operations with zero Lost Time Injuries (LTI) with over 2.2 million safe manhours
- EVTL & EETL received 'Inclusion & Diversity Way Maker Award'' in Vopak Asia Middle East (AME) division
- EVTL has achieved an outstanding HSE Milestone of 27 years of safe operations with zero Lost Time Injuries (LTI) with over 11 million safe manhours
- EVTL received Global Service Award and Vopak WeConnect Foundation Award acknowledging long term project Uraan at the Vopak Flow Forward Global awards. Uraan is a one-year long technical training program for the young women of the Port Qasim community. This program marked a significant milestone in EVTL's journey towards fostering inclusion and recognizing the exceptional commitment and resilience demonstrated by these women in unconventional roles
- EETL safely completed 600 ship-to-ship (STS) transfers of LNG, becoming one of the world's fastest floating LNG import and regasification terminal to achieve this milestone
- EVTL received 'Pakistan Digital Award' for the year 2024. This achievement reflected our commitment to digital advancement and excellence across the diverse business, underscoring the collaborative efforts of our Business and ICT teams in creating best-in class solutions, generating real value for the Company, and propelling its digital transformation to new heights

memberships & associations

Overseas Investor Chamber of Commerce & Industry	
Pakistan Business Council	
Pakistan Institute of Corporate Governance (PICG)	

notice of annual general meeting

Notice is hereby given that 57th Annual General Meeting of Engro Holdings Limited (the “Company”) will be held on Friday, April 25, 2025, at 10:00 AM at the Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, opposite Liaquat National Hospital, Karachi - 74800 and via video link facility 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 Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended December 31, 2024, together with the Auditors’ and Directors’ Reports thereon and the Review Report of the Chairman.

   In accordance with Section 223(6) of the Companies Act, 2017 and SECP S.R.O. No. 389(I)/2023 dated March 21, 2023, the annual audited financial statements of the Company have been uploaded on the website of the Company which can be accessed using the following weblink and QR enabled code:

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

2. To appoint Auditors and to fix their remuneration. The members are hereby notified that the Board and the Audit Committee have recommended the re-appointment of A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

By Order of the Board

Karachi
Dated: April 04, 2025

Muhammad Amin
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/sBaaCZBBVL. 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.ehl@engro.com.

3. **Electronic transmission of Annual Report 2024**
   In compliance with section 223(6) of the Act, the Company has electronically transmitted the Annual Report 2024 through email to Shareholders whose email addresses are available with the Company’s Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. In those cases, where email addresses are not available with the Company’s Share Registrar, printed notices of AGM along with the weblink and QR enabled code to download the said Annual Report have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

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

4. **Closure of Members Register & Share Transfer Books:**
   The Members’ Register and Share Transfer Books of the Company will remain closed from April 19, 2025, to April 25, 2025 (both days inclusive). Transfers received in order at the office of the Company’s Share Registrar, FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, (PABX No 021-34380101-5) and email info.shares@famcosrs.com.pk, by close of business on April 18, 2025, will be treated in time for entitlement of members to attend, speak and vote at the AGM.

5. Requirements for appointing Proxies

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 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.

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

6. Unclaimed Dividend

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

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

7. Conversion of Physical Shares into CDC Account

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

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

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, 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 the 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 Sustainable Development Goals (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 three avenues: its own business operations, its CSR arm Engro Foundation, and its CSR activities and contributions through Thar Foundation. Engro's 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 its 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 its strong ethics and compliance practices and ensures adherence to all applicable laws and regulations such as pertaining to labour 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 helps to 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 enhancing food security in Pakistan. Being one of the largest players in the fertilizer market, Engro Fertilizers Limited works closely with the 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.

8 DECENT WORK AND ECONOMIC GROWTH

engro foundation

Micro-Enterprise Projects

To help empower the vulnerable community members and differently abled individuals, Engro Foundation regularly provides financial grants to individuals in Daharki. These grants allow them to set up sustainable micro enterprises that are a means of socioeconomic independence for their households. In 2024, 12 livelihood projects were awarded to individuals to help create these independent earning opportunities:

- 4 livestock management (goat farming) projects
- 4 grocery store setups
- 4 Fruit and Vegetable carts business

Alternative Livelihood Initiative Under Sustainable Fisheries Entrepreneurship Program (SFEP)

In its previous phases SFEP successfully provided skills development training courses in 3 different trades: cloth stitching, beautician skills, and Montessori teaching to fisher women of Ibrahim Hyderi and Rehri. SFEP also supported these women in establishing home-based enterprises related to their respective trades. In its third phase the SFEP organized training session on 'financial management' for these 15 female fisher women enhancing their capacity in business and financial management.

Alternative Livelihood Initiative Under Indus River Dolphin Conservation Programme (IRDCP)

Under the IRDCP WWF-Pakistan has incorporated an alternative livelihood program for local fisher communities:

- Eco-Tourism: WWF-Pakistan engaged local fisher community to help them develop eco-tourism as an alternative livelihood. This year they identified 1 site for eco-tourism in Sukkur and formed 2 eco-tour groups of 10 members each. These groups were trained as eco-tour guides and were provided with eco-tour and safety kits. 2 fishing boats were renovated and converted into eco-tour boats.
- Women-led Aquaculture: WWF-Pakistan introduced women-led aquaculture as a pilot project in 1 fisher community. Fisherwomen were trained and supported to set up their aquaculture businesses. The fisherwomen were provided with 4,000 fish seeds, 2,000 kg of feed, technical training, and support.
- Kitchen Gardening Initiative: Under the IRDCP, 12 households have been equipped with kitchen gardening knowledge and skills to empower them through sustainable livelihood practices. These households are now able to consume homegrown vegetables and sell surplus produce to neighbours or local markets thus improving their food security and contributing to their economic empowerment.

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.
- 159 persons including 109 women 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 the 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 sailing water fisheries were introduced in this desert area.

Bio-Saline Agriculture

Tharparkar has a large, concentrated area in Pakistan of saline water with sandy soil with, 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 that could be adopted by local Thari communities. Under this project, various cash-crops, fruit plants, vegetables and fodders have been grown successfully on saline water, including apple berry orchard, 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 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 endeavours to generate positive impact both internally for its employees, through policies and practices related to Occupational health and safety, and employee well-being, and for society in general, through its social contributions.

business operations

3 GOOD HEALTH AND WELL-BEING

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, behavioural safety, and process safety. At Engro, the safety and well-being of our employees, surrounding communities, and the public are paramount. We are committed to ensuring that every individual returns home safe and unharmed every day. This principle is reinforced by leadership at every level and embedded in our organizational mindset.

Engro operates within the framework of global best practices and stringent regulatory requirements, continuously monitoring, measuring, and enhancing safety performance. Through rigorous risk assessment, proactive measures, and well-defined safety protocols, we minimize potential hazards and ensure compliance with all applicable laws and industry benchmarks.

Engro prioritizes personnel safety through a comprehensive and integrated operating discipline management system. This system includes policies, requirements, processes, best practices, and procedures for HSE, Quality, and Operations, covering both internal standards and external/regulatory requirements.

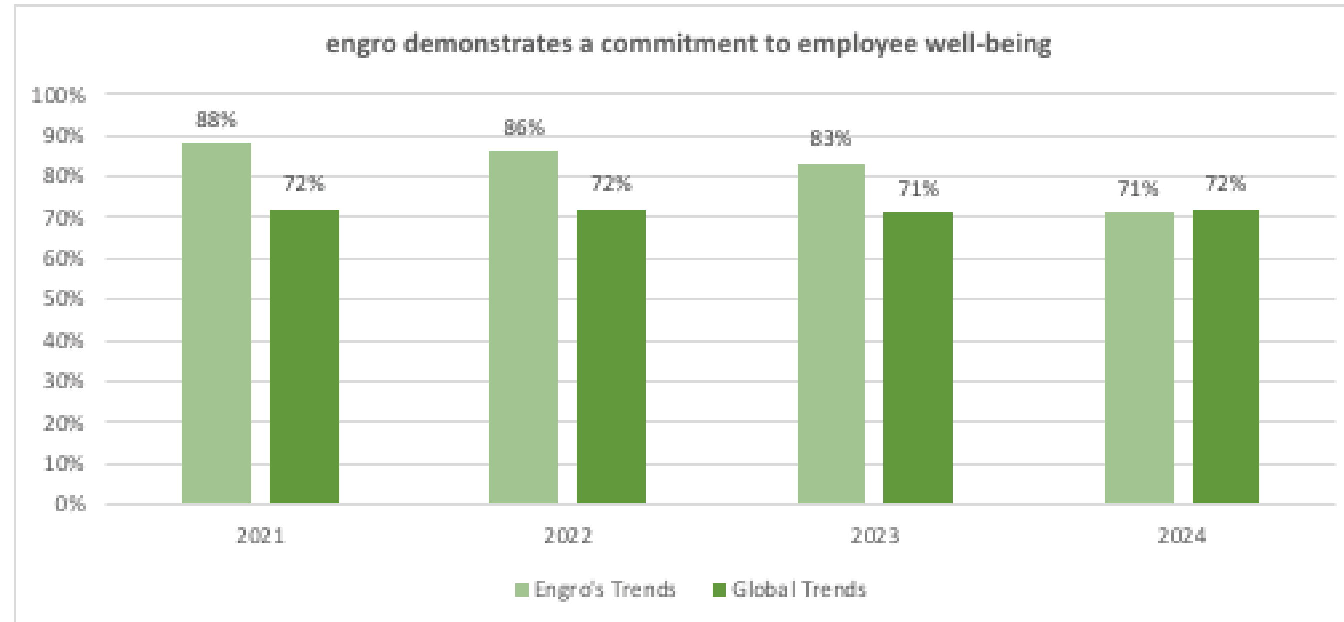
Over the years, in collaboration with world-renowned HSE experts, Engro has cultivated, strengthened, and embedded a proactive and resilient safety culture across its operations. By adhering to internationally recognized HSE standards, Engro empowers its businesses to achieve best-in-class HSE performance, ensuring that safety remains at the core of all operational activities.

Employees Health and Well-Being

Employees are provided with 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. Engro prioritises nutritional, emotional, and physical wellness initiatives, some of which are shown below, to promote wellness amongst 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)
Nutritional	One-on-one sessions
	Workshops (in-person & online)

As part of Engro's commitment to employee wellbeing, a wellbeing score is measured against global trends. Despite consistently scoring above global average in the past, in 2024 Engro's wellbeing score was 71%, slightly below the global average of 72% (source: Butterfly.ai 2024 Employee Trends Report). These results highlight the need for enhanced wellness strategies to address evolving employee needs.



**(Source for 2024 Global Average: Butterfly.ai 2024 Employee Trends Report)*
Year-on-year trend of employee wellbeing in Engro with its comparison with global trends.

engro foundation

Community Health Programs

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

OPD Clinics and Camps: A total of 62,000+ patients treated in 2024.
- Sahara Clinic in Daharki Ghotki: 7,846 patients treated.
- Engro Clinic in Qadirpur Ghotki: 10,826 patients treated.
- Sina Clinic in Gaghar Phatak, Karachi: 44,000 patients treated.
- Mental Health Camps (With Sina Clinic) in Karachi: 2989 consultations done.

Specialized Facilities: A total of 12,000+ beneficiaries in 2024
- Hepatitis Program in Ghotki: 144 patients completed treatment.
- Free Snake-bite treatment: 6,411 patients treated.
- Free Dog-bite / Rabies Centre: 2,267 patients
- Artificial Limbs Clinic: 416 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. In 2024, Thar Foundation created the following impact:

community health programs

Health Clinics

- Total OPD flow - 84,200 patients.
- Additional services such as Ultrasound, ECG, EPI, Lab Services, Pulmonology computerized test, Nutrition, Digital X-ray Services, Antenatal and Postnatal Care, & Free Pharmacy were provided to upcoming population across all Thar foundation health facilities.
- Thar Foundation initiated weekly consultant clinics with Indus Hospital Karachi and Badin experts where Gynaecologist, Paediatrician, General Surgeon, and Physician are providing free services. OPD Flow for the services was about 6188.
- A total of 9,500 children aged 6 months to 5 years have been screened for malnutrition, with those identified as severe acute malnourishment receiving appropriate nutritional supplements to support their recovery.
- Thar Coal Block-II and Gorano Area is Polio Free - 100% Polio Vaccinated (Zero Refusal). 3500 children were administered anti polio vaccine during polio rounds.

Health Camps and Vaccinations

- Medical Screening for Thar Foundation School - 2300 children.
- Free Medical camps in collaboration with Liaquat University of Medical & Health Sciences (LUMHS) and Indus Hospitals
  - 1,250 patients benefitted at Thar Nabi Sar
  - 650 patients benefitted at Village Meghe Jo Tar
- 3 Day Medical Camp during Sant Nano Ram Festival Islamkot. This initiative benefitted over 400 patients.
- Thar Foundation arranged TB Camps in collaboration with IRD –
  - 600 patients screened with digital X-ray technology,
  - 4 patients diagnosed with TB positive were treated with TB Control Program.

Health Services

- Thar Foundation Supported several community emergencies and road traffic accidents, saved lives with timely support of Thar Foundation Ambulance.
- Thar Foundation supported Block 2 government dispensaries with furniture and medical equipment.
- Thar Foundation provided Health Services through its mobile van in 42 villages of Taluka Islamkot.

Partnerships

- Agreement signed with Shahid Afridi Foundation,
- Collaborated with NIMRA for training of health professionals on cancer awareness.
- Agreement signed with Indus Hospital & Health Network
- Collaborated with Global Fund Malaria Program to train staff in advanced techniques and malaria treatment.

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.

4 QUALITY EDUCATION

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.

- **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. In 2024, our learning strategy embraced diverse and impactful initiatives, including self-paced digital programs, in-person sessions, and blended formats tailored to various employee cadres. Together, these efforts resulted in over 66,000 learning hours. Skillsoft played a pivotal role, contributing over 29,000 hours of digital learning with a remarkable 78% utilization rate, demonstrating our focus on flexible, accessible, and high-impact learning solutions.
- **TDP Academy:** Introduced to nurture high-performing talent within our workforce from our Talent Development Program (TDP). This initiative targeted top-performing individuals, offering them a platform for accelerated growth and specialized skill-building. In collaboration with renowned global and local partners, the Academy curated customized interventions focused on leadership, strategic thinking, and personal growth.

engro foundation

Education for Communities

At Engro, we believe education has the power to transform lives. Over the years, we have 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

6,970 + students are benefitting through Engro Foundation supported schools.

- School Adoption Programs in Daharki and Qadirpur– 12 schools with 2,977 students enrolled.
- Katcha Schools Program in Ghotki - 14 schools with 1,545 students enrolled.
- Sahara Community School in Daharki - a school with 543 students enrolled.
- Schools with TCF, three in Karachi and one in Daharki - 1,375+ students enrolled.
- 2 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)
- Engro Foundation and Sindh Education Foundation partnership school in Kacha Ghotki – One school with 147 students enrolled.
- Engro Foundation and Sindh Education Foundation for non-formal education centres – 3 centres with 210 students enrolled.

engro foundation and teach the world foundation (ttwf) partner to educate out-of-school.

With education forming a crucial part of our community investments, Engro Foundation has partnered with Teach the World Foundation (TTWF) for out-of-school children.

The 5-Year program is an innovative twist on fighting literacy in underserved communities through TTWF micro-schools. Funded by Engro Polymers and Chemicals Limited, 2 micro-schools with TTWF operate in Moosa Goth in Razzakabad and in Railway Colony, Karachi. TTWF aims to equip out of school children to reach Grade 5 literacy levels in 2 years through individually paced applications and learn via English, Urdu, and Mathematics game applications.

technical education

900 + Individuals are benefiting from Engro foundation's contributions to Technical Education Programs.

technical training college in daharki

- Engro Foundation supports a Diploma in Associate Engineering (DAE) program with Technical Training College (TTC) in Daharki. A new batch of 253 students were inducted for Diploma in Associate Engineering (DAE) in Chemical, Mechanical, and Electrical technologies. Total enrolment stands at 618 students, which includes 23 girls.
- 15 out of 23 girls are currently fully sponsored by Engro Foundation to fully complete their education.
- Under EPQL's Hunar Program, 15 girls are sponsored for the Diploma of Associated Engineering (DAE) at Technical Training College (TTC) at Daharki. The girls have successfully completed year one of the diploma programs.

digital skills

- Tech Karo E-Commerce course – 57 students graduated and 23 have secured placements.
- Tech Lab Cohort 1 – 51 girls graduated including 42 graduates of Phase 1 (front-end development) and 9 graduates of Phase 2 (advanced tracks)
- Tech Lab Cohort 2 – 40 students graduated in Salesforce Admin, PHP, WP, and front-end development tracks.

skills development

- 22 graduates under the Women's Forklift Training Program.
- 380+ plumbers, 80+ carpenters and 42 fabricators from all over Pakistan trained as part of PVC downstream trainings to bridge overall skillset gap.

skills development training under sustainable fisheries entrepreneurship program (SFEP)

In its previous phases SFEP successfully provided skills development training courses in 3 different trades: cloth stitching, beautician skills, and Montessori teaching to fisher women of Ibrahim Hyderi and Rehri. SFEP also supported these women in establishing home-based enterprises related to their respective trades. In its third phase the SFEP organized training session on 'financial management' for these 15 female fisher women enhancing their capacity in business and financial management.

The SFEP team helped enrol 14 males from Ibrahim Hyderi and Rehri, at Memon Industrial and Technical Institute (MITI) at Korangi for four-month skill development training programs related to motorcycle technician, welder technician, mobile repair technician, and cutting and stitching.

criminon program

250+ prisoners are being educated and trained under Criminon Program at different prisons and rehabilitation centres of Karachi. The program teaches moral choices and equips prisoners with the life skills they need to stay on the right path and remain free from committing future offenses.

thar foundation

formal education

5,061+ students (1745 girls) benefited from Thar Foundation Education Programs

- 25 units of schools with IT labs are operational, with 179 teachers (who are all females)
  - o All Villages of Block-II (Thar) have 100% enrolment in primary education (4-9 years age group)
- Provided scholarships to 50+ students 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)

magnifiscience thar exhibition 2024:

Thar Foundation in Collaboration with the Dawood Foundation organized a 2-day Magnifiscience Thar 2024 Exhibition at the Doctor Ashok Bakhtani Engro Campus in Mithi to foster research and creativity amongst students. The event drew over 24,000 students from Thar Parkar offering a platform to highlight intellectual and creative skills for societal development through science.

technical education

Thar Foundation provides technical training 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.
  - 50 Boys and 13 Girls currently enrolled
- As part of an agreement with PITHAM, Thar Foundation has successfully conducted 2 vocational training courses; house-keeping and professional cooking. A total of 48 individuals completed these training courses equipping them with skills for employment.

SDG: 05
Gender Equality

SDG: 10
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

Engro recognizes Diversity, Equity & Inclusion as a strategic dimension that shall complement our existing efforts for a more diversified and inclusive, future-ready workforce. Our people strategy, initiatives and employment practices ensure that our employees are provided with equal opportunity and fair representation from various aspects, are treated equitably, and have the freedom to thrive professionally and grow to their full potential. Starting with the recruitment process, we endeavour to give equal opportunities to all candidates, irrespective of their gender, religion, or background.

We have multiple programs to ensure diversity at our workplace and to help us achieve our goal to encourage, enable and empower women in our workplace, marketplace, and communities. Engro enables women employees by offering various women-friendly policies and practices such as commute facilities, a day-care centre, 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 harassment cases.

Promoting gender diversity throughout Engro is a priority, exemplified by our consistent strive to bring about balanced distribution across the Organization. The Board comprises 2 accomplished women.

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:

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% of 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, 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 four modules have been digitized and are accessible to all employees on the learning management system. This digital transformation allows individuals to learn at their own pace and convenience, further promoting continuous education and awareness throughout our organization. DEILP not only shapes our present but also paves the way for a more enlightened and inclusive future for all.

Break Ke Baad

Engro's Break Ke Baad initiative is a 12-month returnship program designed to increase employability of women looking to resume work after mid-career breaks. The program has a flexible working model which offers associates full-time employment, part-time employment and flexible working hours

Khudi

Khudi, introduced towards the end of 2023, is a one-year contractual training program designed to empower and nurture People with Disabilities (PWDs). Through exposure to various roles across Engro, this initiative aims to instil pride, identity, and purpose within such individuals. By creating pathways for growth, development, and meaningful contributions, Khudi actively addresses the challenges faced by PWDs in securing meaningful employment. With the Khudi initiative, Engro hopes to create more opportunities for an inclusive and diverse workplace.

Our subsidiaries have also undertaken other initiatives to help integrate differently abled individuals into their workforce. EFERT collaborated with the Karachi Down Syndrome Programme in 2023 to launch an internship program for individuals with Down Syndrome. This program has continued in 2024 and inducted a 2nd batch of interns.

Uraan

Uraan, a one-year technical training program was launched by EVTL for women residents around Port Qasim, Karachi. This comprehensive program covers essential terminal aspects such as Processes, Electrical, Instrumentation, Warehouse, HSE, Digitalization, and Administration. This initiative not only addresses the scarcity of women in unconventional roles but also helps include employability of women in these underrepresented communities.

RISE Series

In 2024, we launched the RISE Series—an initiative designed to Reflect, Inspire, Strengthen, and Elevate women in our organization. The program comprises of sessions led by leadership, on themes around work-life balance, breaking the glass ceiling, strategies of making it to the boardroom etc. These sessions serve as a platform for women to engage directly with senior leaders, network across subsidiaries and organizational levels, and foster connections and learning from one another's experiences.

Gender Pay Gap
At Engro, we are committed to fostering an inclusive and equitable workplace where all employees have equal opportunities to grow and succeed. Our compensation philosophy is built on fairness, transparency, and meritocracy, ensuring that pay is determined by an individual's competence, years of experience, and performance. We believe in rewarding employees for their contributions and the value they bring to our organization. To uphold our commitment to fairness, we regularly review our compensation structures to ensure alignment with industry standards and internal equity.

For reporting gender parity for Engro Holdings, we have used the recommended calculation assumptions to determine the Male-to-Female pay ratio, which stands at 86% for Mean and 76% for Median.

Grade	Mean Ratio
AVG	0.86

Grade	Median Ratio
AVG	0.76

We remain dedicated to continuously monitoring and improving pay equity, ensuring that all employees—regardless of gender—are recognized and rewarded equitably for their contributions.

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:

1. Tech-Karo program imparts crucial tech-skills in e-commerce and digital literacy to girls from underserved communities eventually helping graduates in job placement.
2. Engro Powergen Qadirpur Limited Hunar program focuses on technical training for girls, such as stitching and diploma in associated engineering which have helped them set up their own operations and generate earnings.
3. Tech Lab project with Consulnet has trained over 50 female students on Front-end Development in Phase 1 of the project and 40 students on other IT tracks in Phase 2.
4. Schools in Katcha area, set up by Engro Foundation, have helped change the lives of young girls in that area by providing secondary and higher education and reducing early childhood marriages.
5. Engro Foundation's Sustainable Fisheries Entrepreneurship Project (SFEP) empowers fisherwomen through skill development courses that have resulted in the establishment of home-based enterprises.

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

- Over 70 females trained as dump truck drivers.
- 02 Females trained as rickshaw drivers to take students to school.
- 1745 plus female students taught; 179 female teachers employed.
- 109 local female 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 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) at EPCL reuse treated water, reduce freshwater intake, and have a remarkable environmental impact by lowering the overall plant effluence. 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.

- Engro Fertilizers Limited remains focused on responsible water stewardship and ensuring sustainable water use and conservation. The manufacturing facility is designed to recycle water that is used during the manufacturing process. The use of close-circulation cooling towers significantly reduces freshwater consumption. Chemical treatments have further enhanced system performance, minimizing water losses. 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. 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. Additionally in 2024 Engro Fertilizers Limited's Daharki site has achieved the Alliance for Water Stewardship (AWS) CORE certification. During the 2024 LTR (Long-Term Reliability) outage of EnVen plant, EFERT implemented several water efficiency projects such as cleaning heat exchangers and replacing waste-heat boiler.

- 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 7+ million Liters of clean drinking water processed and provided in 2024
- Approximately 150,000 members of the community benefited from the water filtration plants.
- An average of 20,000 Liters of clean water is 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 Fertilizers Limited, mostly running on renewable solar energy. These RO plants have provided approximately 15 million Liters 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.

thar foundation

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

- 21 RO plants supplying clean drinking water directly benefiting 35,000+ individuals.
- 2 new RO units have been inaugurated recently at Allah Dino Hajam and Thar Nabisar
- RO management committees in Block-II and in Gorano area are formed, which deal with community issues pertaining to water distribution.

SDG: 07
Affordable & Clean Energy

business operations

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.

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

- **Engro Fertilizers Limited** is committed to reducing its carbon footprint, for which it implemented several long-term projects in previous years that continued to deliver significant environmental benefits. These include implementing structured protocols for start-up, shut-down, and normal operations; and deploy advanced digital process controllers to fine-tune key parameters and improving energy efficiency. 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. The company has also implemented a feed gas enrichment project leading to sustainable plant operations and significant reduction of CO2 emissions. In 2024 modifications of the EnVen plant, during LTR, improved the plant's energy efficiency. Some of these modifications include installation and inspection of Super Cup Trays in Urea Reactor; inspection and repair of furnace in EnVen; overhaul of turbo machinery with key upgrades and replacements aimed at enhancing equipment reliability, reducing energy losses, and improving overall plant efficiency; commissioning of a new CO2 integration line to minimize CO2 venting and optimize utilization.
- **Engro Fertilizers Limited's** Warehouse team has accomplished solarisation across field warehouses to reduce its carbon footprint. As of 2024, the company has 86 warehouses powered via solar power generation of 7.2 KW per day, per warehouse.
- **Engro Polymer & Chemicals Limited** has invested in projects such as Cooling Tower Pump Load Optimization, and Steam Trap Leakages Rectification to reduce its energy requirements for production. Additionally, the modification of 4 electrolyzes to Zero-Gap technology has resulted in enhanced energy efficiency, leading to an annual saving of 2.4 MW.

  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 heat produced, 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.

7 AFFORDABLE AND CLEAN ENERGY

- Engro Powergen Qadirpur Limited is a unique project that converts low-BTU, high sulphur content, permeating gas from Qadirpur gas field, which was previously being flared, into much needed electricity. This utilization results in lower carbon emissions

- 50% of **Engro Enfrashare's** telecommunications towers are powered by solar energy.
- **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 the terminal's energy needs.

engro foundation

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

- Engro Fertilizers 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.

thar foundation

- A pilot project to solarize (1735 units) Block-II villages is completed in which 2700+ Households. 100% of villages have been solarized successfully to provide sustainable and reliable sources of electricity.

SDG: 09
Industry, Innovation & Infrastructure

business operations

As the Fourth Industrial Revolution reshapes industries globally, Engro remains steadfast in its commitment to embracing the digital age and becoming a digitally empowered organization. The company ensures that all digital efforts are closely aligned with evolving business needs. The central focus of the strategy revolves around fostering a business-value-centric digital transformation with efforts prioritizing AI adoption, data driven culture, and digital innovation. Engro achieved significant milestones by upgrading its SAP systems, adopting cloud technologies, enabling IT-OT convergence, and introducing next-generation platforms, including a high-value data lake. These advancements were complemented by a relentless focus on risk mitigation and operational security, underscoring Engro's commitment to resilience and sustainable growth in the digital era.

A few notable projects include:

Project Elevate
In 2018, Engro launched the OneSAP initiative, implementing S/4HANA to unify business processes, harmonize data, and enable real-time decision-making across all subsidiaries. Project Elevate upgraded the system to the latest S/4HANA version, unlocking advanced features, enhanced security, and compatibility with technologies like AI and RPA. Over 250 power users rigorously assessed 5,000+ processes and resolved 300+ issues, ensuring a seamless, disruption-free go-live.

HSE dashboards
Engro developed advanced HSE dashboards, seamlessly integrated with the new HSE MIS (VelocityEHS), to enhance safety and sustainability across the organization. These dashboards provided actionable insights in key areas, including incident reporting, hazard tracking, safety training, audits, inspections, and ESG metrics such as greenhouse gas (GHG) emissions, water usage, and waste management enabling holistic performance analysis.

High-value data lake
To future-proof its operations and drive innovation, Engro partnered with AWS and Addo.AI to establish Engro's Big Data & AI Platform. This scalable, next-generation data management infrastructure serves as a cornerstone of Engro's digital transformation journey, unlocking advanced analytics, machine learning, and generative AI capabilities organization-wide. By deploying this platform, Engro is paving the way for strategic decision-making, enhanced operational efficiency, and sustainable business growth.

Funds management
The project integrated all SAP modules to enhance control over OPEX expenses by aligning them with cost centres and GLs budgeting. Deliverables included budget validation and control at cost centre-level for OPEX expenses. These functionalities are now operational at EPCL, offering benefits like budget control across all operational cost aspects, monitoring fund movements against available budget, prevention of budget overruns, real-time alerts for insufficient funds, transparent budget utilization, and integration with other SAP modules for comprehensive budgetary control and reporting.

Freightage Monitoring
Engro developed a streamlined Freight Management System (FMS) at EFERT for managing freight and trucking operations between Karachi Port and the Zarkhez plant. This system enhances operations through digitization and automation, centralizing the tracking of vehicles and materials across the logistics chain. Integrated with SAP, the FMS ensures seamless data flow and comprehensive tracking, enabling quick data retrieval through a user-friendly interface. Additionally, it integrates with weighbridge operations, providing accurate, real-time measurements.

UgAI
As part of Engro's commitment to transforming the local agricultural landscape with innovative technology, EFERT and ICT team launched UgAI — Pakistan's first integrated B2C Agri e-commerce platform. UgAI provides farmers with direct access to Engro's fertilizers, crop planning tools, flexible delivery options, secure digital payments, and real-time crop monitoring through

drone and satellite imagery. Designed for simplicity and impact, its key technological features include real-time integration, scalable cloud architecture, advanced data processing, enhanced security protocols, and a user-centred design.

Industrial Drones
Engro Vopak team adopted industrial drones for visual inspections. The successful pilot demonstrated significant benefits, including enhanced safety by eliminating work at heights, increased productivity, and reduced costs compared to conventional methods. Building on this success, the team expanded drone usage by developing an annual inspection plan to monitor the overall condition of assets comprehensively. Additionally, the drones were utilized to inspect the inner shell of spheres in 2024.

Aspentech Solutions
To tackle challenges related to process fluctuations, reduced throughput, energy inefficiency, variations in VCM quality, and delays in troubleshooting and corrective actions due to the unavailability of real-time data, Engro implemented a state-of-the-art AI-powered suite of solutions by AspenTech at EPCL.

This comprehensive solution encompasses Adaptive Advanced Process Control with a closed-loop architecture, utilizing Aspen DMC3 Technology for continuous process optimization. It also features a digital twin of the plant, enabling plant-wide simulation for real-time performance monitoring of process assets. Additionally, a multivariate process analytics tool, ProMV provides initiative-taking alarms for anomaly detection, complemented by a powerful dashboard for KPI visualization.

Cloud Computing
Engro has adopted a cloud-first strategy with significant efforts focused on migrating the Data Platform, Core ERP (SAP), and Disaster Recovery services to the cloud with further migration of workloads to the cloud scheduled in 2025. This strategic approach aims to enhance agility, cost-efficiency, and technological innovation, positioning Engro for success in an increasingly digital future.

Risk Mitigation
Based on the comprehensive risk assessment conducted, Engro has prioritized addressing the identified high and medium-level risks in alignment with the recommended action plans, to mitigate potential vulnerabilities and threats. The teams remain committed to ensuring effective risk mitigation by accurately implementing preventive controls and fostering transparent stakeholder communication, robust contingency planning, and continuous monitoring to enhance adaptability. Cybersecurity and data protection continue to be pivotal in safeguarding sensitive systems and information. Our initiative-taking strategy has enhanced the organization's system resilience, ensured the protection of critical data, and improved Engro's overall risk management posture.

SDG: 11
Sustainable Cities & Communities

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 resettled.
- As part of our Village Improvement Program, 320 low-cost pit latrines have been constructed, and 2,096 solar systems have been installed in the Block-II villages and Gorano area.
- Pilot project to solarize (1735 units) Block-II villages is completed benefiting 2,700+ households. 100% of villages have been solarized successfully to provide sustainable and reliable sources of electricity.

SDG: 12
Responsible Consumption & Production

business operations

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 ensure consistent HSE standards across the group, Engro Corporation published HSE Standards in 2023. Aligned with international best practices, these adaptable standards evolve with industry challenges, allowing seamless integration into each company's operations.

Engro's HSE Management Information System (MIS) underwent a digital transformation with the adoption of the state-of-the-art VelocityEHS platform in 2023. This has significantly enhanced effectiveness and productivity by enabling efficient tracking, record-keeping, stewardship, and real-time data analysis. In 2024, our efforts focused on optimizing system performance, training and user engagement for seamless adoption across the organization and developing custom dashboards for real-time insights for leadership and teams.

As an effort to adopt Risk Based HSE Management System (RBHSE MS), our group companies made significant strides in enhancing risk-based health, safety, and environmental protocols. Notably, Engro Corporation Performance Standards were developed in-house to ensure the reliability and functionality of Safety and Environment Critical Elements (SECE), which are designed to prevent or mitigate the worst-case consequences of hazards associated with major accidents. These standards were published for adoption and implementation by group companies.

As part of our commitment on safety leadership, the Executive MSA (Management Safety Audit) Program was introduced as a strategic initiative designed to strengthen leadership commitment and cross-company collaboration in driving a world-class safety culture. Through this program, executives from different group companies visited peer internal organizations to conduct MSAs and Safety Contacts, reinforcing shared accountability and best practice integration across the group.

Additionally in 2024, the audit methodology for conducting 2nd party HSE Audits across all group companies was revamped in alignment with global best practices, adopting a comprehensive and integrated approach. Under this new regime, each group company is now audited once every three years across all four HSE pillars - PSM, BSM, OHIH, and EMS - ensuring a holistic evaluation of safety, health, and environmental performance.

EFERT

In 2024, dedicated efforts were undertaken to enhance environmental performance at the company. Engro Fertilizers Limited achieved the 1st position in the International Fertilizer Association (IFA) Green Leaf Award under the Nitrogenous Fertilizers category. Several initiatives were undertaken to enhance operational efficiencies:

- In 2024, a new CO_2 integration line was commissioned during the 55-day Long-Term Reliability Turnaround of the EnVen Plant, connecting all three urea units to minimize CO_2 venting and optimize utilization.
- EFERT's Zarkhez Division earned the Green Office Certification for its continued commitment to sustainable office practices and environmental responsibility.
- In 2024, the Zarkhez Plant achieved a significant milestone by completing 7 million man-hours with a Total Recordable Incident Rate (TRIR) of 0.
- EFERT's urea manufacturing site at Plant-II is equipped with flare systems, which ensure controlled and environmentally responsible flaring during startup and shutdown, significantly reducing the site's overall greenhouse gas emissions.
- EFERT implemented conversion of organic waste into compost, suitable for horticulture, and repurposed plastic waste.

EPCL

The company has made significant investments in projects like high-efficiency Zero Gap membranes, and Steam Trap Leakages Rectification which will significantly save it on the energy front. These projects are expected to reduce the company's energy requirement, 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.

EPQL

Engro Powergen Qadirpur Limited continues to undertake initiatives to promote innovation and responsible business practices. In 2024 EPQL advanced its Digital Transformation initiative by developing digital dashboards and enhancing information security. 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 2024, which means that it is amongst the top 11 power plants in Pakistan with respect to generating affordable electricity. The company provides affordable and reliable electricity to consumers through 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.

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.

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 activities such as digital campaigns and tree plantation drives were conducted 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.

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
A tree plantation drive was conducted by Engro Fertilizer Limited in more than 45 different areas including Daharki, CAER villages, and neighbouring areas including government and Katcha area schools, canal banks, public places etc. Over 4,000 fruit trees and all-season plants were planted.

In 2024 Engro Fertilizers Limited's Zarkhez plant executed a plantation drive planting 680 saplings, alongside the sowing of 1,000+ seasonal vegetables and flour seedlings, and the development of a fruit orchard featuring various fruit-bearing plants.

Under the Engro Muhafiz Program the EFERT commercial division conducted 4 plantation drives. The SFB and distribution teams, in collaboration with Larkana Commerce College, conducted a plantation drive planting 100 trees.

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 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 740+ hectares (1,828 acres) across different parts of the Country. The project has significant outcomes in the form of ecosystem and biodiversity conservation. These plantations have been conducted 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 endeavour 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. CPI is also collaborating with the CoRe Alliance to assess and examine plastic waste in Pakistan and to map the waste management landscape.

In a short time span, CPI has achieved substantial progress, conducting pioneering research and successfully securing USD 100,000 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: Analysing 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
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 tons 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.

The Thar, A Green Land Project (TGLP) aims to plant trees in Tharparkar for over 3 years (2024-2027), starting with 15,072 trees in Mithi and Islamkot. Thar Foundation will provide plants, technical support, and organize awareness campaigns, and ensure space, watering, and protection. The project focuses on community engagement, environmental sustainability, and combating Tharparkar's harsh climate.

biodiversity conservation

Vulture Conservation through Community Nest Protection

Sindh Engro Coal Mining Company 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 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 the 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 Company 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 Tharparkar, 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.

Documentary on '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 dolphin's 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 2024:

- **Conservation Assured | River Dolphin Standards (CA|RDS)** - Conservation Assured| River Dolphin Standards (CA | RDS) is a unified tool developed by WWF's River Dolphin Initiative to measure and improve the effectiveness of river dolphin conservation efforts across 15 range countries in Asia and South America. A workshop was hosted for Sindh Wildlife and Fisheries Department and WWF-Pakistan to take forward the (CA|RDS) assessment and monitoring in Sindh, focusing on the Indus River Dolphin Game Reserve.
- **Spatial Monitoring and Reporting Tool (SMART)** – SMART is a digital application that supports field staff in collecting data and providing reports and analysis to improve conservation efforts. River guards and wildlife watchers were trained to use this application and they successfully conducted 50 patrols across the Indus Dolphin Reserve to gather actionable insights.
- **Pinger trials** - Trials of pingers to deter the dolphins from coming closer to the fishing gears were conducted during the year and the findings from the trials were shared in various consultative sessions and conferences.
- **Conferences and workshops:**
  - A consultative workshop on the Indus River Health Assessment Report Card was organised with the University of Maryland, the workshop included representatives from government departments, Sindh Environmental Protection Agency (SEPA), Sindh Wildlife Department, Academia, and local communities.
  - 2 Webinars were held, engaging global experts and river dolphin ranger countries to share pingers experiment results.
- **Eco-clubs** - 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 amongst schoolchildren.
- **Schools and Community Outreach Awareness Sessions** – The Dolphin Rescue Ambulance, was used for community outreach awareness sessions with fisher communities and schools to highlight the importance of the Indus River Dolphin and its conservation.

Sustainable Fisheries Entrepreneurship Project
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. The program successfully came to the close of Phase III in 2024.

Phase III was implemented in the 2 targeted Union Councils (UCs), namely Rehri and Ibrahim Hyderi partnering 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 addressed some key contributors to marine and coastal ecosystem problems. The project supported and promoted 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 was 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 in 2024 include:

- Fisheries Data Collection: Observers deployed at fishing vessels consistently collected data on catch-sizes, species, by-catch, including sea-turtles and sharks, contributing valuable insights to the Indian Ocean network.
- Capacity Building: Renovation of the Fisherman Training Centre (FTC) provided a dedicated space for skills development. 3-day training onboard fishing vessels educated 25 crew members on sustainable fishing practices, encouraging a shift to long-line fishing which reduces ecological impact.
- Improved fish handling infrastructure: Infrastructure upgrades at Ibrahim Hyderi Jetta, including CC flooring, stairs, and new fish handling tools, reduced post-harvest losses, and improved operational efficiencies.
- Health and Hygiene Initiatives: Over 80 Female Fishers participated in Health Awareness sessions and Coastal Cleanup Campaigns, reducing plastic pollution, and promoting waste management.
- Community Engagement and Livelihoods:
  - Eco-tourism initiatives were launched, equipping 2 boats with safety kits and promoting tourism as an alternative livelihood.
  - SFEP facilitated 15 community mobilization meetings insuring inclusiveness in skill development programs and project interventions.
- Media and Advocacy: SFEP interventions were highlighted, nationally and internationally through media collaboration, promoting awareness of marine conservation and sustainable fishing.

Over the course of this 8-Year program, SFEP achieved significant impact demonstrated by the following facts:

- 2,900+ fisherfolk trained in sustainability and livelihoods over all phases.
- 1,100+ fisherfolk supported with assets, benefiting 7,000+ indirectly.
- 1,500 students and 400 youth engaged in environmental activities.

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. Our subsidiary, Engro Corporation, has 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 are also reflected in our Statement and Business Practices:

"We are committed to conducting our business activities on the principles of integrity, fairness and high ethical standards, in honest and sincere alignment with our Core Values and in full compliance with all the applicable laws and regulations. We also believe in treating our Associates with the same principles in order to build mutual respect, open communication, confidence and trust.

In order to maintain and enhance our reputation for integrity in our business, it is important for all of us individually and collectively to adhere to the highest moral, ethical and legal standards. For this purpose, the Company has clearly defined a Code of Conduct (the "Code") which sets below the values, rules and standards expected of us for our behaviours and actions."

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 conduct 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.

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.

- OICCI
- PBC
- PICG

engro foundation

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

- Worldwide Fund for Nature Pakistan
- International Union for Conservation of Nature
- The Citizens Foundation
- Teach the World Foundation
- Sindh Education Foundation
- SINA Health, Education & Welfare Trust
- Indus Resource Centre
- 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

directors' report

directors' report

The Directors of Engro Holdings Limited (the "Company") are pleased to present the Annual Report and audited financial statements for the year ended December 31, 2024.

a tribute to a retiring identity

With the approval of a Scheme of Arrangement by the Islamabad High Court on July 18, 2024, and its effectiveness from January 1, 2025, Dawood Hercules Corporation has now become Engro Holdings. This transformation, enabled by the Scheme, has consolidated Engro Corporation as a wholly owned subsidiary of Engro Holdings, demerged certain assets into DH Partners Limited, and set the stage for a renewed focus on strategic capital allocation. But before we go forward, we'd like to have a look back on our history.

The name 'Dawood Hercules' originated in 1968 as a joint venture between the Dawood Group and Hercules Chemicals Inc, (an American company). This was the first Pakistani private sector project to receive funding from the World Bank, and consequently, Dawood Hercules Chemicals set up the largest fertilizer plant in Pakistan at the time to manufacture an iconic brand of urea: Bubber Sher.

For many years, the principal business of Dawood Hercules Chemicals remained the production of urea but in the 2000s, the company became known for trying new things and learning about what the world had to offer. Dawood Hercules Chemicals grew its portfolio of businesses to include energy projects, technology companies, its ownership in Engro Chemicals, and a number of other pilots – and decided to change its identity in 2011 to Dawood Hercules Corporation, to better reflect its mandate. It also began investing in public equities and soon after became known as an investment company, responsible for allocating capital across a number of asset classes.

The name of our company has legally changed from Dawood Hercules Corporation to Engro Holdings – a new chapter in our legacy. DH Partners will continue to carry our name and history but even we (as Engro Holdings) will carry forward its spirit: the boldness to pioneer, the agility to evolve, and the ambition to create lasting impact. Before talking about the road ahead and what it holds for us, it was pertinent to reflect on the path we came from.

the environment we operated in

In a welcome change from previous years, the global economic landscape remained largely stable throughout 2024, with a major development emerging at end of the year — the return of Mr. Donald Trump as President of the United States. His policy stance, foremost among them the imposition of tariff barriers on major U.S. trading partners, is expected to trigger a global tariff war and strengthen the U.S. dollar. Additionally, Trump's strong support for fossil fuels has placed indigenous energy expansion high on his agenda which could lead to a decline in oil prices in the coming months.

Stability, and indeed resilience, have also been felt on the domestic front. Inflation has continued its downward trend, with CPI recorded at 2.4% in January 2025. This has created room for monetary easing, bringing the policy rate down to 12%, with expectations of further, albeit modest, reductions. However, a key concern remains tax collections which are lower than budgeted – this could pose risks to fiscal consolidation efforts. Any slippage in this regard would be a worrying sign for economic stability and periodic IMF Reviews will be important check-ins and course-correction for the country. The government has implemented several structural reforms, including the taxation of agricultural income, and a successful review outcome would bolster investor confidence — both local and international — while also paving the way for a potential sovereign ratings upgrade.

our portfolio

equities

We are pleased to report another strong year of performance for your portfolio, which delivered a return of 113.2%, outperforming the KSE-100 index return of 84.3%. The investment themes we built our portfolio around continued to generate strong returns, reinforcing our conviction in our strategy.

Our top holdings in the banking sector remained key value drivers, with UBL leading the way as one of the best-performing stocks in the listed space. With its call on lower interest rates, UBL has significantly benefited from their decline, and we believe it has positioned itself well to navigate the lower-rate environment effectively. Similarly, while Meezan Bank may face some headwinds due to declining interest rates, we have confidence in its management to steer the company toward value creation, as they have consistently done so in the past. A major development in the sector was the removal of ADR-based taxation and reforms in the Minimum Deposit Rate (MDR) regime, which we believe will foster a more market-driven banking environment and support long-term industry growth.

Our E&P sector holdings also remained intact, with fundamental improvements in collection rates driving stronger cash flows for OGDCL and PPL. This is now clearly reflected on their balance sheets, boosting investor confidence and valuations. Notably, OGDCL reached a historic milestone by briefly surpassing Rs 1 trillion in market capitalization — the only company to achieve this in PSX history. Additionally, recent government reforms allowing E&P companies to sell up to 35% of their gas production directly to private purchasers is a welcome step that will improve cash flows and incentivize new capital expenditure in the sector.

We continue to hold our position in Systems Limited, Pakistan's leading IT company, which remains a standout value driver. With its dollarized revenue model, Systems is among the few Pakistani firms offering sustained growth in USD terms, and recent weeks have seen strong value unlocking for the company. Our conviction in Systems' long-term potential remains firm.

Additionally, we have built a small but strategic position in Image Pakistan, an emerging high-growth company that represents a direct play on the consumer fashion sector. With a compelling brand proposition, Image has delivered impressive growth over the past few years and is currently trading at an attractive valuation. The company's management is focused on sustainable shareholder returns and cash flow generation, making it a compelling long-term investment. We are excited about the prospects Image offers and look forward to its continued growth.

engro corporation

The bulk of our investment remains deployed in Engro Corporation which demonstrated resilience through diversification. Macroeconomic headwinds have significantly impacted Engro's polymer business but other assets in Engro's portfolio have collectively helped redistribute the challenge, enabling revenue growth of 12% for the Corporation (including discontinued operations) and PAT growth of 7% in 2024. This has been achieved by driving operational efficiencies, enhancing capacity, and pricing interventions.

The fertilizer business faced some challenges in 2024 but emerged a resilient performer in the end. In H1 2024, the EnVen plant underwent its largest ever turnaround to enhance long-term reliability – this was achieved in a record time of 57 days, a remarkable feat. The turnaround came with planned lower supply at our end but at the same time, several macro events triggered challenges in the sector. Firstly, climate change; intense heat inhibited crop growth, while untimely rains delayed crop plantation and hindered the application of pesticides and fertilizers, resulting in lower demand for urea. Secondly, a wheat crisis in the country curtailed farmer's purchasing power for urea and specialty fertilizers. The urea price disparity which is a direct consequence of higher gas costs for Engro Fertilizers, further aggravated these conditions. These challenges led to the business making a choice of offering discounts to improve sales and clear out inventory. The year closed with a revenue of PKR 269 billion versus 224 billion in 2023 and the highest-ever Profit After Tax of PKR 28.3 billion versus PKR 26 billion in 2023.

On the other hand, the polymer business struggled because of declining core delta. While domestic demand grew by 7% (supported by gradual improvement in economic conditions and monetary easing), the market development efforts of the business did not yield substantial results, as a result of which domestic sales grew only 4% and slight loss of market share was experienced. Furthermore, the increase in gas prices for EPCL's captive power plant had added adverse impacts on the business model. The Polymer business recorded a revenue of PKR 76 billion compared to PKR 81 billion last year, due to lower PVC export volumes and prices. The company's LAT stood at PKR 0.2 billion against a PAT of PKR 9 billion last year, mainly attributable to commodity cycle reversal and availability of higher volumes of imported PVC.

Engro Enfrashare maintained its leading position in the Independent Tower Company (ITC) sector. It expanded its footprint to 4,215 tower sites while driving the overall tenancy ratio to 1.26x. This is an example of a commercially- and customer-oriented business that is market driven and has the potential to deliver steady return to investors. In the same space, we are excited about Engro Corp's strategic partnership with VEON's Jazz to acquire their telecom infrastructure (subject to approvals). This deal would mark a strategic shift in Engro's portfolio where its reliance on one business is distributed towards a new business model that has different characteristics and risk-return profiles. This kind of diversification is essential for long-term value creation.

The Terminals business delivered robust performance, having handled higher volumes of LPG and chemicals. The LNG terminal remained a critical pillar of Pakistan's energy infrastructure, ensuring stable gas supply. This is another example of a great business that provides stable dollarized returns and occupies an important place in a portfolio in terms of risk diversification.

In the energy space, Engro's mining & energy operations remained steady, supplying coal to power assets while preparing for Phase III expansion to meet anticipated energy demand. The company's IPPs benefited from improved cash collections and proactive receivables management.

Engro Eximp FZE expanded its international trading reach across 40+ countries and 30+ product categories, driving significant third-party revenue growth and reinforcing its role as an emerging player in global trade flows.

Engro Corporation had established Engro Eximp Agriproducts (Pvt) Limited as a wholly owned subsidiary to build and operate a modern, integrated rice-processing plant. This asset has been one of Engro's lowest-performing investments and in 2025, we made the strategic decision to divest. While this venture did not deliver the financial returns we expected, it provided rich insights that will shape our approach to future investments. The most important lesson was the need to align with industry norms and practices, rather than applying our own ideals of scale. The experience also reinforced the importance of governance based on sectoral expertise and maintaining financial discipline, particularly in loss-making ventures where the perceived upside of turning things around can cloud prudent decision-making. As we close this chapter, we take these learnings forward, ensuring our capital is deployed where we can create sustainable long-term value.

Overall, our performance has demonstrated the upside of a diverse portfolio and in the future, we look forward to building an even more anti-fragile portfolio of investments which enables us to generating sustained growth regardless of economic season. A major challenge that exists still, however, is the removal of Inter-Corporate Dividend (ICD) tax relief which has negatively impacted capital allocation efficiency and shareholder returns. Engro is actively engaging with policymakers and business forums to restore this relief, emphasizing global best practices and the long-term benefits for investment and corporatization in Pakistan.

future dividend distribution strategy:

Based on the capital requirements of our growth initiatives and various portfolio actions, we are in the process of reassessing our dividend distribution strategy. In order to support these strategic investments including the arrangement with PMCL / VEON for the 10,600+ towers, we would require retention of dividends to ensure availability of capital for all such investments. We firmly believe that these investments we undertake today will drive long-term value creation, ultimately delivering enhanced returns for our shareholders.

what does the future look like?

While the Government has initiated structural reforms, sustaining this momentum is critical. The short-term benefits of starting the reforms process should not distract from the long road ahead, which requires continued focus on privatization of key SOEs, deregulation across industries, market-based pricing of public goods, and strong fiscal discipline.

On the monetary front, we anticipate further easing, which should stimulate demand, reduce cost pressures, and encourage investment. However, this could exert pressure on external accounts, potentially leading to some currency depreciation. As long as policy measures remain measured and balanced, the net impact on the economy should be positive.

Unlike past years, where the primary risk stemmed from rising oil prices, current trends suggest a greater likelihood of relief on this front. This presents an opportunity to strengthen the external account rather than chase short-term gains.

Against this evolving macroeconomic backdrop, Engro Holdings is well-positioned to capitalize on emerging opportunities. With its new structure fully operational, we expect improved capital productivity, and in the medium to long term, shareholders stand to benefit significantly from the transformation.

financial report

financial performance

The Company's consolidated revenue grew by 14%, from PKR 356,742 million during 2023 to PKR 406,167 million. Consolidated PAT stood at PKR 43,245 million (PAT attributable to shareholders: PKR 12,890 million) compared to PKR 36,874 million (PAT attributable to shareholders: PKR 8,607 million) in 2023.

On a standalone basis, return on investments stood at PKR 14,415 million as compared to PKR 14,788 million in 2023, primarily due to lower dividend income partly offset by higher unrealized capital gain due to improved market performance. Further, the PAT for 2024 was PKR 9,854 million against PAT of PKR 10,350 million for the same period in the last year.

As per Article 7 of the Scheme of Arrangement approved by shareholders in their meeting on June 26, 2024, which became effective on January 1 2025, all assets, excluding shares of Engro Corporation Limited, amounting to PKR 16,941 million and liabilities amounting to PKR 6,879 million of Dawood Hercules Corporation Limited (now Engro Holdings Limited) were transferred to DH Partners Limited.

earnings per share

The unconsolidated earnings per share for the year 2024 were PKR 20.48 as compared to PKR 21.50 for the year 2023. Consolidated earnings per share for the year were PKR 26.78 (2023: PKR 20.67).

auditors

The present auditors, A.F. Ferguson & Co., Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting and are offering themselves for reappointment. The Audit Committee has recommended the re-appointment of A.F. Ferguson & Co., Chartered Accountants as auditors of Engro Holdings for the year ending 31 December 2025, and the Board has endorsed this recommendation.

shares traded, average prices and psx

During the year 24 million shares of Engro Holdings (DAWH) were traded on the PSX. The average price of Company's share based on the daily closing rate was PKR 149.1, while the 52 weeks low-high during 2024 was PKR 108.1 – 259.8 per share, respectively.

pattern of shareholding

The pattern of shareholding of Engro Holdings as at 31 December 2024, together with other necessary information, is available at the end of this report along with the proxy form.

market capitalization and book value

At the close of the year, the market capitalization of Engro Holdings was PKR 125,043 million (2023: PKR 51,806 million) with a market value of PKR 259.8 per share (2023: PKR 107.6) and the breakup value of PKR 69.34 per share (2023: PKR 59.37 per share).

appropriation

The total dividend attributable to the year is PKR 10.50 per share (105%) paid during the year.

entity rating

During 2024, PACRA reaffirmed the short-term and long-term credit rating of Engro Holdings in its annual review.

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

provident and gratuity funds

The funded retirement benefits of the employees of Engro Holdings are audited once a year and are adequately covered by appropriate investments. The value of the investments of the provident fund as per the unaudited accounts aggregated to PKR 4.13 million (2023: PKR 1.5 million).

Fair value of the assets of the funded defined benefit gratuity plan was PKR 18.81 million at 31 December 2024 (2023: PKR 13.95 million).

corporate governance

Engro Holdings remains committed to the high standards of corporate governance, conducting its business in line with the best practices of the Code of Corporate Governance and the Listing Regulations of the PSX, which specify the roles and responsibilities of the Board of Directors and Engro Holdings' management. For further details, please refer to the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019.

corporate social responsibility

Corporate Social Responsibility (CSR) is a fundamental aspect of the Company's ethics and policy, pursued consistently and with dedication. The Company has consistently led the way in voluntary CSR activities. To further institutionalize these efforts, we have developed an effective policy for sustainability and corporate social responsibility, in line with the SECP's CSR guidelines of 2013 and the Companies Act of 2017.

sustainability-related risks

The sustainability-related risks include climate change, the depletion of non-renewable resources and environmental degradation in general. By embracing operational practices, adopting renewable energy policies, and green initiatives, the Company aims to contribute to a sustainable future. The management has set specific and measurable ESG targets that align with the Company's strategic objectives to achieve greater sustainable resilience and positive social impact. We are trying to achieve these targets by embracing the three "C"s of Conservation, Community and Circular Economy.

diversity, equity, and inclusion (de&i)

With its diverse workforce and communities, the Company stands as an advocate for diversity, equity, and inclusion (DE&I). Promoting DE&I is a key priority for the Company and is integral to its sustainable and ethical business practices. As part of this commitment, the Company has established a comprehensive DE&I policy, which guides its efforts to increase gender and ethnic diversity throughout the organization. This includes implementing inclusive recruitment practices, such as utilizing diverse job boards and ensuring diverse interview panels.

risk management

Engro Holdings' activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Engro Holdings' overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Hence risk management policies are established to address the risks faced by Engro Holdings, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly keeping the market conditions and activities in perspective.

Board of Directors
The Board comprises of eight directors. The composition of the Board members is as follows:

Independent Directors 2

Non-Executive Directors:
• Male 4
• Female 1
• Executive Director 1

board meetings

During the year ended December 31, 2024, six (6) meetings of the Board, five (5) meetings of Board Audit Committee, one (1) meeting of Human Resource and Remuneration Committee and no meeting of Board Investment Committee were held. The attendance by each Director was as follows:

existing directors

Name of the Director	Meetings attended			
	Board Meetings	Board Audit Committee	Human Resource and Remuneration Committee	Board Investment Committee
Mr. Hussain Dawood	5/6	-	-	-
Mr. Abdul Samad Dawood	6/6	-	1/1	-
Ms. Sabrina Dawood	6/6	-	1/1	-
Mr. Muhammed Amin	5/6	5/5	-	-
Mr. Isfandiyar Shaheen	6/6	5/5	1/1	-
Mr. Zamin Zaidi	5/6	-	-	-
Mr. Muhammad Bilal Ahmed	6/6	5/5	-	-
Mr. Mohammad Shamoon Chaudry	6/6	-	-	-

directors' remuneration

Engro Holdings has a formal and transparent policy for the remuneration of the directors in accordance with the Articles of Association of the Company and the Companies Act 2017.

The remuneration, including the directors' fee for attending the Board or Board Committee Meeting, paid to the Directors and CEO, is disclosed on Note 26 to the Unconsolidated Financial Statements

statement of directors responsibility

The Directors confirm compliance with the Corporate and Financial Reporting Framework as per the Listing Regulations of the PSX as follows:

a. The financial statements prepared by the management of Engro Holdings present the state of affairs fairly, the result of operations, cash flows and change in equity.
b. Proper books of accounts of Engro Holdings have been maintained.
c. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departures therefrom have been adequately disclosed.

e. The system of internal controls is sound in design and has been effectively implemented and monitored.
f. There are no significant doubts upon Engro Holdings' ability to continue as a going concern.
g. Key operating and financial data for the last six years in summarized form are annexed to the report.

directors training program

The Company is compliant in respect of certification of directors under the Director's Training program.

related party transactions

In accordance with the requirements of the Code of Corporate Governance, Engro Holdings presented all related party transactions before the Audit Committee and the Board for their review and approval, respectively.

material changes due to subsequent events

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

acknowledgement

The Board expresses its gratitude to all shareholders for their confidence and support. We would like to thank all stakeholders, including but not limited to financial institutions for their support and cooperation and assure them of our commitment to look after their respective interests.

We would like to thank the management and employees for their sincere contributions towards the growth and prosperity of Engro Holdings.

Muhammed Amin
Director

Abdul Samad Dawood
Chief Executive Officer

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Holdings 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 Holdings Limited (Formerly Dawood Hercules Corporation Limited) for the year ended December 31, 2024 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, 2024.

AFFerguson & Co.

A. F. Ferguson &Co.
Chartered Accountants
Karachi

Date: March 24, 2025

UDIN: CR20241005620gmoKrfY

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

for the year ended december 31, 2024

Engro Holdings Limited (Formerly Dawood Hercules Corporation Limited)
For the year ended December 31, 2024

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight (8) as per the following:
a. Male: Seven (7)
b. Female: One (1)

2. The composition of Board as at December 31, 2024, was as follows:

Category	Name
Independent Directors	Mr. Muhammed Amin Mr. Isfandiyar Shaheen
Non-executive Directors	Mr. Hussain Dawood (Chairman) Mr. Abdul Samad Dawood (Vice Chairman) Ms. Sabrina Dawood (Female Director) Mr. Zamin Zaidi Mr. Muhammad Bilal Ahmed
Executive Director	Mr. Mohammad Shamoon Chaudry (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a director on more than seven 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 developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

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 meetings 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. The Company is compliant in respect of certification of directors under the Director's Training program;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the unconsolidated and consolidated financial statements before approval of the Board;

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

a) Board Audit Committee:

Name	Designation	Category
Mr. Muhammed Amin	Chairman	Independent Director
Mr. Isfandiyar Shaheen	Member	Independent Director
Mr. Muhammad Bilal Ahmed	Member	Non-Executive Director

b) Human Resource and Remuneration Committee:

Name	Designation	Category
Mr. Isfandiyar Shaheen	Chairman	Independent Director
Mr. Abdul Samad Dawood	Member	Non-Executive Director
Ms. Sabrina Dawood	Member	Non-Executive Director

c) Board Investment Committee:

Name	Designation	Category
Mr. Abdul Samad Dawood	Chairman	Non-Executive Director
Mr. Muhammed Amin	Member	Independent Director
Mr. Isfandiyar Shaheen	Member	Independent Director
Mr. Muhammad Bilal Ahmed	Member	Non-Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as follows:

    a) Board Audit Committee: Five (05) meetings held during the financial year ended on December 31, 2024.
    b) Human Resource and Remuneration Committee: One (01) meeting held during the financial year ended on December 31, 2024.
    c) Board Investment Committee: No meeting held during the financial year ended on December 31, 2024.

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

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

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

18. We confirm that all requirements of Regulation 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With respect to the compliance with Regulation 6, the Board has appointed two independent directors and the fraction one-third number was not rounded up to one as the two independent directors elected had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

The Board was also guided by the fact that as per Regulation 6 rounding up is not mandatory and the necessary explanation for not rounding-up as required under the Regulations have been included above; and

19. Explanation for the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

    a) Nomination and Risk management committees (regulations 29 and 30)

    The Functions of Nomination Committee and Risk Management Committee are being performed by Board and the Audit Committee respectively. Therefore, separate committees have not been formed.

    b) Environmental, Social and Governance (ESG) matters (regulation 10A)

    At present the Board provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters. The matter of establishment of a dedicated sustainability committee having at least one female director, as stated in the SECP's notification dated June 12, 2024, will be considered by the Board in due course.

Mr. Hussain Dawood
Chairman

Abdul Samad Dawood
Chief Executive Officer

Karachi
Date: **28th February 2025**

categories of shareholding
as at december 31, 2024

S. No.	Category of Shareholders	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	11,790,616	2.45%
2	Associated Companies, Undertakings and related Parties	4	144,380,928	30.00%
3	NIT and ICP	-	-	0.00%
4	Banks, Development Financial Institutions	9	8,513,045	1.77%
5	Insurance Companies	2	14,424,888	3.00%
6	Modarabas and Mutual Funds	3	693,218	0.14%
7	Shareholders holding 10%	1	77,931,896	16.19%
	General Public			
8	Local	3,590	22,576,836	4.69%
9	Foreign	-	-	0.00%
10	Foreign Companies	7	231,513,637	48.10%
11	Others	44	47,393,948	9.85%
Total (excluding shareholder holding 10% or more)		3,666	481,287,116	100%

pattern of shareholding
as at december 31, 2024

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
804	1	100	26,828
650	101	500	204,731
320	501	1,000	267,804
1,368	1,001	5,000	2,965,659
232	5,001	10,000	1,733,190
91	10,001	15,000	1,117,108
40	15,001	20,000	690,654
19	20,001	25,000	427,537
16	25,001	30,000	449,306
13	30,001	35,000	437,053
8	35,001	40,000	310,148
11	40,001	45,000	459,647
15	45,001	50,000	743,448
9	50,001	55,000	462,499
6	55,001	60,000	352,495
4	60,001	65,000	254,416
4	65,001	70,000	277,780
2	70,001	75,000	149,000
2	80,001	85,000	165,071
3	85,001	90,000	268,419
1	90,001	95,000	94,200
2	95,001	100,000	196,528
3	100,001	105,000	306,486
1	105,001	110,000	109,000
3	110,001	115,000	332,826
1	115,001	120,000	115,411
2	120,001	125,000	245,600
1	155,001	160,000	160,000
1	195,001	200,000	197,352

No. of Shareholdings			
No of Shareholders	From	To	Total Shares
1	200,001	205,000	202,442
1	230,001	235,000	231,000
2	245,001	250,000	500,000
1	260,001	265,000	260,192
1	335,001	340,000	336,072
1	340,001	345,000	344,500
1	360,001	365,000	362,500
1	390,001	395,000	392,000
1	495,001	500,000	500,000
2	555,001	560,000	1,117,905
1	620,001	625,000	621,192
1	870,001	875,000	875,000
1	995,001	1,000,000	1,000,000
1	1,790,001	1,795,000	1,790,316
1	2,220,001	2,225,000	2,220,100
1	2,995,001	3,000,000	3,000,000
1	3,995,001	4,000,000	3,998,097
1	4,225,001	4,230,000	4,226,200
1	5,905,001	5,910,000	5,906,612
1	5,995,001	6,000,000	6,000,000
1	12,200,001	12,205,000	12,204,788
1	18,990,001	18,995,000	18,991,988
1	19,025,001	19,030,000	19,027,350
1	19,970,001	19,975,000	19,971,463
2	36,240,001	36,245,000	72,481,592
2	38,375,001	38,380,000	76,752,016
1	43,280,001	43,285,000	43,281,216
1	45,790,001	45,795,000	45,790,435
1	47,450,001	47,455,000	47,450,048
1	77,930,001	77,935,000	77,931,896
3,666			**481,287,116**

operating highlights
six years at a glance

S.no	PARTICULARS	Unit	2019	2020	2021	2022	2023	2024
					Six year at Galance			
A)	**STATEMENT OF PROFIT OR LOSS**							
1	Sales Value	Rs. in Million	225,765	248,950	311,781	356,643	356,742	406,167
2	Gross Profit	Rs. in Million	68,599	76,081	99,391	104,682	107,273	97,675
3	Operating Profit	Rs. in Million	62,096	71,555	85,009	94,469	87,355	83,981
4	EBITDA	Rs. in Million	74,685	88,620	101,528	114,115	109,469	99,252
5	Profit Before Taxation	Rs. in Million	47,068	52,859	70,259	66,598	75,470	65,872
6	Profit After Taxation	Rs. in Million	29,787	42,351	50,735	42,920	36,874	43,245
B)	**DIVIDEND**							
1	Cash Dividend	%	130	90	95	150	180	105
2	Stock Dividend	%	-	-	-	-	-	-
C)	**STATEMENT OF FINANCIAL POSITION**							
1	Fixed assets	Rs. in Million	258,927	267,623	289,163	336,765	339,374	196,312
2	Long term investments	Rs. in Million	37,274	32,350	34,217	36,521	34,485	30,423
3	Current Assets	Rs. in Million	223,416	242,123	277,905	317,979	358,358	470,571
4	Current Liabilities	Rs. in Million	152,896	151,623	187,333	276,846	328,549	397,584
5	Paid Up Capital	Rs. in Million	4,814	4,814	4,813	4,813	4,813	4,813
6	Reserves	Rs. in Million	59,208	62,489	66,572	65,349	63,549	69,209
7	Non Controlling Interest	Rs. in Million	144,024	164,360	182,606	178,498	166,592	158,097
8	No. of Ordinary Shares	Million	481.29	481.29	481.29	481.29	481.29	481.29
D)	**RATIO ANALYSIS**							
1	Gross Profit	%	30.38	30.56	31.88	29.35	30.07	24.05
2	Net Profit to Sales	%	13.33	17.12	16.27	12.03	10.34	10.65
3	Operating Profit Margin	%	27.50	28.74	27.27	26.49	24.49	20.68
4	EBITDA margin	%	33.08	35.60	32.56	32.00	30.69	24.44
5	Earnings Per Share	Rs.	11.75	15.76	17.71	12.19	20.67	26.78
6	Inventory Turnover	Time	8.46	9.13	8.59	(8.16)	(7.80)	(8.24)
7	Age of Inventory	Days	43.13	39.96	42.49	(44.73)	(46.80)	(44.32)
8	Debtors Turnover	Time	6.41	4.85	5.65	5.45	4.86	8.61
9	Average Collection Period	Days	56.95	75.19	64.59	66.93	75.04	42.38
10	Operating Cycle	Days	100.07	115.15	107.08	22.20	28.24	(1.94)
11	Total Assets Turnover	Time	0.43	0.46	0.47	0.47	0.44	0.53
12	Fixed Assets Turnover	Time	0.87	0.93	1.08	1.06	1.05	2.07
13	Break-up Value of Share	Rs.	133.02	139.84	148.32	145.78	142.04	153.80
14	Dividend Yield	%	8.43	7.40	9.95	15.87	16.72	4.04

operating highlights
six years at a glance

S.no	PARTICULARS	Unit	2019	2020	2021	2022	2023	2024
					Six year at Galance			
15	Dividend Payout Ratio	%	20.80	10.16	9.01	16.82	23.49	**11.69**
16	Return on Equity	%	46.99	63.34	71.07	61.17	53.94	**58.42**
17	Debt Equity Ratio	Time	0.91	0.85	0.64	0.74	0.79	**0.73**
18	Current Ratio	Time	1.46	1.60	1.48	1.15	1.09	**1.18**
19	Quick Ratio	Time	1.33	1.48	1.32	1.04	0.99	**1.18**
20	Total Debt Ratio	Time	0.64	0.61	0.62	0.68	0.71	**0.70**
21	Interest Cover Ratio	Time	3.91	3.46	5.07	(3.32)	(6.42)	**(4.24)**
22	Dividend Cover Ratio	Time	4.81	9.84	11.10	5.95	4.26	**8.56**
23	Return on capital employed	%	46.99	63.34	29.04	30.45	27.24	**39.31**
24	Market Value per Share	Rs.	154.21	121.54	95.52	94.50	107.64	**259.81**
25	Market Capitalization	Rs. in Million	74,220	58,495	45,972	45,481	51,805	**125,043**
26	Price Earning Ratio	Times	13.12	7.71	5.39	7.75	5.21	**9.70**
E)	**PRODUCTION**							
1	Urea	Metric Tons	2,003,035	2,247,242	2,104,722	1,954,528	2,313,448	**2,147,025**
2	NPK	Metric Tons	134,784	140,552	144,564	137,075	96,328	**105,296**
3	PVC - Resin	Metric Tons	197,000	153,000	243,000	239,000	230,000	**212,000**
4	EDC	Metric Tons	110,000	79,000	94,000	102,000	100,000	**100,000**
5	Caustic Soda	Metric Tons	105,000	77,000	92,000	97,000	96,000	**95,000**
6	Caustic Flakes	Metric Tons	4,000	2,000	8,000	9,000	13,000	**14,000**
7	VCM	Metric Tons	184,000	148,000	203,000	219,000	224,000	**216,000**
8	Power	Mega watts	3,097,604	3,097,604	5,076,068	4,454,614	4,493,430	**4,440,184**
9	Milling/Drying unit of rice processing plant	Metric Tons	93,689	132,115	148,839	87,856	12,995	**-**
F)	**OTHERS**							
1	Employees	Nos.	2,658	2,799	2,866	2,836	2,763	**2,621**
2	Capital Expenditure	Rs. in Million	46,996	18,718	20,521	40,855	22,913	**24,530**

horizontal analysis

statement of financial position

Particulars	2019	2020	2021	2022	2023	2024	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22	24 over 23
	------------ Rs. in million ------------						------------ Percentage change ------------					
Share Capital and Reserves												
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,813	**4,813**	-	-	-	-	-	**-**
Revenue reserves	59,208	62,489	66,572	65,349	63,549	**69,209**	-5%	6%	7%	-2%	-3%	**9%**
Non-Controlling interest	144,024	164,360	182,606	178,498	166,592	**158,097**	7%	14%	11%	-2%	-7%	**-5%**
Share holder's equity with FVR	208,045	231,662	253,991	248,660	234,954	**232,119**	3%	11%	10%	-2%	-6%	**-1%**
Non Current Liabilities	212,698	217,755	221,378	240,032	252,289	**139,634**	53%	2%	2%	8%	5%	**-45%**
Sub Total	420,743	449,417	475,369	488,692	487,243	**371,753**	23%	7%	6%	3%	0%	**-24%**
Current Liabilities												
Current portion - long term borrowings	22,096	30,008	23,110	27,700	28,580	**7,441**	85%	36%	-23%	20%	3%	**-74%**
Current portion - lease Liabilities	4,444	4,955	6,132	9,062	10,637	**11,010**	100%	12%	24%	48%	17%	**4%**
Short term financing - secured	15,511	12,505	29,765	39,472	31,640	**33,895**	134%	-19%	138%	33%	-20%	**7%**
Trade and other payables	103,382	86,953	96,365	125,869	183,043	**102,703**	102%	-16%	11%	31%	45%	**-44%**
Accrued interest / mark-up	3,457	1,434	1,416	2,922	2,808	**2,421**	46%	-59%	-1%	106%	-4%	**-14%**
Provision for taxation	3,439	2,783	9,549	19,066	13,694	**1,072**	-59%	-19%	243%	100%	-28%	**-92%**
Liabilities classified as held for sale	-	-	-	-	-	**206,999**	-	-	-	-	-	**100%**
Others	566	13,075	20,996	52,755	58,147	**32,043**	156%	2209%	61%	151%	10%	**-45%**
Sub Total	152,896	151,713	187,333	276,846	328,549	**397,584**	90%	-1%	23%	48%	19%	**21%**
Total	573,639	601,130	662,702	765,538	815,792	**769,337**	36%	5%	10%	16%	7%	**-6%**

Particulars	2019	2020	2021	2022	2023	2024	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22	24 over 23
Assets												
Property, plant and equipment including intangible assets	258,927	267,623	289,163	336,765	339,374	**196,312**	24%	3%	8%	16%	1%	**-42%**
Right-of-use assets	4,927	7,054	9,831	13,369	13,142	**8,191**	100%	43%	39%	36%	-2%	**-38%**
Net Investment in leases	45,564	44,557	45,204	52,160	56,961	**47,783**	100%	-2%	1%	15%	9%	**-16%**
Long term investments	37,274	32,350	34,217	36,521	34,485	**30,423**	18%	-13%	6%	7%	-6%	**-12%**
Long term loans, advances and other receivables	3,305	2,110	2,616	3,817	4,926	**5,621**	-19%	-36%	24%	46%	29%	**14%**
Others	228	5,241	3,766	4,927	8,546	**10,436**	-41%	2199%	-28%	31%	73%	**22%**
Sub Total	350,224	358,936	384,797	447,559	457,434	**298,766**	43%	2%	7%	16%	2%	**-35%**
Current Assets												
Stores, spares and loose tools	7,637	9,069	9,310	9,835	12,939	**13,522**	-1%	19%	3%	6%	32%	**5%**
Contract Asset	5,313	5,715	5,453	14,124	16,880	**4,016**	100%	8%	-5%	159%	20%	**-76%**
Current portion of net investment in leases	2,544	3,255	4,005	5,683	7,887	**8,501**	100%	28%	23%	42%	39%	**8%**
Stock in trade	19,913	17,938	31,513	30,243	33,737	**41,177**	16%	-10%	76%	-4%	12%	**22%**
Trade debts	51,817	50,750	59,598	71,195	75,498	**18,827**	178%	-2%	17%	19%	6%	**-75%**
Loans, advances, deposits, prepayments, accrued income and other receivables	23,041	23,216	31,255	45,268	64,133	**26,536**	36%	1%	35%	45%	42%	**-59%**
Short term investments	90,594	107,344	95,903	96,636	78,630	**82,072**	-12%	18%	-11%	1%	-19%	**4%**
Assets classified as held for sale	1,326	67	-	-	1,525	**262,859**	100%	-95%	-100%	-	100%	**17137%**
Cash and bank balances	21,230	24,838	40,868	44,995	67,129	**13,061**	75%	17%	65%	10%	49%	**-81%**
Sub Total	223,415	242,194	277,905	317,979	358,358	**470,571**	27%	8%	15%	14%	13%	**31%**
Total Assets Employed	573,639	601,130	662,702	765,538	815,792	**769,337**	36%	5%	10%	16%	7%	**-6%**

vertical analysis

statement of financial position

Particulars	2019	2020	2021	2022	2023	2024	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22	24 over 23
	Rs. in million						Percentage change					
Share Capital and Reserves												
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,813	**4,813**	1%	1%	1%	1%	1%	**1%**
Revenue reserves	59,208	62,489	66,572	65,349	63,549	**69,209**	10%	10%	10%	9%	8%	**9%**
Non-Controlling interest	144,024	164,360	182,606	178,498	166,592	**158,097**	25%	27%	28%	23%	20%	**21%**
Share holder's equity with FVR	208,045	231,662	253,991	248,660	234,954	**232,119**	36%	39%	38%	32%	29%	**30%**
Non Current Liabilities	212,698	217,755	221,378	240,032	252,289	**139,634**	37%	36%	33%	31%	31%	**18%**
Sub Total	420,743	449,417	475,369	488,692	487,243	**371,753**	73%	75%	72%	64%	60%	**48%**
Current Liabilities												
Current portion - long term borrowings	22,096	30,008	23,110	27,700	28,580	**7,441**	4%	5%	3%	4%	4%	**1%**
Current portion - lease Liabilities	4,444	4,955	6,132	9,062	10,637	**11,010**	1%	1%	1%	1%	1%	**1%**
Short term financing - secured	15,511	12,505	29,765	39,472	31,640	**33,895**	3%	2%	4%	5%	4%	**4%**
Trade and other payables	103,382	86,953	96,365	125,869	183,043	**102,703**	18%	14%	15%	16%	22%	**13%**
Accrued interest / mark-up	3,457	1,434	1,416	2,922	2,808	**2,421**	1%	0%	0%	0%	0%	**0%**
Provision for taxation	3,439	2,783	9,549	19,066	13,694	**1,072**	1%	0%	1%	2%	2%	**0%**
Liabilities classified as held for sale	-	-	-	-	-	**206,999**	0%	0%	0%	0%	0%	**27%**
Others	566	13,075	20,996	52,755	58,147	**32,043**	0%	2%	3%	7%	7%	**4%**
Sub Total	152,896	151,713	187,333	276,846	328,549	**397,584**	27%	25%	28%	36%	40%	**52%**
Total	573,639	601,130	662,702	765,538	815,792	**769,337**	100%	100%	100%	100%	100%	**100%**

Particulars	2019	2020	2021	2022	2023	2024	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22	24 over 23
Assets												
Property, plant and equipment including intangible assets	258,927	267,623	289,163	336,765	339,374	**196,312**	45%	45%	44%	44%	42%	**26%**
Right-of-use assets	4,927	7,054	9,831	13,369	13,142	**8,191**	1%	1%	1%	2%	2%	**1%**
Net Investment in leases	45,564	44,557	45,204	52,160	56,961	**47,783**	8%	7%	7%	7%	7%	**6%**
Long term investments	37,274	32,350	34,217	36,521	34,485	**30,423**	6%	5%	5%	5%	4%	**4%**
Long term loans, advances and other receivables	3,305	2,110	2,616	3,817	4,926	**5,621**	1%	0%	0%	0%	1%	**1%**
Others	228	5,241	3,766	4,927	8,546	**10,436**	0%	1%	1%	1%	1%	**1%**
Sub Total	350,224	358,936	384,797	447,559	457,434	**298,766**	61%	60%	58%	58%	56%	**39%**
Current Assets												
Stores, spares and loose tools	7,637	9,069	9,310	9,835	12,939	**13,522**	1%	2%	1%	1%	2%	**2%**
Contract Asset	5,313	5,715	5,453	14,124	16,880	**4,016**	1%	1%	1%	2%	2%	**1%**
Current portion of net investment in leases	2,544	3,255	4,005	5,683	7,887	**8,501**	0%	1%	1%	1%	1%	**1%**
Stock in trade	19,913	17,938	31,513	30,243	33,737	**41,177**	3%	3%	5%	4%	4%	**5%**
Trade debts	51,817	50,750	59,598	71,195	75,498	**18,827**	9%	8%	9%	9%	9%	**2%**
Loans, advances, deposits, prepayments, accrued income and other receivables	23,041	23,216	31,255	45,268	64,133	**26,536**	4%	4%	5%	6%	8%	**3%**
Others	-	-	-	-	-	**-**	0%	0%	0%	0%	0%	**0%**
Short term investments	90,594	107,344	95,903	96,636	78,630	**82,072**	16%	18%	14%	13%	10%	**11%**
Investment - Held for sale	1,326	67	-	-	1,525	**262,859**	0%	0%	0%	0%	0%	**34%**
Cash and bank balances	21,230	24,838	40,868	44,995	67,129	**13,061**	4%	4%	6%	6%	8%	**2%**
Sub Total	223,415	242,194	277,905	317,979	358,358	**470,571**	39%	40%	42%	42%	44%	**61%**
Total Assets Employed	573,639	601,130	662,702	765,538	815,792	**769,337**	100%	100%	100%	100%	100%	**100%**

horizontal analysis

statement of profit or loss

Particulars	Rs. in million						Percentage change					
	2019	2020	2021	2022	2023	**2024**	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22	**24 over 23**
Net sales	225,765	248,883	311,781	356,643	356,742	**406,167**	32%	10%	25%	14%	0%	**14%**
Cost of sales	(157,167)	(172,940)	(212,390)	(251,961)	(249,469)	**(308,492)**	30%	10%	23%	19%	-1%	**24%**
Gross profit	68,598	75,943	99,391	104,682	107,273	**97,675**	34%	11%	31%	5%	2%	**-9%**
Selling and distribution expenses	(8,103)	(7,845)	(7,819)	(9,326)	(11,502)	**(15,922)**	-5%	-3%	0%	19%	23%	**38%**
Administrative expenses	(7,671)	(9,265)	(9,995)	(12,967)	(15,903)	**(15,989)**	16%	21%	8%	30%	23%	**1%**
Other operating expenses	(7,400)	(5,381)	(9,234)	(9,238)	(7,011)	**(4,619)**	67%	-27%	72%	0%	-24%	**-34%**
Other income	16,672	19,347	12,666	21,318	16,938	**21,633**	-24%	16%	-35%	68%	-21%	**28%**
Loss Allowance on Subsidy Receivable by Government of Pakistan	-	(1,239)	(558)	(523)	(2,440)	**1,203**	0%	0%	-55%	-6%	367%	**-149%**
	(6,502)	(4,383)	(14,940)	(10,736)	(19,918)	**(13,694)**	-164%	-33%	241%	-28%	86%	**-31%**
Operating profit	62,096	71,560	84,451	93,946	87,355	**83,981**	16%	15%	18%	11%	-7%	**-4%**
Finance cost	(16,176)	(21,495)	(17,419)	(29,461)	(13,931)	**(20,319)**	155%	33%	-19%	69%	-53%	**46%**
Remeasurement loss on provision for GIDC	-	-	(1,402)	(1,103)	-	**-**	0%	0%	100%	-21%	-100%	**0%**
Share of profit of associates & Joint Ventures	1,148	2,796	3,227	3,216	2,046	**2,210**	790%	144%	15%	0%	-36%	**8%**
	(15,028)	(18,699)	(15,594)	(27,348)	(11,885)	**(18,109)**	142%	24%	-17%	75%	-57%	**52%**
Profit before taxation	47,068	52,861	68,857	66,598	75,470	**65,872**	-1%	12%	30%	-3%	13%	**-13%**
Taxation & Levy	(16,982)	(10,232)	(19,554)	(23,678)	(41,116)	**(26,735)**	19%	-40%	91%	21%	74%	**-35%**
Proft / (loss) from discontinued Operation	-	(300)	(279)	29	2,520	**4,108**						
Profit after taxation	30,086	42,329	49,024	42,949	36,874	**43,245**	-9%	41%	16%	-12%	-14%	**17%**

vertical analysis

statement of profit or loss

Particulars	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
	Rs. in million						Percentage change					
Net sales	225,765	248,883	311,781	356,643	356,742	**406,167**	100%	100%	100%	100%	100%	**100%**
Cost of sales	(157,167)	(172,940)	(212,390)	(251,961)	(249,469)	**(308,492)**	-70%	-69%	-68%	-71%	-70%	**-76%**
Gross profit	68,598	75,943	99,391	104,682	107,273	**97,675**	30%	31%	32%	29%	30%	**24%**
Selling and distribution expenses	(8,103)	(7,845)	(7,819)	(9,326)	(11,502)	**(15,922)**	-4%	-3%	-3%	-3%	-3%	**-4%**
Administrative expenses	(7,671)	(9,265)	(9,995)	(12,967)	(15,903)	**(15,989)**	-3%	-4%	-3%	-4%	-4%	**-4%**
Other operating expenses	(7,400)	(5,381)	(9,234)	(9,238)	(7,011)	**(4,619)**	-3%	-2%	-3%	-3%	-2%	**-1%**
Other income	16,672	19,347	12,666	21,318	16,938	**21,633**	7%	8%	4%	6%	5%	**5%**
Loss Allowance on Subsidy Receivable by Government of Pakistan	-	(1,239)	(558)	(523)	(2,440)	**1,203**	0%	0%	0%	0%	-1%	**0%**
	(6,502)	(4,383)	(14,940)	(10,736)	(19,918)	**(13,694)**	-3%	-2%	-5%	-3%	-6%	**-3%**
Operating profit	62,096	71,560	84,451	93,946	87,355	**83,981**	28%	29%	27%	26%	24%	**21%**
Finance cost	(16,176)	(21,495)	(17,419)	(29,461)	(13,931)	**(20,319)**	-7%	-9%	-6%	-8%	-4%	**-5%**
Remeasurement loss on provision for GIDC	-	-	(1,402)	(1,103)	-	**-**	0%	0%	0%	0%	0%	**0%**
Share of profit of associates & Joint Ventures	1,148	2,796	3,227	3,216	2,046	**2,210**	1%	1%	1%	1%	1%	**1%**
	(15,028)	(18,699)	(15,594)	(27,348)	(11,885)	**(18,109)**	-7%	-8%	-5%	-8%	-3%	**-4%**
Profit before taxation	47,068	52,861	68,857	66,598	75,470	**65,872**	21%	21%	22%	19%	21%	**16%**
Taxation & Levy	(16,982)	(10,232)	(19,554)	(23,678)	(41,116)	**(26,735)**	-8%	-4%	-6%	-7%	-12%	**-7%**
Proft / (loss) from discontinued Operation	-	(300)	(279)	29	2,520	**4,108**	0%	0%	0%	0%	1%	**1%**
Profit after taxation	30,086	42,329	49,024	42,949	36,874	**43,245**	13%	17%	16%	12%	10%	**11%**

statement of value addition

Rs. in million	2024		2023	
wealth generated				
Total gross revenue & other income	630,939		569,665	
Brought in materials and services	(387,584)		(319,082)	
Total value addition	243,355		250,583	
wealth distributed				
To Employees (Salaries, wages & benefits)	16,587	7%	16,974	7%
To Government (Income Tax, sales tax & wwf)	104,307	43%	86,469	35%
To Society Donation towards education, health, environment and natural disaster	1,987	0.8%	1,455	0.6%
To Providers of Capital				
Dividend to shareholders	64,000	26%	50,557	20%
Mark-up/interest expense on borrowed money	35,659	15%	44,865	18%
Retained for reinvestment and future growth Depreciation, amortization, adjustment in respect of thermal assets and retained profit	20,815	9%	50,262	20%
	243,355		**250,583**	

investor relations

Trading Performance During the Financial Period	2024
Opening price (Rs. / share)	110.79
Closing price (Rs. / share)	259.81
Highest closing price (Rs. / share)	259.81
Lowest closing price (Rs. / share)	108.08
Turnover of shares - transaction volume per annum (million shares)	24.84
Turnover of shares - average daily volume traded (million shares)	0.10

Total Shareholder Return	
1-year period (01 January 2024 to 31 December 2024)	143.1%
3-year period (01 January 2022 to 31 December 2024)	57.2%
5-year period (01 January 2020 to 31 December 2024)	22.5%

financial calendar

Financial Year ended December 31, 2024	
April 30, 2024	Announcement of first quarter results
August 23, 2024	Announcement of second quarter results
October 29, 2024	Announcement of third quarter results
March 03, 2025	Announcement of fourth quarter results
April 26, 2024	56th Annual General Meeting

financial statements

standalone financial statements

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Holdings Limited (formerly Dawood Hercules Corporation Limited)

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Engro Holdings Limited (formerly Dawood Hercules Corporation Limited) (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2024 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 Unconsolidated 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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.	**Return on investments – net** (Refer note 19 to the annexed unconsolidated financial statements) Dividend income amounting to Rs 6,666.606 million and unrealised gain on quoted shares amounting to Rs 7,676.542 million represent 46% and 53% of the Company's return on investments for the year, respectively. Given the fact that there is presumed risk of misstatement in the revenue recognition in the context of the audit of the unconsolidated financial statements, the dividend income and unrealised gain on quoted shares remained our focus areas throughout the audit, hence a key audit matter.	Our audit procedures, amongst others, included the following: • Obtained an understanding of the Company's process relating to recognition of dividend income and unrealised gain on quoted shares. • Agreed, on a sample basis: - the Company's entitlement for the dividend income and the related receipts to the bank statements; and - the market value of the Company's investment in quoted shares prevalent at the reporting date. • Tested cut-off relating to the dividend income using independent data source.

Information Other than the Financial Statements and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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.

pwc

A·F·FERGUSON&Co.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 unconsolidated 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 unconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the unconsolidated 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 unconsolidated 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.

pwc

A·F·FERGUSON&Co.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Osama Moon.

Afferguson &Co

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 24, 2025

UDIN: AR202410056NMgdzrjX3

unconsolidated statement of financial position

as at december 31, 2024

(Amounts in thousand)	Note	2024 ....Rupees....	2023 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	39,921	44,485
Right-of-use assets	6	5,735	22,938
Investment properties	7	48,268	50,680
Long-term investments	8	23,309,927	23,308,927
		23,403,851	23,427,030
CURRENT ASSETS			
Advances, deposits and prepayments	9	12,015	11,301
Other receivables	10	28,516	101,972
Short-term investments	11	16,546,268	8,550,096
Cash and bank balances	12	260,773	33,123
		16,847,572	8,696,492
TOTAL ASSETS		40,251,423	32,123,522
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorised share capital	13	12,500,000	10,000,000
Issued, subscribed and paid-up share capital	13	4,812,871	4,812,871
Reserves		28,559,335	23,760,295
TOTAL EQUITY		33,372,206	28,573,166
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	14	-	7,870
Defined benefit liabilities	15	7,633	5,103
Deferred taxation	16	2,012,564	213,490
		2,020,197	226,463
CURRENT LIABILITIES			
Current portion of lease liabilities	14	7,870	20,002
Trade and other payables	17	1,095,892	350,801
Unclaimed dividend		1,000,870	901,814
Taxation - net		2,754,388	2,051,276
		4,859,020	3,323,893
TOTAL LIABILITIES		6,879,217	3,550,356
TOTAL EQUITY AND LIABILITIES		40,251,423	32,123,522
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Farooq Barkat Ali	**Abdul Samad Dawood**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

unconsolidated statement of profit or loss

for the year ended december 31, 2024

(Amounts in thousand except for earnings per share)	Note	2024 ....Rupees....	2023 (Restated)
Return on investments - net	19	14,414,780	14,788,132
Administrative expenses	20	(283,100)	(229,135)
Gross profit		14,131,680	14,558,997
Other (expenses) / income - net	21	(699,479)	93,028
Operating profit		13,432,201	14,652,025
Finance costs	22	(2,853)	(326,848)
Profit before taxation and levy		13,429,348	14,325,177
Levy	23	(337,237)	(379,238)
Profit before taxation		13,092,111	13,945,939
Taxation	23	(3,237,720)	(3,596,166)
Profit after taxation		9,854,391	10,349,773
Earnings per share – basic and diluted	24	20.48	21.50

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Farooq Barkat Ali	**Abdul Samad Dawood**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

unconsolidated statement of comprehensive income

for the year ended december 31, 2024

(Amounts in thousand)	Note	2024	....Rupees.... 2023
Profit after taxation		9,854,391	10,349,773
Other comprehensive (loss) / income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement (loss) / gain relating to defined benefit liabilities	15.10	(1,836)	1,807
Total comprehensive income for the year		9,852,555	10,351,580

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Farooq Barkat Ali
Chief Financial Officer

Abdul Samad Dawood
Chief Executive Officer

Muhammed Amin
Director

unconsolidated statement of changes in equity

for the year ended december 31, 2024

(Amounts in thousand)

	Issued, Subscribed And Paid-up Capital	Revenue reserves			
	Ordinary shares	General reserve	Unappropriated profit	Sub-total revenue reserves	Total
	--------Rupees--------				
Balance as at January 1, 2023	4,812,871	700,000	21,371,883	22,071,883	26,884,754
Total comprehensive income for the year ended December 31, 2023					
Profit after taxation	-	-	10,349,773	10,349,773	10,349,773
Other comprehensive income	-	-	1,807	1,807	1,807
	-	-	10,351,580	10,351,580	10,351,580
Transactions with owners					
1st interim cash dividend @ 150% for the year ended December 31, 2023 (Rs 15 per ordinary share)	-	-	(7,219,307)	(7,219,307)	(7,219,307)
2nd interim cash dividend @ 10% for the year ended December 31, 2023 (Re 1 per ordinary share)	-	-	(481,287)	(481,287)	(481,287)
3rd interim cash dividend @ 20% for the year ended December 31, 2023 (Rs 2 per ordinary share)	-	-	(962,574)	(962,574)	(962,574)
	-	-	(8,663,168)	(8,663,168)	(8,663,168)
Balance as at December 31, 2023	4,812,871	700,000	23,060,295	23,760,295	28,573,166
Total comprehensive income for the year ended December 31, 2024					
Profit after taxation	-	-	9,854,391	9,854,391	9,854,391
Other comprehensive income	-	-	(1,836)	(1,836)	(1,836)
	-	-	9,852,555	9,852,555	9,852,555
Transactions with owners					
1st interim cash dividend @ 50% for the year ended December 31, 2024 (Rs 5 per ordinary share)	-	-	(2,406,436)	(2,406,436)	(2,406,436)
2nd interim cash dividend @ 30% for the year ended December 31, 2024 (Rs 3 per ordinary share)	-	-	(1,443,861)	(1,443,861)	(1,443,861)
3rd interim cash dividend @ 25% for the year ended December 31, 2024 (Rs 2.5 per ordinary share)	-	-	(1,203,218)	(1,203,218)	(1,203,218)
	-	-	(5,053,515)	(5,053,515)	(5,053,515)
Balance as at December 31, 2024	4,812,871	700,000	27,859,335	28,559,335	33,372,206

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Farooq Barkat Ali
Chief Financial Officer

Abdul Samad Dawood
Chief Executive Officer

Muhammed Amin
Director

unconsolidated statement of cash flows

for the year ended december 31, 2024

(Amounts in thousand)	Note	2024	2023
		....Rupees....	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operations	27	(132,158)	(47,753)
Mark-up paid on short term running finance		-	(478,866)
Taxes and levy paid		(1,072,771)	(2,012,514)
Defined benefit liabilities paid	15.8	(3,922)	(3,603)
Short-term investments purchased and redeemed - net		(297,862)	5,582,702
Dividends received	19.1	6,666,606	11,605,108
Interest received on bank deposits and TDRs		31,857	27,978
Net cash generated from operating activities		5,191,750	14,673,052
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5.1	(4,942)	(191)
Proceeds from disposal of property and equipment		670	1,626
Long-term investments in DHPL		(1,000)	-
Net cash (used) / generated from investing activities		(5,272)	1,435
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid during the year		(22,376)	(20,344)
Dividends paid		(4,954,459)	(8,143,032)
Net cash used in financing activities		(4,976,835)	(8,163,376)
Net increase in cash and cash equivalents		209,643	6,511,111
Cash and cash equivalents at the beginning of the year		51,130	(6,459,981)
Cash and cash equivalents at the end of the year	28	260,773	51,130

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Farooq Barkat Ali	Abdul Samad Dawood	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

notes to and forming part of the unconsolidated financial statements

for the year ended december 31, 2024

(Amounts in thousand)

1. the company and its operations

1.1 Engro Holdings Limited (formerly Dawood Hercules Corporation Limited) (the Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange (PSX). The principal activity of the Company is to manage investments including in its subsidiaries. The registered office of the Company is situated at Dawood Center, M.T. Khan Road, Karachi and a liaison office is in Islamabad.

In view of the Scheme of Arrangement detailed in note 1.4, the Company's members at the Extraordinary General Meeting held on December 18, 2024, authorized the change of the Company's name from "Dawood Hercules Corporation Limited" to "Engro Holdings Limited."

1.2 Based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) - 10 'Consolidated Financial Statements', the Company continues to conclude that although the Company has less than 50% voting rights in Engro Corporation Limited (ECL), yet, based on the absolute size of the Company's shareholding, the relative size of other shareholdings and the number of representation on ECL's Board of Directors, the Company has the ability to exercise control over ECL. Accordingly, the Company is deemed to be the Holding Company of ECL.

1.3 These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

1.4 During the year, the Company, along with ECL and DH Partners Limited (DHPL) filed a petition in the Islamabad High Court (IHC) in respect of a Scheme of Arrangement (the Scheme) under which it was envisaged that:

i) the Company shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of ECL as specified in the Scheme shall vest into DHPL against which DHPL shall issue its shares to the existing shareholders of the Company in the same proportion in which they hold shares in the Company;

(Amounts in thousand)

ii) shares held by the shareholders of ECL, other than the Company, ("the Transferred Shareholders") shall vest with and into the Company (i.e., ECL shall become a wholly owned subsidiary of the Company) in exchange whereof the Company shall issue shares in its share capital to the Transferred Shareholders in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in ECL indirectly through the Company; and

iii) name of the Company shall be changed to "Engro Holdings Limited".

The Scheme was sanctioned by the IHC on July 18, 2024 and it has became effective as of January 1, 2025 i.e. subsequent to the year end.

1.5 As part of the Scheme certain expenses (including those relating to increase in authorized capital of DHPL) aggregating to Rs 73.946 million have been incurred and borne by the Company.

2. basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention unless otherwise mentioned in accounting policies herein.

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

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

2.2. Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

a) Amendments to accounting and reporting standards and interpretation / guidance that became effective during the year

There are certain amendments to accounting and reporting standards that became applicable to the Company during the year. These do not have any material impact on the

Company's financial reporting and, therefore, have not been disclosed in these financial statements, except that during the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). In accordance with the Guidance, the Company has changed its accounting policy to recognise final tax being charged on dividend on investments in mutual funds and quoted shares as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which previously being recognised as 'Income tax'.

The Company has accounted for the effects of this change in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these unconsolidated financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	..........Rupees..........		
Effect on unconsolidated statement of profit or loss			
For the year ended December 31, 2024			
Levy	-	337,237	337,237
Profit before taxation	13,429,348	(337,237)	13,092,111
Taxation	(3,574,957)	337,237	(3,237,720)
Profit after taxation	9,854,391	-	9,854,391
For the year ended December 31, 2023			
Levy	-	379,238	379,238
Profit before taxation	14,325,177	(379,238)	13,945,939
Taxation	(3,975,404)	379,238	(3,596,166)
Profit after taxation	10,349,773	-	10,349,773
Effect on unconsolidated statement of financial position			
As at December 31, 2024			
Trade and other payables	834,350	261,542	1,095,892
Taxation - net	3,015,930	(261,542)	2,754,388
As at December 31, 2023			
Trade and other payables	79,491	271,310	350,801
Taxation - net	2,322,586	(271,310)	2,051,276

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after tax and earnings per share, basic and diluted. Further, there is no material impact on the opening balances as at January 1, 2023.

In addition to this, an amendment to the Fourth schedule to the Companies Act, 2017 has been made with respect to Shariah based disclosures, due to which note 30 has been added to these unconsolidated financial statements.

b) New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Company

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after January 1, 2025. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

3. material accounting policy information

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

3.1 Property and equipment

These are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any except for leasehold land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of assets.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other costs are charged to profit or loss in the year in which such are incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

(Amounts in thousand)

All repairs and maintenance are charged to profit or loss during the financial period in which such costs are incurred. Major renewals and improvements, if any, are capitalised in accordance with IAS 16 'Property, Plant and Equipment' and depreciated in a manner that best represents the consumption pattern.

Disposal of assets is recognised when significant risks and rewards incidental to ownership have been transferred to the buyer. The gain and loss on disposal is determined by comparing the proceeds with the carrying amount and is recognised in profit or loss for the year.

Depreciation is charged to profit or loss applying the straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 5 to these unconsolidated financial statements. Depreciation on additions is charged from the following month in which the asset is available for use and on disposals up to the month the asset is no longer in use. The assets' residual values and useful lives are reviewed annually, and adjusted, if material.

3.2 Investment properties

Investment properties, principally comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the Company comprises of land and building and is valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

Depreciation is charged to profit or loss applying the straight line method so as to write off the historical cost of the investment properties over their estimated useful lives at the rates stated in note 6 to these unconsolidated financial statements. Depreciation on additions is charged from the following month in which the asset is available for use and on disposals up to the month the investment properties are no longer in use.

The residual values and useful lives of investment properties are reviewed annually and adjusted, if material.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as income or expense in the statement of profit or loss.

3.3 Investment in subsidiary

Subsidiary is an entity over which the Company 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 Company controls another entity. Further, while evaluating control, the Company also considers whether:

- it has power over the investee entity;

- it has exposure, rights, to variable returns from its involvement with the investee entity; and

- it has ability to use its power over the investee entity to affect the amount of the Company's returns.

Investment in subsidiary is classified as long-term investments and stated at cost less accumulated impairment losses, if any.

3.4 Financial assets and liabilities

3.4.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt instrument that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the year in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortised cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company’s right to receive payments is established.

All purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the financial asset.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.4.2 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

3.4.3 Impairment

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried other than at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment loss (or reversal of impairment), the amount of expected credit losses (or reversal of impairment) that is required to adjust the loss allowance at the reporting date. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) 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 recognised as an expense in the profit or loss.

The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks 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 (i.e. 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 amortisation, if no impairment loss had been recognised.

3.5 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, balances with banks in current and savings account, other short-term highly liquid investments with original maturities of three months or less.

3.6 Staff retirement benefits

3.6.1 Defined benefit plan

The Company operates defined benefit plans i.e. funded gratuity scheme for all its permanent employees who have completed minimum service of prescribed period.

Actuarial valuation for funded gratuity scheme is carried out every year using the projected unit credit method. Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognised in other comprehensive income.

3.7 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.8 Dividend and appropriation to reserves

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

3.9 Levy and Income tax

Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 and accordingly have been classified as levy in these unconsolidated financial statements, except for taxes on dividends on the Company's investments in subsidiaries and associates which are specifically within the scope of IAS 12 and hence these continue to be categorised as current income tax.

Income tax

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

- **Current income tax**

  The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001, after taking into account tax credit available, if any.

- **Deferred income tax**

  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.

3.10 Contingent liabilities

Contingent liabilities are disclosed when:

- there is a possible obligation that arises from past events and 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 Company; or

- there is a present 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 the obligation cannot be measured reliably.

(Amounts in thousand)

3.11 Revenue recognition

- Dividend income is recognised when the Company's right to receive dividend is established, i.e. on the date of book closure of the investee company declaring the dividend.

- Returns on bank deposits are accrued on a time proportion basis by reference to the outstanding principal amounts and the applicable rates of return.

- Income on Market Treasury Bills and Term Deposit Receipts (TDRs) is accrued using the effective interest yield method.

- Gains and losses arising on disposal of investments are included in income in the year in which these are disposed of.

- Unrealised gains and losses arising on revaluation of securities classified as 'fair value through profit or loss' are included in the unconsolidated statement of profit or loss in the year in which these arise respectively.

3.12 Earnings per share

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

3.13 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency.

4. significant accounting estimates, judgements and assumptions

The preparation of these unconsolidated financial statements in conformity with the accounting and reporting standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting astimates are recognised in the year in which the estimate is revised and any future years affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to these unconsolidated financial statements:

(Amounts in thousand)

4.1 Income taxes

In making the estimates for current income tax 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.

4.2 Impairment of investment in subsidiary

In making an estimate of impairment, the management considers on a annual basis whether an indication of impairment exists. In case an indication exists, the recoverable amount of investment is calculated.

4.3 Contingencies and provisions

Significant estimates and judgements are being used by the management in case of contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

4.4 Fair value of investments

The Company determines fair value of its investments (classified at fair value through profit or loss) 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.

5. property and equipment

	Note	2024	2023
		....Rupees....	
Operating fixed assets	5.1	39,921	44,485

(Amounts in thousand)

5.1 The following is the statement of operating fixed assets:

	Leasehold land	Building on leasehold land	Leasehold improvements	Furniture, fittings and equipment (note 5.1.2)	Data processing equipment	Vehicles	Total
				----Rupees----			
At January 1, 2023							
Cost	22,716	36,121	10,852	65,962	75,035	63,136	273,822
Accumulated depreciation	-	(7,784)	(8,709)	(23,182)	(69,242)	(54,289)	(163,206)
Net book value	22,716	28,337	2,143	42,780	5,793	8,847	110,616
Year ended December 31, 2023							
Additions	-	-	-	191	-	-	191
Disposals							
Cost	-	-	-	(2,188)	(5,770)	(12)	(7,970)
Accumulated depreciation	-	-	-	2,136	5,535	12	7,683
Net book value	-	-	-	(52)	(235)	-	(287)
Transfer to investment properties (note 7.1)							
Cost	(22,716)	(36,121)	(10,852)	-	-	-	(69,689)
Accumulated depreciation	-	7,784	8,709	-	-	-	16,493
Net book value	(22,716)	(28,337)	(2,143)	-	-	-	(53,196)
Depreciation charge for the year (note 20)	-	-	-	(5,888)	(3,624)	(3,327)	(12,839)
Net book value as at December 31, 2023	-	-	-	37,031	1,934	5,520	44,485
Year ended December 31, 2024							
Additions	-	-	-	938	3,674	330	4,942
Disposals							
Cost	-	-	-	(1,039)	(3,350)	(7,297)	(11,686)
Accumulated depreciation	-	-	-	865	3,313	7,078	11,256
Net book value	-	-	-	(174)	(37)	(219)	(430)
Depreciation charge for the year (note 20)	-	-	-	(5,585)	(1,500)	(1,991)	(9,076)
Net book value as at December 31, 2024	-	-	-	32,210	4,071	3,640	39,921
At December 31, 2023							
Cost	-	-	-	63,965	69,265	63,124	196,354
Accumulated depreciation	-	-	-	(26,934)	(67,331)	(57,604)	(151,869)
Net book value	-	-	-	37,031	1,934	5,520	44,485
At December 31, 2024							
Cost	-	-	-	63,864	69,589	56,157	189,610
Accumulated depreciation	-	-	-	(31,654)	(65,518)	(52,517)	(149,689)
Net book value	-	-	-	32,210	4,071	3,640	39,921
Annual rate of depreciation (%)	-	5	10	10 - 12.5	33.3 - 50	20	

(Amounts in thousand)

5.1.1 Cost of items of property and equipment that are fully depreciated as at December 31, 2024 amounted to Rs 116.216 million (2023: Rs 123.474 million).

5.1.2 This includes assets placed at the office of a related party, Dawood Investments (Private) Limited, the cost and net book value of which are as follows:

	2024		2023	
Class of Assets	**Cost**	**Net book value**	**Cost**	**Net book value**
	----Rupees----			
Furniture, fittings and equipment	8,262	5,462	8,262	4,602

6. right-of-use assets - property

	Note	2024 ....Rupees....	2023
Net book value as at December 31	6.1	5,735	22,938

6.1 Reconciliation of carrying amount at beginning and end of the year

	Note	2024	2023
Cost at the beginning of the year		51,610	51,610
Accumulated depreciation			
At the beginning of the year		(28,672)	(11,469)
Depreciation charge for the year	20	(17,203)	(17,203)
At December 31		(45,875)	(28,672)
Net book value		5,735	22,938
Annual rate of depreciation (%)		33.33	33.33

7. investment properties

	Note	2024 ....Rupees....	2023
Net book value as at December 31	7.1	48,268	50,680

(Amounts in thousand)

7.1 Reconciliation of carrying amount at beginning and end of the year

	Note	Leasehold land	Building on leasehold land	Leasehold improvements	Total
		----Rupees----			
Year ended December 31, 2023					
Cost					
At the beginning of the year		-	-	-	-
Additions / transfers during the year		22,716	36,121	10,852	69,689
At December 31		22,716	36,121	10,852	69,689
Accumulated depreciation					
At the beginning of the year		-	-	-	-
Transfer from property and equipment		-	(7,784)	(8,709)	(16,493)
Depreciation charge for the year	20	-	(1,431)	(1,085)	(2,516)
At December 31		-	(9,215)	(9,794)	(19,009)
Net book value		22,716	26,906	1,058	50,680
Year ended December 31, 2024					
Cost					
At the beginning of the year		22,716	36,121	10,852	69,689
Additions / transfers during the year		-	-	-	-
At December 31		22,716	36,121	10,852	69,689
Accumulated depreciation					
At the beginning of the year		-	(9,215)	(9,794)	(19,009)
Depreciation charge for the year	20	-	(1,431)	(981)	(2,412)
At December 31		-	(10,646)	(10,775)	(21,421)
Net book value		22,716	25,475	77	48,268
Annual rate of depreciation (%)		-	5 - 10	5 - 10	

7.2 Fair value of the investment properties as at the reporting date amounted to Rs 1,413.19 million (2023: Rs 1,384.32 million), which has been determined by external valuer M/s Savills on the basis of market value. The Company's investment properties are situated at 68, Margalla Road, F - 6/2, Islamabad having a total area of 2,700 square yards.

(Amounts in thousand)

8. long-term investments

	Note	2024 ....Rupees....	2023
Investment in subsidaries - at cost	8.1	23,309,927	23,308,927
Other investments - at fair value through profit or loss	8.2	-	-
		23,309,927	23,308,927

8.1 Investment in subsidiaries - at cost

	Note	2024	2023
Engro Corporation Limited (ECL) - quoted 214,469,810 (2023: 214,469,810) ordinary shares of Rs 10 each. Percentage of holding 39.97% (2023: 39.97%)	8.1.1, 8.1.2 & 8.1.4	23,308,927	23,308,927
DH Partners Limited (DHPL) - unquoted 100,000 (2023: Nil) ordinary shares of Rs 10 each. Percentage of holding 100% (2023: Nil)	8.1.3 & 8.1.4	1,000	-
		23,309,927	23,308,927

8.1.1 The market value of investment in ECL as at December 31, 2024 was Rs 95,499 million (2023: Rs 63,249 million).

8.1.2 The details of shares of ECL pledged as security are as follows:

	As at December 31, 2024			As at December 31, 2023		
	Number of hares pledged	Face value of pledged shares	Market value of pledged shares	Number of shares pledged	Face value of pledged shares	Market value of pledged shares
	----------Rupees----------					
Pledged in favour of Fatima Fertilizer Company Limited against potential liabilities of DH Fertilizer Limited						
Meezan Bank Limited - as agent (note 18.1.1)	-	-	-	10,491,800	104,918	3,094,137

8.1.3 As disclosed in note 1.4 to these unconsolidated financial statements and pursuant to the Scheme of Arrangement, DHPL has been incorported and registered under the Companies Act, 2017, as a public unlisted company and a wholly owned subsidiary of the Company. Subsequent to the year end on February 3, 2025, DHPL became listed on the Pakistan Stock Exchange (PSX).

(Amounts in thousand)

8.1.4 Investment in these subsidiaries are Shariah compliant investment of the Company.

8.2 Other investments - at fair value through profit or loss

	Note	2024 ....Rupees....	2023
e2e Business Enterprises (Private) Limited - unquoted [23,770,701 (2023: 23,770,701) ordinary shares of Rs 10 each] Percentage of holding 39.00% (2023: 39.00%)	8.2.1	237,707	237,707
Less: Accumulated impairment		(237,707)	(237,707)
		-	-

8.2.1 The Company had made aggregate investment amounting to Rs 238 million during the years 2013 and 2014 in e2e Business Enterprises (Private) Limited (e2eBE) representing an equity interest of 39%. e2eBE was set up for the production, sale and marketing of Rice Bran Oil (RBO) and was planned to start commercial operations in year 2014.

However, due to certain issues it has not been able to start the commercial operations of the project till date. Further, due to financial and liquidity issues, it has not been able to service its outstanding loans and working capital requirements.

The Company disposed of part of its shareholding i.e. 19.86%, in e2eBE during the year 2015. However, the said disposal was not recorded by e2eBE in its register of members. The Company informed the Securities and Exchange Commission of Pakistan (the SECP) about this matter through its letters dated May 12, 2016 and January 22, 2018.

In view of the pending registration of the transfer of shares in the name of the transferee, during 2020, the Company on the basis of legal advice, entered into an agreement dated May 8, 2020 with the transferee whereby it was agreed to reverse the original share sale-purchase transaction in a manner that the disposed 19.86% shares shall revert to the Company as if those were never sold to the transferee. Accordingly, the sales proceeds amounting to Rs 2 million received by the Company against the disposal of 19.86% shares in e2eBE were returned to the transferee. The Company through its letter dated April 10, 2020 withdrew the matter lodged with the SECP against e2eBE related to its failure to transfer 19.86% shares in the name of the transferee. Further, an intimation to this effect has been made to e2eBE through the Company's letter dated May 15, 2020.

The Company has assessed the carrying amount of its investment in e2eBE in accordance with the requirements of the applicable accounting and reporting standards and the investment has been fully impaired as the possibility of commencement of operations of e2eBE is considered remote.

(Amounts in thousand)

9. advances, deposits and prepayments

	Note	2024	....Rupees.... 2023
Considered good - unsecured			
Advances			
- to employees		150	179
- related party	9.1	3,017	3,017
- to suppliers		384	506
		3,551	3,702
Deposits		2,614	1,614
Prepayments		5,850	5,985
		12,015	11,301

9.1 This represents Rs 3.017 million (2023: Rs 3.017 million) due from The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2023: Rs 3.017 million).

10. other receivables

	Note	2024	....Rupees.... 2023
Receivables from related parties	10.1, 10.2 & 10.3	28,366	19,604
Receivable from Reon Energy Limited	10.5	80	45,751
Receivable from EMPAK		-	34,080
Interest accrued on investments		-	2,486
Others		70	51
		28,516	101,972

10.1 The details of amount due from related parties are as follows:

	Note	2024	....Rupees.... 2023
Dawood Corporation (Private) Limited		575	5,410
Dawood Lawrencepur Limited		2,450	173
Inbox Business Technologies (Private) Limited		2,411	1,066
Sach International (Private) Limited		621	578
Tenaga Generasi Limited		2,318	294
Engro Corporation Limited		11,537	909
Dawood Investments (Private) Limited		983	5,439
Pebbles (Private) Limited		-	17
Cyan Limited		1,023	2,107
DH Partners Limited		2,837	-
Others	10.4	3,611	3,611
		28,366	19,604

10.2 The ageing analysis of amounts due from related parties is as follows:

	2024	....Rupees.... 2023
upto 30 days	20,953	8,020
31 to 180 days	3,750	4,047
181 to 365 days	2	680
more than 365 days	3,661	6,857
	28,366	19,604

10.3 The maximum aggregate amount of 'other receivables' due from related parties month during the year was Rs 67.239 million (2023: Rs 131 .251 million). Receivables upto 30 days are not considered past due and none of these are impaired.

10.4 These are due from Mr. Hussain Dawood and Mr. Abdul Samad Dawood (i.e. members of key management personnel of the Company).

10.5 Reon Energy Limited was the related party of the Company upto October 7, 2024.

11. short-term investments

	Note	2024	....Rupees.... 2023
At amortised cost			
Term Deposit Receipt (TDR)		-	18,007
At fair value through profit or loss			
Mutual funds units		-	617,560
Quoted shares	11.1 & 11.2	16,546,268	7,914,529
		16,546,268	8,532,089
		16,546,268	8,550,096

11.1 Particulars regarding quoted shares are as follows:

(Amounts in thousand)

	As at January 1, 2024	Purchased during the year	Bonus shares received during the year	Sold during the year	As at December 31, 2024	Average cost as at December 31, 2024	Fair value as at December 31, 2024	Unrealised gain for the year ended, December 31, 2024
	Number of shares					(Rupees in '000)		
Banking, Insurance and Investment companies	21,216,723	200,000	-	1,300,000	20,116,723	3,516,846	7,127,011	3,610,165
Exploration and production	15,374,445	3,586,000	1,440,560	295,823	20,105,182	2,354,505	5,009,838	2,655,333
Technology and communication	10,935,577	1,583,099	-	-	12,518,676	1,880,645	2,814,062	933,417
Cement	2,272,028	50,000	-	1,600,000	722,028	581,386	794,585	213,199
Oil Marketing companies	1,000,000	-	-	250,000	750,000	132,525	330,518	197,993
Pharmaceuticals	-	337,264	-	-	337,264	213,404	244,541	31,137
Fertilizer	-	463,493	-	-	463,493	139,356	169,787	30,431
Synthetic & Rayon	-	2,600,000	-	-	2,600,000	51,059	55,926	4,867
Textile	400,000	-	-	400,000	-	-	-	-
						8,869,726	16,546,268	7,676,542

11.2 The fair value of investments in shariah compliant quoted shares as at December 31, 2024 aggregated Rs 10,219 million (2023: Rs 4,425 million).

12. cash and bank balances

		2024	2023
		....Rupees....	
Cash in hand		334	331
With banks in:			
- Current accounts	12.2	20,548	18,262
- Savings accounts	12.1 & 12.2	239,891	14,530
		260,439	32,792
		260,773	33,123

12.1 These carry markup at the rates ranging from 10% to 13.50% (2023: 14.51% to 20.50%) per annum.

12.2 These include shariah compliant bank balances amounting to Rs 0.126 million (2023: Rs 0.117 million).

13. share capital

13.1 Authorised share capital

2024	2023		2024	2023
....Number of Shares....			............Rupees............	
1,250,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	12,500,000	12,500,000

(Amounts in thousand)

During the year and in pursuance of the matter stated in note 1.4 to these unconsolidated financial statements, the authorized share capital of the Company has been increased from Rs 10 billion, divided into 1 billion ordinary shares of Rs 10 each to Rs 12.5 billion, divided into 1.25 billion ordinary shares of Rs 10 each. The new 250 million ordinary shares of Rs 10 each shall rank pari passu in every respect with the existing ordinary shares of the Company.

13.2 Issued, subscribed and paid-up share capital

2024	2023		2024	2023
....Number of Shares....			............Rupees............	
13,900,000	13,900,000	Ordinary shares of Rs 10 each fully paid in cash	139,000	139,000
467,387,116	467,387,116	Ordinary shares of Rs 10 each issued as fully paid bonus shares	4,673,871	4,673,871
481,287,116	481,287,116		4,812,871	4,812,871

13.3 During the year, there has been no movement in the issued, subscribed and paid-up ordinary share capital of the Company.

13.4 Shares held by related parties as at reporting date:

	2024	2023
	....Rupees....	
Dawood Lawrencepur Limited Percentage of holding 16.19% (2023: 16.19%)	77,931,896	77,931,896
The Dawood Foundation Percentage of holding 3.95% (2023: 3.95%)	18,991,988	18,991,988
Dawood Investments (Private) Limited Percentage of holding 9.86% (2023: 9.86%)	47,450,048	47,450,048
Sach International (Private) Limited Percentage of holding 0.001% (2023: 0.001%)	6,996	6,996
Directors, Chief Executive Officer and their spouses and minor children (note 13.4.1) Percentage of holding 3.67% (2023: 3.88%)	17,697,228	18,697,228

13.4.1 This represents shareholding held by Directors and CEO who were holding such positions as at reporting date.

(Amounts in thousand)

14. lease liabilities

	2024 ....Rupees....	2023
Non-current portion	-	7,870
Current portion	7,870	20,002
Total lease liabilities as at December 31	7,870	27,872
Maturity analysis		
- within 1 year	8,005	22,377
- between 1 - 2 years	-	8,005
Total minimum lease payments	8,005	30,382
Amount representing finance charges	(135)	(2,510)
Present value of minimum lease payments	7,870	27,872

15. defined benefit liabilities

		2024 ....Rupees....	2023
Defined benefit plan - Funded gratuity	15.1 - 15.17	7,633	5,103

15.1 As stated in note 3.6.1, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all of its permanent employees subject to attainment of minimum service of prescribed period. The latest actuarial valuation was carried out as at December 31, 2024.

15.2 The Company faces the following risks on account of the defined benefit 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 - Investments 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 plan assets.

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.

(Amounts in thousand)

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

15.3 The projected unit credit method using the following significant assumptions was used for this valuation:

15.3 The projected unit credit method using the following significant assumptions was used for this valuation:

	2024 ...per anum...	2023
- Discount rate used for year end obligation	12.25%	15.50%
- Expected rate of increase in salary levels	12.25%	14.50%

15.4 Mortality rate

The rates assumed were based on the SLIC 2001-2005 with 1 year setback mortality table.

15.5 The net liability carried in the statement of financial position comprise of the following:

	Note	2024 ....Rupees....	2023
Present value of defined benefit obligation	15.6	26,446	19,050
Fair value of plan assets	15.7	(18,813)	(13,947)
Net liability as at December 31		7,633	5,103

15.6 Movement in present value of defined benefit obligation

	2024	2023
Obligation as at January 1	19,050	15,708
Current service cost	4,130	3,731
Interest cost	2,843	2,093
Benefits paid	(1,408)	(2,546)
Remeasurement loss on obligation	1,831	64
Obligation as at December 31	26,446	19,050

15.7 Movement in fair value of plan assets

	2024	2023
Fair value as at January 1	13,947	9,557
Interest income	2,357	1,462
Contributions made	3,922	3,603
Benefits paid	(1,408)	(2,546)
Remeasurement (loss) / gain on plan assets	(5)	1,871
Fair value as at December 31	18,813	13,947

(Amounts in thousand)

15.8 Movement in net liability

Opening balance of net liability		5,103	6,151
Charge for the year	15.9	4,616	4,362
Contributions made by the Company		(3,922)	(3,603)
Net remeasurement loss / (gain) for the year	15.10	1,836	(1,807)
Closing balance of net liability		7,633	5,103

15.9 Amounts recognised in profit or loss

Current service cost	4,130	3,731
Net interest expense	486	631
	4,616	4,362

15.10 Remeasurement recognised in other comprehensive income

	2024	2023
	....Rupees....	
Remeasurement loss on defined benefit liability due to experience adjustments	551	18
Actuarial loss from changes in financial assumptions	1,280	46
Remeasurement loss / (gain) on plan assets	5	(1,871)
Net remeasurement loss / (gain)	1,836	(1,807)

15.11 Amounts recognised in profit or loss

Expected return on plan assets	2,357	1,462
Remeasurement (loss) / gain on plan assets	(5)	1,871
Actual gain on plan assets	2,352	3,333

15.12 Major categories / composition of plan assets

	2024		2023	
	(Rupees)	(Percentage)	(Rupees)	(Percentage)
Cash and cash equivalents	4,050	21.53%	11,793	84.56%
	14,763	78.47%	2,154	15.44%
Mutual fund units - quoted	18,813	100.00%	13,947	100.00%

15.13 Expected benefits to be paid to the funded gratuity during the year ending December 31, 2025 amount to Rs 2.637 million (2024: Rs 2.374 million).

(Amounts in thousand)

15.14 The weighted average duration of the defined benefit obligation is 6 years.

15.15 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is set out below:

	Change in assumptions	Present value of defined benefit obligation based on Increase	Decrease
		...........Rupees..........	
Discount rate	1%	(1,424)	1.540
Salary growth rate	1%	1,572	(1,479)

15.16 Maturity Profile

	2024	2023
	....Rupees....	
Time in years		
1	2,637	2,374
2	2,684	2,456
3	2,722	2,545
4	2,799	2,637
5-10	42,381	44,094
after 10 years	169,168	230,906

15.17 The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the unconsolidated statement of financial position.

16. deferred taxation

	2024	2023
	....Rupees....	
Deferred tax liability arising on taxable temporary differences:		
Unrealised gain on fair value through profit or loss investments	2,012,564	213,490

(Amounts in thousand)

17. trade and other payables

Creditors		104	-
Accrued expenses	17.1	72,156	48,619
Security deposit	17.2	18,000	18,000
Payable against provident fund		-	779
Payable to Sindh Workers Welfare Fund	18.1.6	733,351	-
Levy payable		261,542	271,310
Other payable		10,739	12,093
		1,095,892	350,801

17.1 These include amount accrued in respect of the following related party:

The Dawood Foundation	517	21,200

17.2 This represent interest free security deposit received from Engro Corporation Limited, a related party, against investment properties provided to them by the Company under rental agreement. This security deposit is repayable on cancellation or termination of rental agreement and can also be adjusted against the amount of rent due.

18. contingencies and commitments

18.1 Contingencies

18.1.1 The Company had previously pledged 15.131 million shares of Engro Corporation Limited (ECL) with Meezan Bank Limited (as agent) in favor of Fatima Fertilizer Company Limited (FFCL) as collateral against guarantees issued in favor of DH Fertilizer Limited (DHFL, now FFCL) relating to potential tax liabilities, WPPF liabilities, and WWF liabilities for periods ending on or prior to June 30, 2015, as disclosed in note 8.1.2 to these unconsolidated financial statements. These pledged shares were to be released upon completion of two years from the filing date of the Income Tax Return for the year ended December 31, 2015, i.e., September 30, 2016, in the absence of any demand/notice from the relevant authorities.

During the year ended December 31, 2018, 4.639 million shares out of the total 15.131 million shares of ECL were released following the expiration of the specified period concerning WPPF liabilities.

In line with the previous arrangements, the Company had issued a corporate guarantee which remained in effect for five years and would be released upon final settlement or disposal of the aforementioned tax liabilities.

During the year, the Company has replaced all pledged shares of ECL, which were previously held as collateral for guarantees in favor of FFCL, with alternative security provided by

(Amounts in thousand)

Dawood Investments (Private) Limited (DIPL), an associated company. This replacement of collateral was carried out in accordance with the Scheme as disclosed in note 1.4 to these unconsolidated financial statements.

DIPL pledged 21.625 million shares of its investment in the Company with Meezan Bank Limited as agent on behalf of FFCL. The Company, DIPL and FFCL have agreed that the terms of the Share Pledge and Escrow Agreement, including provisions for the release of pledged shares, will apply mutatis mutandis to these alternative shares, i.e., shares of Engro Holdings Limited.

18.1.2 During the year ended December 31, 2017, the Company's ex-subsidiary was served with an order dated May 2, 2017 from the Additional Commissioner of Inland Revenue (CIR) – Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.65 million.

The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, taxation of capital gain on sale of shares of ECL and HUBCO to the Company and levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy CIR served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternate Corporate Tax) was worked out to be Rs 1,051.140 million.

Additionally, the CIR filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof. The appeal against the order of CIRA is still pending. Meanwhile, the ex-subsidiary has also obtained stay from the Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect in these unconsolidated financial statements.

18.1.3 During the year ended December 31, 2017, the Company received a show cause notice dated May 11, 2017 from the CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders in respect of the aforementioned matters with the instructions to the taxation authorities to not finalise the proceedings until the cases were disposed of.

CIRA issued an order on December 13, 2021, wherein CIRA accepted management's contention with regard to super tax on intercorporate dividend. Accordingly, CIRA has directed CIR to adjust the order to the extent of Rs 547 million on account of super tax on intercorporate dividend.

On January 31, 2023, the High Court of Sindh disposed of the petition by directing the Company to respond to the department against the show cause notice initially issued, within 60 days from the date of the court order. The department was directed to pass an order after hearing the Company in accordance with the law. Both the Company and department have to follow the tax appeals' procedure with respect to the above mentioned notice. Accordingly, the Company submitted its response to the department against the showcause notice initially issued, however, the department has not yet passed an order as directed by the High Court of Sindh.

The management and the tax consultant of the Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these unconsolidated financial statements.

18.1.4 During the years 2020 and 2021, in relation to tax years 2019 and 2020 tax demands amounting to Rs 109.196 million and Rs 159.66 million respectively were made to the Company as the taxation authorities were of the view that the Company's interest income did not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business' and hence the common expenses incurred by the Company can be allocated to such income.

In addition to this, during year 2023, the Company has been asked by the tax authorities to reassess the income tax return filed by it for tax year 2021 in view of the above-mentioned matter.

In case of the Company's appeals before the Commissioner Inland Revenue (Appeals) (CIRA) for the tax years i.e. 2019 and 2020, it was decided that these are 'income from other sources' rather than 'Income from business'. However, CIRA accepted management's contention with respect to apportionment of administrative expenses and finance cost to profit on debt and directed the tax officer to reassess the apportionment accordingly. The Company has filed appeals for these tax years before the Appellate Tribunal Inland Revenue (ATIR), the adjudication of which is pending to date. The Company's management is expecting a favorable outcome of these appeals. However, on a prudence basis, an amount of Rs 109 million against the demand raised for tax year 2019 (being the first of such demands) is being maintained by the Company.

18.1.5 The Company filed its annual tax return for the Tax Years 2023 and 2024 within the due date. However, with respect to super tax applicable under section 4C of the Income Tax Ordinance 2001, the Company filed a petition before the Islamabad High Court on the grounds that tax on income falling under the Final Tax Regime is deducted at the time of receipt of income and is deemed full and final, therefore, no further tax should be applicable on such income. Stay order was granted by the Islamabad High Court. The department filed an appeal before the Supreme Court against the stay order. The case had been heard and decision is reserved.

The Company on a prudent basis is continuing to carry a provision for super tax in these unconsolidated financial statements.

18.1.6 On July 29, 2024, the Company received a notice from the Sindh Revenue Board (SRB) demanding Rs 392 million for the tax years 2022 and 2023 as contribution under the Sindh Workers Welfare Fund Act, 2014 (SWWF Act, 2014). The notice stated that industrial establishments in Sindh are required to contribute under SWWF Act, 2014.

A response dated September 10, 2024 to the above notice was submitted to SRB stating that (i) the Company is a trans-provincial entity hence being subjected to laws promulgated by the Federal Government; and (ii) is engaged in investment activities having no workers. Accordingly, the Company is not liable to pay the said contribution. No further correspondence has been received by the Company after that.

However, based on an internal assessment, the Company's management has decided to recognise provision amounting to Rs 733.351 million on account of the contribution under the SWWF Act, 2014 relating to the financial years 2022 to 2024.

Subsequent to the year end, the High Court of Sindh in its judgment dated January 21, 2025, has held that WWF contributions for trans-provincial entities should remain under federal control until a mutually agreed mechanism is established. However, the Company's management has continued with its assessment to maintain the aforementioned provision based on the grounds that the Company was not a petitioner in the case decided by the High Court of Sindh and the decision is subject to appeal / review at higher forums.

18.2 Commitments

18.2.1 There were no commitments as at December 31, 2024 and December 31, 2023.

(Amounts in thousand)

19. return on investments - net

	Note	2024	2023
		....Rupees....	
Dividend income	19.1 & 19.2	6,666,606	11,605,108
Interest income	19.3	34,893	20,733
Gain on sale of mutual funds units		60,296	21,969
(Loss) / gain on sale of quoted shares	19.4	(23,557)	12,873
Loss on sale of Pakistan Investment Bonds (PIBs)		-	-
Unrealised gain on mutual funds units		-	11,854
Unrealised gain on quoted shares	11.1 & 19.5	7,676,542	3,115,595
		14,414,780	14,788,132

19.1 Dividend income

	Note	2024	2023
Subsidiary - Engro Corporation Limited		5,576,215	10,080,081
Other investments	19.1.1	1,090,391	1,525,027
		6,666,606	11,605,108

19.1.1 Dividend income from other investments

	2024	2023
Meezan Bank Limited	116,241	60,125
Habib Bank Limited	-	1,500
United Bank Limited	718,671	1,091,439
Interloop Limited	800	5,477
Lucky Cement Limited	10,080	13,950
Engro Fertilizers Limited, a related party	-	13,649
Oil & Gas Development Company Limited	103,292	19,837
Pakistan Petroleum Limited	73,337	6,509
Pakistan State Oil Company Limited	7,500	7,500
The Hub Power Company Limited	-	26,920
Systems Limited	15,351	4,102
Mari Petroleum Company Limited	44,797	28,688
MCB Bank Limited	-	213,208
Bank Alfalah Limited	-	31,892
Pakistan Oilfields Limited	-	214
MCB Cash Management Optimizer	39	17
Al-Hamra Cash Management Optimizer	266	-
Alhamra Islamic Income Fund	15	-
UBL Cash Fund	2	-
	1,090,391	1,525,027

19.2 These include dividend income earned on shariah compliant securities amounting to Rs 5,948 million (2023: Rs 10,267 million).

(Amounts in thousand)

19.3 Interest income

	Note	2024	2023
		....Rupees....	
Income on T-Bills		3,036	3,466
Return on TDR		3,460	2,876
Profit on savings accounts	19.3.1	28,397	14,391
		34,893	20,733

19.3.1 This includes profit earned from shariah compliant bank deposits and bank balances amounting to Rs 0.011 million (2023: Rs 0.002 million).

19.4 These include realised loss on shariah compliant securities amounting to Rs 29.145 million (2023: gain of Rs 379.428 million).

19.5 These include unrealised gain earned on shariah compliant securities amounting to Rs 4,359 million (2023: Rs 567 million).

20. administrative expenses

	Note	2024	2023
		....Rupees....	
Salaries, directors' remuneration and other benefits	20.1	79,726	85,601
Rates and taxes		461	746
Insurance		4,767	2,587
Repairs and maintenance		8,074	7,865
Utilities		3,456	1,926
Communication, stationery and office supplies		11,047	10,101
Subscription and periodicals		63,076	53,097
Travelling and conveyance		9,611	9,295
Depreciation on property and equipment	5.1	9,076	12,839
Depreciation on right-of-use assets	6.1	17,203	17,203
Depreciation on investment property	7.1	2,412	2,516
Legal and professional charges		28,077	2,248
Donations	20.2	572	986
Other expenses		45,542	22,125
		283,100	229,135

20.1 Salaries, directors' remuneration and other benefits include Rs 4.616 million (2023: Rs 4.362 million) charge for the year in respect of staff gratuity and Rs 7.012 million (2023: Rs 6.770 million) in respect of recognised provident fund.

20.2 These include donations made during the year to The Dawood Foundation (an associated undertaking) aggregating Rs 0.460 million (2023: Rs 0.486 million) in which the Company's directors Mr. Hussain Dawood, Mr. Abdul Samad Dawood and Ms. Sabrina Dawood are trustees.

(Amounts in thousand)

21. other (expenses) / income - net

		2024 ....Rupees....	2023
Rental income earned from investment properties		43,560	75,600
Gain on disposal of operating fixed assets		240	1,339
Others		14,578	20,792
		58,378	97,731
Sindh Workers Welfare Fund	18.1.6	(733,351)	-
Auditor's remuneration	21.1	(24,506)	(4,703)
		757,857)	(4,703)
		699,479)	93,028

21.1 Auditor's remuneration

	2024	2023
Fee for:		
- audit of annual financial statements	1,296	1,080
- review of half yearly financial information	425	387
- certifications, taxation and other services	20,181	2,908
	21,902	4,375
Out of pocket expenses and sales tax	2,604	328
	24,506	4,703

22. finance costs

	2024	2023
Mark-up on:		
- Short-term running finance	-	321,200
- Lease liabilities	2,374	4,806
Bank charges	479	842
	2,853	326,848

23. levy and taxation

		2024	2023
Levy	23.1	337,237	379,238
Taxation	23.2	3,237,720	3,596,166
Total levy and taxation		3,574,957	3,975,404

23.1 This represents final taxes paid under section 5 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

(Amounts in thousand)

23.2 Taxation

	2024 ....Rupees....	2023
Current		
- for the year	1,438,646	2,555,418
- for prior year	-	522,323
	1,438,646	3,077,741
Deferred	1,799,074	518,425
	3,237,720	3,596,166

23.3 Relationship between tax expense and accounting profit

	2024 ....Rupees....	2023
Profit before taxation	13,092,111	13,945,939
Tax calculated at the rate of 29% (2023: 29%)	3,796,712	4,044,322
Tax effect of:		
Levy being seperately classified	97,799	109,979
Income on which levy is charged	(302,511)	(379,238)
Income taxed at reduced rate	(1,173,964)	(1,626,732)
Super tax	573,550	1,168,617
Prior year charge	-	522,323
Others	246,134	(243,105)
	3,237,720	3,596,166

24. earnings per share

	2024 ....Rupees....	2023
Profit after taxation	9,854,391	10,349,773
	(Number of Shares)	
Weighted average number of ordinary shares (in thousand)	481,287,116	481,287,116
	...........Rupees...........	
Earning per share - basic and diluted	20.48	21.50

24.1 There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023.

(Amounts in thousand)

25. remuneration of chief executive, directors and executives

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

	2024			2023		
	Director		Executives	Director		Executives
	Chief Executive Officer	Others		Chief Executive Officer	Others	
	----------------------------------	Rupees	----------------------------------			
Managerial remuneration	18,368	-	18,128	15,656	-	23,412
Bonus	-	-	2,414	12,000	-	1,583
Staff retirement gratuity	1,530	-	1,510	1,304	-	1,953
Provident Fund	2,755	-	2,719	2,348	-	3,508
Housing and Utilities	10,103	-	9,970	8,611	-	12,877
Medical	1,530	-	1,510	1,304	-	1,948
Others	613	-	605	522	-	783
	34,899	-	36,856	41,745	-	46,064
Number of persons including those who worked part of the year	1	5	7	1	10	15

25.1 The chief executive officer is provided with Company owned and maintained car.

25.2 Meeting fees aggregating Rs 10.25 million (2023: Rs 11 million) were paid to 5 directors (2023: 10 directors).

25.3 The Company considers its chief executive officer, chief financial officer and the directors as its key management personnel.

26. related party transactions and balances

26.1 The related parties comprises of subsidiaries, associated companies, related group companies, key management personnel (KMP) / directors of the Company, companies in which directors are interested, staff retirement benefits and close members of the family of KMP. The Company, in the normal course of business, carries out transactions with various related parties on mutually agreed terms.

26.2 Following are the details of subsidiaries, associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

(Amounts in thousand)

Name of Related Party	Direct shareholding %	Relationship	
Engro Corporation Limited	Subsidiary	N/A	Common directorship
DH Partners Limited	Subsidiary	N/A	Common directorship
Dawood Lawrencepur Limited	Associated company	16.19%	Common directorship
Cyan Limited	Associated company	N/A	Common directorship
Inbox Business Technologies Limited	Associated company	N/A	Common directorship
The Dawood Foundation	Associated company	3.95%	Common directorship
Dawood Corporation (Private) Limited	Associated company	N/A	Common directorship
Sach International (Private) Limited	Associated company	0.001%	Common directorship
Tenaga Generasi Limited	Associated company	N/A	Common directorship
Reon Alpha (Private) Limited	Associated company	N/A	Common directorship
Dawood Investments (Private) Limited	Associated company	9.86%	Common directorship
Pakistan Business Council	Associated undertaking	N/A	Common directorship
FrieslandCampina Engro Pakistan Limited	Associated company	N/A	Common directorship
Endeavor Pakistan	Associated company	N/A	Common directorship
Hajiani Hanifabai Memorial Society	Associated company	N/A	Common directorship
Engro Foundation	Associated company	N/A	Common directorship
Universal Coating Films (Private) Limited	Associated company	N/A	Common directorship
Engro Fertilizers Limited	Associated company	N/A	Common directorship
International Packaging Films Limited	Associated company	N/A	Common directorship
Oxford and Cambridge Society Karachi Educational Trust	Associated undertaking	N/A	Common directorship
Value Team (Private) Limited	Associated company	N/A	Common directorship
Value Advisors (Private) Limited	Associated company	N/A	Common directorship
Baidstack Solutions (Private) Limited	Associated company	N/A	Common directorship
Abrax (Private) Limited	Associated company	N/A	Common directorship
Greengo (Private) Limited	Associated company	N/A	Common directorship
Mozart (Private) Limited	Associated company	N/A	Common directorship
Pebbles (Private) Limited	Associated company	N/A	Common directorship
Khaadi Corporation (Private) Limited	Associated company	N/A	Common directorship
Karachi Education Initiative	Associated undertaking	N/A	Common directorship
Karachi School of Business & Leadership	Associated undertaking	N/A	Common directorship
Overseas Investors Chambers of Commerce and Industry	Associated undertaking	N/A	Common directorship
Mr. Hussain Dawood	Key Management Personnel	1.25%	N/A
Mr. Abdul Samad Dawood	Key Management Personnel	0.37%	N/A
Ms. Sabrina Dawood	Key Management Personnel	0.21%	N/A
Mr. Muhammad Amin	Key Management Personnel	N/A	N/A
Mr. Isfandiyar Shaheen	Key Management Personnel	N/A	N/A
Mr. Zamin Zaidi	Key Management Personnel	N/A	N/A
Mr. Muhammad Bilal Ahmed	Key Management Personnel	N/A	N/A
Mr. Shamoon Chaudry	Key Management Personnel	N/A	N/A
Mr. Kamran Hanif	Key Management Personnel	N/A	N/A
Ms. Azmeh Dawood	Family member of KMP	1.23%	N/A
Ms. Kulsoom Dawood	Family member of KMP	0.62%	N/A
Staff Provident Fund	Employees' Retirement Fund	N/A	N/A
Staff Gratuity Fund	Employees' Retirement Fund	N/A	N/A

(Amounts in thousand)

26.3 Transactions with related parties are as follows:

	Note	2024 ....Rupees....	2023
Subsidiaries			
Reimbursement of expenses paid to the subsidiaries		3,663	4,334
Reimbursement of expenses received from the subsidiaries		42,557	-
Sharing of services		52,930	88,200
Dividend income	19.1	5,576,215	10,080,081
Investment made	8.1	1,000	-
Security deposit received	17.2	-	18,000
Associated companies			
Reimbursement of expenses paid to the associated companies		25,874	6,904
Reimbursement of expenses received from the associated companies		119,424	111,495
Investment made		-	104,938
Divestment		-	104,938
Dividend paid		1,516,000	2,598,857
Donations	20.2	460	486
Purchase of services		23,291	21,666
Late payment surcharge		4,873	8,174
Shares pledged on behalf of the Company	8.1.2		
Other related parties			
Contribution to staff retirement gratuity fund	15.8	3,922	3,603
Membership fee and other subscriptions		2,500	2,500
Purchase of services		-	563
Contribution to staff provident fund		7,071	6,353
Key management personnel and their family members			
Salaries, directors' remuneration and other benefits		65,573	68,810
Sale of vehicle to KMP (net book value)		72	965
Post retirement benefits plans		5,481	4,666
Dividend paid		188,821	336,573

26.4 Amounts due from and due to related parties, are disclosed in the relevant notes to these unconsolidated financial statements.

(Amounts in thousand)

27. cash (utilised in) / generated from operations

	Note	2024 ....Rupees....	2023
Profit before taxation		13,092,111	13,945,939
Adjustment for non-cash and other items:			
Levy	23	337,237	379,238
Depreciation on property and equipment	5.1	9,076	12,839
Depreciation on right-of-use assets	6.1	17,203	17,203
Depreciation on investment properties	7.1	2,412	2,516
Capital work-in-progress written off		-	1,921
Mark-up on lease liabilities	22	2,374	4,806
Mark-up on short-term running finance	22	-	321,200
Gain on disposal of property and equipment	21	(240)	(1,339)
Return on investments	9	(14,414,780)	(14,788,132)
Charge in respect of defined benefit liabilities	15.9	4,616	4,362
		(14,042,102)	(14,045,386)
Working capital changes	27.1	817,833	51,694
Net cash utilised in operations		(132,158)	(47,753)

27.1 Working capital changes

	2024	2023
Decrease / (increase) in current assets:		
Advances, deposits and prepayments	(714)	30,528
Other receivables	73,456	34,312
	72,742	64,840
Increase / (decrease) in trade and other payables	745,091	(13,146)
	817,833	51,694

28. cash and cash equivalents

	Note	2024	2023
Cash and bank balances	12	260,773	33,123
Short-term investments - TDRs	11	-	18,007
		260,773	51,130

(Amounts in thousand)

29. financial instruments by category

	Note	2024	2023
		....Rupees....	
FINANCIAL ASSETS			
At amortised cost			
Advances and deposits		6,165	5,316
Other receivables		28,516	101,972
Short-term investments - TDRs		-	18,007
Cash and bank balances		260,773	33,123
		295,454	158,418
At fair value through profit or loss			
Short-term investments - Quoted shares		16,546,268	7,914,529
Short-term investments - Mutual funds units		-	617,560
		16,546,268	8,532,089
		16,841,722	8,690,507
FINANCIAL LIABILITIES			
At amortised cost			
Lease liabilities		7,870	27,872
Trade and other payables		100,999	78,712
Unclaimed dividend		1,000,870	901,814
		1,109,739	1,008,398

30. shariah compliance disclosure

	Note	2024 Coventional	2024 Shariah Compliant	2024 Total
		---- Rupees ----		
Unconsolidated statement of financial position				
Long-term investments	8	1,000	23,308,927	23,309,927
Short-term investments	11	6,326,908	10,219,360	16,546,268
Cash and bank balances	12	260,647	126	260,773
Lease liabilities	14	7,870	-	7,870
Unconsolidated statement of profit or loss				
Return on investments - net	19	4,136,858	10,277,922	14,414,780
Finance cost	22	2,853	-	2,853

(Amounts in thousand)

	Note	2023 Coventional	2023 Shariah Compliant	2023 Total
		---- Rupees ----		
Unconsolidated statement of financial position				
Long-term investments	8	-	23,308,927	23,308,927
Short-term investments	11	4,125,096	4,425,000	8,550,096
Cash and bank balances	12	33,006	117	33,123
Lease liabilities	14	27,872	-	27,872
Unconsolidated statement of profit or loss				
Return on investments - net	19	3,574,532	11,213,600	14,788,132
Finance cost	22	326,848	-	326,848

31. short term running finance

Following short-term running finance facilities are available to the Company as at reporting date:

Facilities available 2024	Facilities available 2023	Unutilised amount 2024	Unutilised amount 2023	Bank Name
--------(Rupees in '000)--------				
3,000,000	3,000,000	3,000,000	3,000,000	Bank Al Habib Limited
1,500,000	1,500,000	1,500,000	1,500,000	Habib Bank Limited
2,500,000	2,500,000	2,500,000	2,500,000	United Bank Limited

32. financial risk management objectives and policies

32.1 The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly to react to change in market conditions and the Company's activities.

(Amounts in thousand)

Risks measured and managed by the Company are explained below:

32.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuers or the instruments, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk.

32.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

- Fair value risk - Presently, fair value risk to the Company arises from 'balances with banks' and TDRs which are based on fixed interest rates. As at December 31, 2024, the impact of increase / decrease in fixed interest rates by 100 basis points would not have a material impact on the profit after tax of the Company.

- Future cash flow risk - Presently, there is no future cash flow risk to the Company since no item is based on floating interest rates (i.e. KIBOR based).

32.2.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company does not have any significant foreign currency exposures.

32.2.3 Price risk

Price risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at December 31, 2024, the Company had quoted shares amounting to Rs 16,546.268 million exposed to price risk. In case of change of 1% in quoted price, profit after tax would have been impacted by Rs 124 million.

(Amounts in thousand)

32.3 Credit risk and its concentration

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each of the parties. To manage exposure to credit risk, management reviews credit ratings, total deposit worthiness and maturities of the investments made, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by the changes in economic, political or other conditions.

The maximum exposure to credit risk at the reporting date is set out below:

	2024	2023
	....Rupees....	
Advances and deposits	6,165	5,316
Other receivables	28,516	101,972
Bank balances	260,439	32,792
Short-term investments	-	18,007
	295,120	158,087

The credit quality of the Company's balances with banks and short term investments aggregating Rs 260.439 million (2023: Rs 50.799 million) can be assessed with reference to the fact that the minimum credit rating of the banks with which such financial assets are placed is 'A', which denotes obligations supported by a strong capacity for timely repayment.

The Company believes that it is not exposed to major concentration of credit risk.

32.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and also ensures availability of funding through credit facilities.

The analysis below summarises the Company’s financial liabilities (based on contractual undiscounted cash flows) into relevant maturity group on the remaining period as at the reporting date:

(Amounts in thousand)

	Contractual cashflows	Less than one year	Between one and five years
	....Rupees..		
2024			
Financial liabilities			
Lease liabilities	8,005	8,005	-
Trade and other payables	100,999	-	-
Unclaimed dividend	1,000,870	1,000,870	-
	1,109,874	1,008,875	-
2023			
Financial liabilities			
Lease liabilities	30,382	22,377	8,005
Trade and other payables	78,712	-	-
Unclaimed dividend	901,814	901,814	-
	1,010,908	924,191	8,005

32.5 Fair values of financial instruments

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. Consequently, differences may arise between the carrying value and the fair value estimates.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Fair value hierarchy

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 (level 1);

- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

- inputs for the asset or liability that are not based on observable market data (level 3).

	As at December 31, 2024			As at December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----------------------------------Rupees----------------------------------					
Financial assets 'at fair value through profit or loss'						
- Quoted shares	16,546,268	-	-	7,914,529	-	-
- Mutual funds units	-	-	-	-	617,560	-

(Amounts in thousand)

32.5.1 Valuation techniques used in determination of fair values within level 1 and level 2.

Mutual funds units

The fair value of Company's investment in mutual funds units is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).

Quoted shares

The fair value of the Company's short term investments carried at fair value as disclosed in note 11 is based on quoted price of shares at the PSX.

32.5.2 During the year ended December 31, 2024, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

32.5.3 The estimated fair value of other financial instruments is considered not significantly different from the book value due to the underlying short term / current nature.

33. 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 benefits 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 the dividend payment to shareholders or issue new shares.

34. number of employees

The total and average number of employees during the years ended December 31, 2024 and December 31, 2023 are as follows:

	2024	2023
Average number of employees during the year	19	21
Number of employees as at the end of the financial year	19	21

(Amounts in thousand)

35. general

35.1 The Board of Directors in its meeting held on February 28, 2025 proposed a cash dividend of Nil per share (2023: Rs Nil per share) for the year ended December 31, 2024 subject to approval of members at the annual general meeting to be held on April 25, 2025. This is in addition to the interim cash dividends aggregating Rs 10.5 per share (2023: Rs 18 per share) resulting in a total dividend for the year of Rs 5,053.515 million (2023: Rs 8,663.168 million). These unconsolidated financial statements do not recognise the proposed dividend as deduction from unappropriated profit as it has been proposed subsequent to the reporting date.

35.2 Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of Pakistan Rupees unless otherwise stated.

35.3 Corresponding figures have been rearanaged and reclassified, whereever necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparisons in accordance with the accounting and reporting standards as applicable in Pakistan.

35.4 The investments by the Company's Provident Fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the rules specified thereunder.

35.5 These unconsolidated financial statements have been authorised for issue on February 28, 2025 by the Board of Directors of the Company. The directors have the power to amend and re-issue the financial statements.

Farooq Barkat Ali	**Abdul Samad Dawood**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

consolidated financial statements

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Holdings Limited (formerly Dawood Hercules Corporation Limited)

Opinion

We have audited the annexed consolidated financial statements of Engro Holdings Limited (formerly Dawood Hercules Corporation Limited) (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, 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, 2024, 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 judgment, 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.	**Income tax and sales tax contingencies** (Refer notes 5, 36 and 46 to the consolidated financial statements) The Group has disclosed contingencies in respect of certain income tax and sales tax matters, which are pending adjudication before various appellate and legal forums. 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 contingencies. Due to inherent uncertainties associated with the outcome of the matters, legal forums at which these are currently pending and use of significant judgements and estimates to assess the same including related financial impacts, which may change over time as new facts emerge and the matters progress, we have considered income tax and sales tax contingencies as a key audit matter.	Our audit procedures amongst others included the following: - obtained and examined details of the documentation relating to pending income tax and sales 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; - checked correspondence with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - 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; and - assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the applicable accounting and reporting standards.
2.	**Assets classified as held for sale and discontinued operations** (Refer notes 2.2.1, 4.7 and 23 to the consolidated financial statements) During the year, the Group has classified its net assets in respect of its thermal portfolio [comprising of Engro Powergen Qadirpur Limited, Engro Powergen Thar (Private) Limited and Sindh Engro Coal Mining Company	Our audit procedures amongst others included the following: - obtained understanding of the matter relating to classification of these assets as held for sale; - checked that the criteria for classification as held for sale and discontinued operations under IFRS 5 is met;

S. No.	Key Audit Matters	How the matter was addressed in our audit
	Limited]; as well as those relating to Engro Eximp Agriproducts (Private) Limited as 'assets held for sale' and the related operations as 'discontinued operation'. This decision was made as the management expects the sale of these assets to be completed within twelve months from the reporting date subject to necessary corporate / regulatory approvals. Therefore, in accordance with IFRS 5 – "Non-current assets held for sale and discontinued operations" (IFRS 5) these assets have been measured at lower of carrying value and fair value less cost to sale. As of December 31, 2024, the Group has in this respect recognized loss amounting to Rs 24,099 million. As classification and measurement relating to disposal of these assets require considerable management judgement and this represents a significant event for the Group with material impact on the consolidated financial statements, we considered this as a key audit matter.	- inquired the status of any necessary corporate, regulatory approvals required for the sale of these assets; - obtained understanding of management's process to estimate the fair value less cost to sale of these assets; - evaluated reasonableness of key information, assumption and estimates used by management to determine the fair value less cost of sale of these assets; and - assessed the adequacy of related disclosures made in the consolidated financial statements in accordance with applicable accounting and reporting framework.

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 consolidated and unconsolidated financial statements and 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 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 the 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 judgment 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.

pwc A·F·FERGUSON&Co.

- 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 with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 24, 2025

UDIN: AR202410056uqAlkFa7g

consolidated statement of financial position

as at december 31, 2024

(Amounts in thousand)

ASSETS	Note	December 31, 2024	Restated December 31, 2023	Restated January 1, 2023
		.... Rupees	....	
NON-CURRENT ASSETS				
Property, plant and equipment	6	196,311,937	339,373,902	329,989,765
Right-of-use assets	7	8,190,888	13,142,135	13,368,964
Intangible assets	8	5,942,405	6,530,945	6,774,962
Long-term investments	9	30,422,677	34,485,322	36,521,269
Deferred taxation	10	-	-	406,595
Financial assets at amortised cost	11	4,268,249	1,051,611	3,783,265
Derivative financial instruments	12	226,087	963,207	737,319
Net investment in leases	13	47,783,306	56,961,334	52,160,406
Long-term loans, advances, deposits and other receivables	14	5,620,845	4,925,619	3,816,788
		298,766,394	457,434,075	447,559,333
CURRENT ASSETS				
Stores, spares and loose tools	15	13,521,629	12,939,358	9,834,814
Stock-in-trade	16	41,176,499	33,736,767	30,242,789
Trade debts	17	18,827,227	75,497,556	71,195,463
Loans, advances, deposits and prepayments	18	10,490,824	9,551,732	6,891,543
Other receivables	19	15,772,729	50,184,492	36,096,420
Accrued income		272,079	4,396,241	2,279,037
Contract assets	20	4,015,945	16,880,213	14,124,293
Current portion of net investment in leases	13	8,500,989	7,887,464	5,683,292
Short-term investments	21	82,072,129	78,630,124	96,635,951
Cash and bank balances	22	13,061,440	67,128,803	44,995,322
		207,711,490	356,832,750	317,978,924
Assets classified as held for sale	23	262,859,218	1,525,396	-
TOTAL ASSETS		769,337,102	815,792,221	765,538,257

(Amounts in thousand)

	Note	December 31, 2024	Restated December 31, 2023	Restated January 1, 2023
EQUITY & LIABILITIES		.... Rupees	....	
SHARE CAPITAL AND RESERVES				
Share capital	24	4,812,871	4,812,871	4,812,871
Revaluation reserve on business combination		1,665	1,665	1,665
Maintenance reserve	25	390,074	258,607	60,117
Exchange revaluation reserve		832,468	854,909	601,674
Hedging reserve		46,486	341,086	259,838
Remeasurement of investments		36,812	(524,630)	(322,661)
General reserve		700,000	700,000	700,000
Unappropriated profit		67,258,071	61,974,905	64,981,826
Remeasurement of post-employment benefits		(56,263)	(57,912)	(66,652)
		69,209,313	63,548,630	66,215,807
		74,022,184	68,361,501	71,028,678
Non-controlling interest		158,096,795	166,592,488	179,179,152
TOTAL EQUITY		232,118,979	234,953,989	250,207,830
LIABILITIES				
NON-CURRENT LIABILITIES				
Borrowings	26	75,355,002	162,072,043	156,173,794
Government grant	27	1,529,277	2,020,187	1,472,279
Deferred taxation	10	6,012,113	16,995,712	12,048,564
Lease liabilities	28	52,243,044	66,785,160	62,397,791
Deferred liabilities	29	4,494,865	4,415,788	3,640,044
Long-term provisions	30	-	-	2,952,970
		139,634,301	252,288,890	238,685,442
CURRENT LIABILITIES				
Trade and other payables	31	102,703,183	183,043,491	125,667,646
Contract liabilities	32	-	14,427,927	12,980,370
Accrued interest / mark-up	33	2,420,650	2,807,643	2,922,372
Current portion of				
- borrowings	26	7,440,812	28,580,236	27,699,919
- Government grant	27	439,609	452,387	353,201
- lease liabilities	28	11,009,770	10,637,203	9,062,433
- deferred liabilities	29	454,513	626,493	577,116
- long-term provisions	30	27,552,505	27,153,499	25,503,815
Minimum tax payable		1,606,742	1,749,005	2,706,362
Taxation - provision less payments		1,071,853	13,693,249	16,359,981
Short-term borrowings	34	33,895,245	31,639,719	39,471,643
Dividend payable	35	1,989,413	13,738,490	13,340,127
		190,584,295	328,549,342	276,644,985
Liabilities classified as held for sale	23	206,999,527	-	-
TOTAL LIABILITIES		537,218,123	580,838,232	515,330,427
TOTAL EQUITY AND LIABILITIES		769,337,102	815,792,221	765,538,257

CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 68 form an integral part of these consolidated financial statements.

Farooq Barkat Ali	**Abdul Samad Dawood**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

consolidated statement of profit or loss

for the year ended december 31, 2024

(Amounts in thousand except for earnings per share)	Note	2024 ....Rupees....	Restated 2023
CONTINUING OPERATIONS			
Revenue	37	406,167,085	356,741,543
Cost of revenue	38	(308,491,858)	(249,468,730)
Gross profit		97,675,227	107,272,813
Selling and distribution expenses	39	(15,921,884)	(11,501,553)
Administrative expenses	40	(15,989,187)	(15,903,374)
		65,764,156	79,867,886
Other income	41	21,632,877	16,938,389
Other operating expenses	42	(4,618,953)	(7,011,227)
Other losses:			
- Loss allowance on subsidy receivable from GoP	19.1.1	1,203,088	(2,440,151)
Operating profit		83,981,168	87,354,897
Finance cost	43	(20,318,775)	(13,930,783)
Share of income from joint venture and associates	44	2,209,884	2,046,428
Profit before income tax, minimum tax and final tax		65,872,277	75,470,542
Minimum tax and final tax		(4,189,320)	(4,119,489)
Profit before taxation		61,682,957	71,351,053
Taxation	46	(22,545,773)	(36,996,829)
Profit after taxation from continuing operations		39,137,184	34,354,224
DISCONTINUED OPERATIONS			
Profit after taxation from discontinued operations	23	4,107,711	2,519,516
Profit after taxation		43,244,895	36,873,740
Profit attributable to:			
- Owners of the Holding Company		12,890,479	8,607,159
- Non-controlling interest		30,354,416	28,266,581
		43,244,895	36,873,740
		-----------------(Rupees)	-----------------
Earnings per share - basic and diluted			
- Continuing operations		24.24	16.66
- Discontinued operations		2.54	4.01
Earnings per share - basic and diluted	47	26.78	20.67

The annexed notes from 1 to 68 form an integral part of these consolidated financial statements.

Farooq Barkat Ali	Abdul Samad Dawood	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

consolidated statement of comprehensive income

for the year ended december 31, 2024

(Amounts in thousand)	Note	2024 ....Rupees....	Restated 2023
Profit after taxation		43,244,895	36,873,740
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Hedging reserve - cash flow hedges			
(Loss) / Profit arising during the year		(737,120)	225,888
Revaluation reserve on business combination			
Exchange differences on translation of foreign operations		(56,150)	688,684
		(56,150)	688,684
Continuing operations' gain / (loss) on remeasurement of long-term investment classified at fair value through other comprehensive income	9.9 & 21.6	1,404,789	(556,225)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefits obligation - Actuarial gain	49.1.3	7,937	44,919
Remeasurement of post employment benefits obligation - Actuarial loss (associate)		-	(12,609)
Deferred tax (reversal) / charge relating to remeasurement of post employment benefits obligation		(3,812)	(13,157)
		4,125	19,153
Other comprehensive income for the year, net of tax		615,644	377,500
Total comprehensive income for the year		43,860,539	37,251,240
- Continuing operations		39,752,828	34,731,724
- Discontinued operations		4,107,711	2,519,516
		43,860,539	37,251,240
Total comprehensive income attributable to:			
- Owners of the Holding Company		13,136,529	8,748,413
- Non-controlling interest		30,724,010	28,502,827
		43,860,539	37,251,240

The annexed notes from 1 to 68 form an integral part of these consolidated financial statements.

Farooq Barkat Ali	Abdul Samad Dawood	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

consolidated statement of changes in equity

for the year ended december 31, 2024

(Amounts in thousand)

	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 25)	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 (restated)	4,812,871	1,665	60,117	601,674	259,838	(322,661)	700,000	64,981,826	(66,652)	71,028,678	179,179,152	250,207,830
Total comprehensive income for the year ended December 31, 2023												
Profit for the year (restated)	-	-	-	-	-	-	-	8,607,159	-	8,607,159	28,266,581	36,873,740
Other comprehensive income / (loss)	-	-	-	253,235	81,248	(201,969)	-	-	8,740	141,254	236,246	377,500
	-	-	-	253,235	81,248	(201,969)	-	8,607,159	8,740	8,748,413	28,502,827	37,251,240
Transactions with owners												
Shares purchased by ECL for cancellation	-	-	-	-	-	-	-	-	-	-	(11,629,302)	(11,629,302)
Adjustment for allocation of profit for preference dividend share	-	-	-	-	-	-	-	(2,454,268)	-	(2,454,268)	2,454,268	-
Dividend by ECL and its subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(32,212,611)	(32,212,611)
First interim cash dividend for the year ended December 31, 2023 @ Rs 15.00 per share	-	-	-	-	-	-	-	(7,219,307)	-	(7,219,307)	-	(7,219,307)
Second interim cash dividend for the year ended December 31, 2023 @ Re 1.00 per share	-	-	-	-	-	-	-	(481,287)	-	(481,287)	-	(481,287)
Third interim cash dividend for the year ended December 31, 2023 @ Rs 2.00 per share	-	-	-	-	-	-	-	(962,574)	-	(962,574)	-	(962,574)
Transfer from unappropriated profit to maintenance reserve (note 25.2)	-	-	198,490	-	-	-	-	(496,644)	-	(298,154)	298,154	-
	-	-	198,490	-	-	-	-	(11,614,080)	-	(11,415,590)	(41,089,491)	(52,505,081)
Balance as at December 31, 2023 (restated)	4,812,871	1,665	258,607	854,909	341,086	(524,630)	700,000	61,974,905	(57,912)	68,361,501	166,592,488	234,953,989

	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 25)	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 December 31, 2023 - b/f	4,812,871	1,665	258,607	854,909	341,086	(524,630)	700,000	61,974,905	(57,912)	68,361,501	166,592,488	234,953,989
Total comprehensive income for the year ended December 31, 2024												
Profit for the year	-	-	-	-	-	-	-	12,890,479	-	12,890,479	30,354,416	43,244,895
Other comprehensive income	-	-	-	(22,441)	(294,600)	561,442	-	-	1,649	246,050	369,594	615,644
	-	-	-	(22,441)	(294,600)	561,442	-	12,890,479	1,649	13,136,529	30,724,010	43,860,539
Transactions with owners												
Adjustment for allocation of profit for preference dividend share	-	-	-	-	-	-	-	(2,224,854)	-	(2,224,854)	2,224,854	-
Dividend by ECL and its subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(41,642,034)	(41,642,034)
First interim cash dividend for the year ended December 31, 2024 @ Rs 5.00 per share	-	-	-	-	-	-	-	(2,406,436)	-	(2,406,436)	-	(2,406,436)
Second interim cash dividend for the year ended December 31, 2024 @ Rs 3.00 per share	-	-	-	-	-	-	-	(1,443,861)	-	(1,443,861)	-	(1,443,861)
Third interim cash dividend for the year ended December 31, 2024 @ Rs 2.50 per share	-	-	-	-	-	-	-	(1,203,218)	-	(1,203,218)	-	(1,203,218)
Transfer from unappropriated profit to maintenance reserve (note 25.2)	-	-	131,467	-	-	-	-	(328,944)	-	(197,477)	197,477	-
	-	-	131,467	-	-	-	-	(7,607,313)	-	(7,475,846)	(39,219,703)	(46,695,549)
Balance as at December 31, 2024	4,812,871	1,665	390,074	832,468	46,486	36,812	700,000	67,258,071	(56,263)	74,022,184	158,096,795	232,118,979

Farooq Barkat Ali
Chief Financial Officer

Abdul Samad Dawood
Chief Executive Officer

Muhammed Amin
Director

consolidated statement of cash flows

for the year ended december 31, 2024

(Amounts in thousand)	Note	2024 ....Rupees....	Restated 2023
Cash flows from operating activities			
Cash generated from operations	50	96,288,620	172,191,050
Retirement and other service benefits paid - net		(564,580)	(318,228)
Proceeds from net investment in lease		7,793,597	7,084,264
Finance income received on net investment in lease		6,609,841	7,541,283
Deferred incentive		(152,518)	(183,165)
Financial charges paid		(41,775,905)	(37,794,212)
Taxes and levies paid		(50,967,326)	(42,519,386)
Bank balance held under lien		918,567	(386,038)
Long-term loans and advances - net		(1,249,573)	(1,195,347)
Net cash generated from operating activities		16,900,723	104,420,221
Cash flows from investing activities			
Purchases of property, plant & equipment and intangible assets		(26,673,495)	(31,365,704)
Sale proceeds on disposal of property, plant and equipment		2,059,225	728,412
Investments redeemed / (made) during the year - net		9,425,752	23,141,188
Income on deposits / other financial assets		27,938,763	16,320,554
Dividends received		2,325,423	3,567,313
Net cash generated / (utilised in) from investing activities		15,075,668	12,391,763
Cash flows from financing activities			
Borrowings / deferred liabilities - net		23,199,198	(22,966,352)
Payment for own shares purchased and cancelled		-	(11,629,302)
Lease rentals paid		(15,820,778)	(16,709,186)
Dividends paid		(58,424,737)	(40,477,385)
Net cash utilised in financing activities		(51,046,317)	(91,782,225)
Net increase / (decrease) in cash and cash equivalents		(19,069,926)	25,029,759
Cash and cash equivalents at the beginning of the year		46,760,981	18,848,958
Effect of exchange rate changes on cash and cash equivalents		192,241	2,882,264
Cash and cash equivalents at the end of the year	51	27,883,296	46,760,981

The annexed notes from 1 to 68 form an integral part of these consolidated financial statements.

Farooq Barkat Ali
Chief Financial Officer

Abdul Samad Dawood
Chief Executive Officer

Muhammed Amin
Director

notes to the consolidated financial statements

for the year ended december 31, 2024

(Amounts in thousand)

1. legal status and operations

1.1 Engro Holdings Limited (formerly Dawood Hercules Corporation Limited) (the Holding Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act, 1913, (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange (PSX). The principal activity of the Holding Company is to manage investments including in its subsidiaries and associated companies.

In view of the Scheme of Arrangement detailed in note 1.3, the Holding Company's members at the Extraordinary General Meeting held on December 18, 2024, authorized the change of the Holding Company's name from ""Dawood Hercules Corporation Limited"" to "Engro Holdings Limited”.

1.2 Based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) -10 'Consolidated Financial Statements', the Holding Company continues to conclude that although the Holding Company has less than 50% voting rights in Engro Corporation Limited (ECL), yet, based on the absolute size of the Holding Company's shareholding, the relative size of other shareholdings and the number of representation on ECL's Board of Directors, the Holding Company has the ability to exercise control over ECL. Accordingly, the Holding Company is deemed to be the holding company of ECL.

1.3 During the year, the Holding Company, along with ECL and DH Partners Limited (DHPL) filed a petition in the Islamabad High Court (IHC) in respect of a Scheme of Arrangement (the Scheme) under which it was envisaged that:

i) the Holding Company shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of ECL as specified in the Scheme shall vest into DHPL against which DHPL shall issue its shares to the existing shareholders of the Holding Company in the same proportion in which they hold shares in the Holding Company;

ii) shares held by the shareholders of ECL, other than the Holding Company, ("the Transferred Shareholders") shall vest with and into the Holding Company (i.e., ECL shall become a wholly owned subsidiary of the Holding Company) in exchange whereof the Holding Company shall issue shares in its share capital to the Transferred Shareholders in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in ECL indirectly through the Holding Company; and

iii) name of the Holding Company shall be changed to "Engro Holdings Limited".

(Amounts in thousand)

The Scheme was approved in the respective general meetings of the Holding Company, ECL and DHPL on June 26, 2024 and was sanctioned by the IHC on July 18, 2024 and it has became effective as of January 1, 2025 i.e. subsequent to the year end.

1.4 The business units of the Holding Company, DHPL, ECL and ECL's subsidiaries include the following:

Business unit	Geographical location
- The Holding Company	Dawood Center, M. T. Khan Road, Karachi. Further, a liaison office is in Islamabad
- DH Partners Limited	55-B, 16th floor, ISE Towers, Blue Area, Islamabad. Further, a liaison office at Dawood Center, M. T. Khan Road, Karachi
- Engro Corporation Limited	19th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Fertilizers Limited (Efert)	6th floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited (EPCL)	8th Floor, The Harbor Front Building, Plot Number HC-3, Marine Drive. Block 4, Scheme Number 5, Clifton, Karachi
- Elengy Terminal Pakistan Limited (EETPL)	4th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Energy Limited (EEL)	16th Floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private) Limited (EEAPL)	19th 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 Connect (Private) Limited	19th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive. Block 4, Scheme Number 5, Clifton, Karachi
- Engro Technical Solutions (Private) Limited	22nd Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad

Regional offices	Geographical location
- Engro Corporation Limited	22nd Floor, Ufone Tower Jinnah Avenue, Blue Area, Islamabad
- Engro Polymer and Chemicals Limited	6th Floor, 301-R Hally Tower, Phase II, DHA, Lahore
Business Unit	
Manufacturing plants	
- Engro Fertilizers Limited	District Ghotki, Sindh (Daharki Plant) "EZ/ 1 / P - 1 - II Eastern Zone, Port Qasim, Karachi (Zarkhez 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 (EETPL)	Plot Number OZ-I-P-81, South Western Zone, Berth Number 13, Port Qasim Karachi
Branded outlet	
- Engro Polymer and Chemicals Limited	Plot Number 41-C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi Plot 184 - C, Block CGA, Phase 4C, DHA, Lahore

(Amounts in thousand)

2. the "group" consists of:

Holding Company: Engro Holdings Limited (Formerly Dawood Hercules Corporation Limited)

Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights, or companies directly controlled by the Holding Company:

	Percentage of shareholding of the Holding Company	
	2024	2023
DH Partners Limited (note 2.1)	100.00	-
Engro Corporation Limited (note 2.2)	39.97	39.97

2.1 Subsidiary - DH Partners Limited

DH Partners Limited (DHPL) was incorporated in Pakistan on May 8, 2024 as a public unlisted company under the Companies Act, 2017. Upto December 31, 2024 DHPL was the subsidiary of the Holding Company and its principal activity is to manage investments. The registered office of DHPL is situated at 55-B, 16th floor, ISE Towers, Blue Area, Islamabad and a liason office is situated at Dawood Center, M. T. Khan Road, Karachi.

2.2 Subsidiary - Engro Corporation Limited (ECL)

ECL is a public company incorporated in Pakistan. ECL was a listed company. As part of the scheme (detailed in note 1.3), subsequent to year end, ECL's delisting process was completed on January 14, 2025 and the last day of trading of ECL's shares was January 3, 2025.

The principal activity of ECL, is to manage investments in its subsidiary companies, associated companies and joint venture, which are engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunications infrastructure and chemical terminal and storage businesses as detailed in these consolidated financial statements.

Details of ECL assoicated companies, subsidiaries and joint ventures are as follows:

Associated Companies of ECL: Associated companies are entities over which the ECL has significant influence but not control.

Subsidiaries of ECL: Companies in which ECL owns over 50% of voting rights, or companies directly controlled by ECL:

Joint Ventures of ECL: Joint arrangement in which ECL has the rights to the net assets of the joint venture.

	Percentage of shareholding of ECL	
	2024	2023
Subsidiaries		
- Engro Energy Limited (note 2.2.1)	100.00	100.00
- Engro Eximp Agriproducts (Private) Limited (note 2.2.2)	100.00	100.00
- Engro Infiniti (Private) Limited (note 2.2.3)	-	100.00
- Engro Eximp FZE (note 2.2.4)	100.00	100.00
- Elengy Terminal Pakistan Limited (note 2.2.5)	56.00	56.00
- Engro Fertilizers Limited (note 2.2.6)	56.27	56.27
- Engro Polymer and Chemicals Limited (note 2.2.7)	56.19	56.19
- Engro Connect (Private) Limited (note 2.2.8)	100.00	100.00
- Engro Technical Solutions (Private) Limited [formerly Thermal Vision (Private) Limited] (note 2.2.9)	100.00	100.00
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 2.2.10)	50.00	50.00
Associated Company:		
- FrieslandCampina Engro Pakistan Limited (note 2.2.11)	39.90	39.90

2.2.1 Engro Energy Limited

Engro Energy Limited (EEL), a wholly owned subsidiary of ECL, 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) based on the feasibilities of new ventures.

Following are the companies in which EEL owns 50% or more of the voting rights or are directly controlled by EEL:

	Percentage of shareholding of EEL	
	2024	2023
- Engro Powergen Qadirpur Limited (note 2.2.1.1)	68.89	68.89
- Engro Powergen Thar (Private) Limited (note 2.2.1.2)	50.1	50.1
- Engro Energy Services Limited (note 2.2.1.3)	100	100
- Engro Power International Holding B.V. (note 2.2.1.4)	100	100

(Amounts in thousand)

Following are associated companies of EEL in which it holds direct shareholding:

	Percentage of shareholding of EEL	
	2024	2023
- GEL Utility Limited (note 2.2.1.5)	45	45
- Sindh Engro Coal Mining Company Limited (note 2.2.1.6)	11.9	11.9
- Siddiqsons Energy Limited (note 2.2.1.7)	19	19

During the year, as notified to PSX on April 4, 2024, Engro Energy Limited (EEL), a wholly owned subsidiary of ECL, entered into definitive agreements with Liberty Power Holding (Private) Limited and other parties acting in concert (Acquirers) for the sale of its entire shareholding in Engro Powergen Qadirpur Limited (EQPL), Engro Powergen Thar (Private) Limited (EPTL) and Sindh Engro Coal Mining Company Limited (SECMC) (the EEL Transaction) with a transaction value of Rs 7.5 billion, Rs 21.04 billion and Rs 6.21 billion respectively, subject to certain adjustments as agreed in the definitive agreements. Completion of the Transaction is subject to receipt of corporate / regulatory approvals and lender consents.

In view of the decisions taken by ECL and notified on PSX on April 4, 2024, the assets and liabilities of EPQL, EPTL and SECMC (i.e collectively refered to as thermal assets portfolio) have been classified as 'Assets Classified as Held for Sale and Discontinued Operations' in these consolidated financial statements and therefore comparative figures presented in the consolidated statement of financial position are not comparable. Assets and liabilities related to this disposal group and financial performance of discontinued operations are disclosed in note 23.

2.2.1.1 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. EPQL 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.

The gas supply from Qadirpur gas field is depleting and based on profile shared by the Sui Northern Gas Pipelines Limited (SNGPL), EPQL has declared gas depletion phase and made its plant available in mixed fuel mode, i.e. on both permeate gas and High-Speed Diesel (HSD). Meanwhile, EPQL is actively pursuing relevant stakeholders to finalize an alternate fuel plan for the plant. EPQL is engaged with Petroleum Exploration Limited (PEL) for supply of 8-13 mmscfd low BTU gas from Badar gas field. The National Electric Power Regulatory

Authority (NEPRA) has approved the modification in Generation License for EPQL to include gas to be supplied by PEL. The tariff in respect of the gas to be supplied under the aforementioned arrangement has been finalized. The gas sale and purchase agreement has also been successfully concluded with PEL.

As a result of on going negotiations with CPPA-G to amend the Power Purchase Agreements with IPPs, EPQL is in discussions with the Task Force formed by GoP to negotiate the existing PPA, along with some other 2002 Policy IPPs, pursuant to which, among other key terms, existing tariff will be converted to ""Hybrid Take and Pay"" model, effective from November 2024. Consequently, in view of the expected renegotiated terms EPQL has recognised adjustments to amounts of certain assets and liabilities which include amongst others:

- Receivable from CPPA-G in relation to revenue recognised on operation of plant on mix fuel mode basis;
- Receivable in respect of delayed payment interest on outstanding invoices;
- Late payment surcharge on Gas infrastructure Development Cess Liability; and
- Late payment surcharge on gas charges.

2.2.1.2 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 4, 2015. This agreement is valid for a period of 30 years. As at December 31, 2024, EEL holds 50.10% (2023: 50.10%) of the issued capital of EPTL while the remaining 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.

2.2.1.3 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 1, 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. In 2023, EESL had discontinued its operations. During the year, EESL and EEL initiated activities and currently are in the process of evaluating certain investments / business plans with ECL.

2.2.1.4 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 the 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.

2.2.1.5 GEL Utility Limited (GEL) is a private limited company incorporated 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% (2023: 45%) equity stake. In 2020, an impairment loss of Rs 789.195 million 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.

2.2.1.6 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, among the Government of Sindh (GoS), EEL and ECL 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 CoD of Phase II on October 1, 2022. In 2023, PCD for Phase I was filed and the same was concluded on May 25, 2023.

2.2.1.7 EEL entered into a Joint Venture Agreement (JVA), dated May 4, 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, 2024, EEL held 38,392,920 (2023: 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. Further, in view of the significant project delays to achieve financial close of the power project, impairment loss of Rs 383.929 million was recognised in 2021, representing the write-down of carrying amount of investment in SEL determined with reference to fair value less cost of disposal.

In addition to this, EEL has maintained a provision amounting to Rs 92.802 million (2023: Rs 92.802 million) and Rs 185.605 million (2023: Rs 185.605 million), against the performance guarantees given by EEL and Engineering, Procurement and Construction contractor's liability of SEL, respectively, on the basis of shareholding proportion in SEL.

2.2.2 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.

(Amounts in thousand)

As at the reporting date, in view of ECL's decision, EEAPL's assets and liabilities have been classified as Assets Classified as Held for Sale and Discontinued Operations in these consolidated financial statements and therefore comparative figures presented in the consolidated statement of financial position are not comparable. Assets and liabilities related to this disposal group and financial performance of discontinued operations are disclosed in note 23.

Subsequent to year end, on January 28, 2025, ECL has entered into a definitive agreement with MAP Rice Mills (Private) Limited, an affiliate of the Bestway Group for the sale of its entire shareholding in Engro Eximp Agriproducts (Private) Limited (EEAPL) (the EEAPL Transaction) with a transaction value of Rs 2.4 billion. Completion of this EEAPL Transaction is subject to receipt of corporate / regulatory approvals.

2.2.3 Engro Infiniti (Private) Limited

Engro Infiniti (Private) Limited (EInfiniti) was incorporated as a wholly owned subsidiary in Pakistan on December 29, 2017. On December 29, 2023, the Board of Directors of Engro Infiniti (Private) Limited (EInfiniti) and Engro Connect (Private) Limited (ECPL) in their meetings decided to amalgamate EInfiniti with ECPL as a result of which EInfiniti shares were cancelled and dissolution came into effect without winding up, in accordance with the Scheme of Amalgamation (ECPL Scheme) with effect from the close of business on December 31, 2023. The ECPL Scheme has been approved by the Securities and Exchange Commission of Pakistan (SECP) on March 13, 2024.

2.2.4 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 has obtained a General Trading License issued by the Jafza Jebel Ali Free Zone and is engaged in the business of trading commodities.

(a) 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 is general trading and industrial and liquefied natural gas trading. However, E-FZE has not undertaken any commercial operations since its formation.

(b) EngroTech Ventures - FZCO

Engro Tech Ventures (E-FZCO) was incorporated as a wholly owned subsidiary of EEF on December 20, 2024 as a free zone company and operates in the United Arab Emirates under trade license issued by the Dubai Integrated Economic Zones Authority.

The principal activity of E-FZCO is to engage in providing engineering, project development, and operations and maintenance services to global clients. However, E-FZCO has not undertaken any commercial operations since its formation.

2.2.5 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.

(a) Engro Elengy Terminal (Private) Limited

Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of ETPL, incorporated in Pakistan on January 9, 2014. 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.

2.2.6 Engro Fertilizers Limited

Engro Fertilizers Limited (EFERT), is a public company, incorporated in Pakistan on June 29, 2009 and is listed on PSX. The principal activity of EFERT is manufacturing, purchasing and marketing of fertilizers.

(a) EFERT Agritrade (Private) Limited

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.

2.2.7 Engro Polymer and Chemicals Limited

Engro Polymer and Chemicals Limited (EPCL), is a public company, incorporated in Pakistan in 1997 and is listed on PSX. 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 of EPCL	
	2024	**2023**
- Think PVC (Private) Limited - (note 2.2.7.1)	100	100
- Engro Peroxide (Private) Limited - (note 2.2.7.2)	100	100
- Engro Plasticizer (Private) Limited - (note 2.2.7.3)	100	100

2.2.7.1 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.

2.2.7.2 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. EPPL is currently engaged in setting up its manufacturing facility which is expected to commence commercial operations in year 2025.

2.2.7.3 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 utilised.

2.2.8 Engro Connect (Private) Limited

ECPL is a private limited company, incorporated in Pakistan on March 16, 2021 as a wholly owned subsidiary of ECL. ECPL has been established with the primary objective to engage in buying, building, maintaining and operating telecommunication infrastructure.

(a) Pakistan Mobile Communications Limited

During the year, as notified to PSX on December 6, 2024, ECL has entered into an Amalgamation Agreement with Pakistan Mobile Communications Limited (PMCL) relating to a Scheme of Arrangement (the PMCL Arrangement) which is to be sanctioned by the High Court. By way of this PMCL Arrangement, PMCL's tower assets housed under its wholly owned subsidiary, Deodar (Private) Limited (Deodar), will vest into Engro Connect (Private) Limited (ECPL).

As part of the PMCL arrangement, ECL will guarantee the repayment of Deodar's debt and will provide PMCL with an additional amount of US Dollars 187.700 million (equivalent to PKR). This strategic partnership aims to bridge the digital divide by enabling mobile network operators to focus on delivering enhanced services, expanding coverage and improving connectivity for their customers. This PMCL Arrangement remains subject to corporate and regulatory approvals.

(b) Engro Enfrashare (Private) Limited

Engro Enfrashare (Private) Limited (Enfrashare) is a private limited company incorporated in Pakistan 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.

2.2.9 Engro Technical Solution (Private) Limited

Engro Technical Solutions (Private) Limited (ETS) (formerly Thermal Vision Private Limited), a wholly owned subsidiary of ECL, is a private company incorporated in Pakistan on November 7, 2023. It is established with the primary objective, but not limited to, of engaging in engineering, feasibility studies, consulting, maintenance, and contracting activities.

2.2.10 Engro Vopak Terminal Limited

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of ECL 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. The management of EVTL is of the view that the negotiations are expected to conclude in successful renewal or extension of the IA during the current term which is due to expire in June 2026.

2.2.11 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.

3. basis of preparation

3.1 These consolidated financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

3.2 These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentational currency. Amounts presented in these consolidated financial statements have been rounded off to the nearest thousand of Pakistan Rupees, unless otherwise stated.

3.3 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

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

3.4 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 these consolidated financial statements are disclosed in note 5.

3.5 Changes in standards, interpretations and amendments to published accounting and reporting standards

a) Amendments to accounting and reporting standards and interpretation / guidance that became effective during the year

There were certain amendments to accounting and reporting standards that became applicable to the Group during the year. These do not have any material impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements, except for the following:

i) Amendment to IAS 1 - Non-current liabilities with covenants

These amendments aim to improve the information an entity provides when its right to defer settlement of liability is subject to compliance with covenants with twelve months after the reporting period affect the classification of a liability. These amendments introduce additional disclosure requirements that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period. These amendments only have an impact on the Group's disclosure of long-term loans, but not on the measurement, recognition or presentation of any item in these consolidated financial statements.

(Amounts in thousand)

ii) IAS 12 - Application Guidance on Accounting for Minimum Taxes and Final Taxes

During the year, the Institute of Chartered Accountants of Pakistan has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). In accordance with the Guidance, the management has made the following assessments:

- The Group subsidiaries (ETPL and ECPL) will remain under minimum tax regime for the foreseeable future with respect to the amount deducted under section 153 of the Income Tax Ordinance, 2001 (ITO) due to its respective business models; and

- The amount of tax deducted on the gross amount of the dividends received by the Group with respect to its investments (other than subsidiaries, associates and joint venture) is considered as final tax under section 8 of ITO as no deduction shall be allowable for any expenditure incurred in deriving the amount.

Accordingly, in accordance with the Guidance, the Group has changed its accounting policy to recognise aforementioned minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously recognised as 'income tax'. Moreover, as the minimum tax is no longer considered to be an income tax under IAS 12, the requirement to account for deferred taxation does not arise. Therefore, entire deferred tax liability previously recognised by ETPL and ECPL has been derecognised.

The Group has accounted for the effects of this change in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these consolidated financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	---Rupees---		
Effect on consolidated statement of profit or loss			
For the year ended December 31, 2024			
Minimum tax and final tax	-	(4,189,320)	(4,189,320)
Profit before taxation	65,872,277	(4,189,320)	61,682,957
Taxation	(27,111,145)	4,565,372	(22,545,773)
Profit after taxation	38,761,132	376,052	39,137,184
Earning per share -basic and diluted	80.54	0.78	81.32
For the year ended December 31, 2023			
Minimum tax and final tax	-	(4,119,489)	(4,119,489)
Profit before taxation	81,409,094	(10,058,041)	71,351,053
Current Tax	(37,347,417)	4,142,820	(33,204,597)
Prior Year Charge	(3,794,106)	-	(3,794,106)
Deferred Tax	(3,902,934)	485,772	(3,417,162)
Disposal group	-	3,419,036	3,419,036
Taxation	**(45,044,457)**	**8,047,628**	**(36,996,829)**
Profit after taxation	36,364,637	1,917,726	34,354,224
Earning per share -basic and diluted	75.56	3.98	71.38
Effect on consolidated statement of financial position			
As at December 31, 2024			
Trade and other payables	102,441,641	261,542	102,703,183
Taxation - provision less payments	1,333,395	(261,542)	1,071,853
Deferred tax liability	8,258,922	(2,246,809)	6,012,113
Unappropriated profit	70,681,823	1,258,213	71,940,036
Non-controlling interest	156,362,032	988,596	157,350,628
As at December 31, 2023			
Trade and other payables	182,915,947	127,544	183,043,491
Taxation - provision less payments	15,713,564	(2,020,315)	13,693,249
Deferred tax liability	18,866,469	(1,870,757)	16,995,712
Unappropriated profit	63,277,411	(1,302,506)	61,974,905
Non-controlling interest	167,166,220	(573,732)	166,592,488
As at December 31, 2022			
Deferred tax liability	13,395,214	(1,346,650)	12,048,564
Unappropriated profit	64,115,162	866,664	64,981,826
Non-controlling interest	178,498,202	680,950	179,179,152

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well.

iii) Disclosure detailing shariah and conventional elements

An amendment to the Fourth schedule to the Companies Act, 2017 has been made with respect to shariah and conventional elements, due to which note 64 has been added to these consolidated financial statements.

b) New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Group

There are certain new standards and amendments that will be applicable to the Group for its annual periods beginning on or after January 1, 2025. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Group's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Group's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

3.6 Basis of consolidation

i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognised from the date the control ceases. These consolidated financial statements include 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 recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the 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 recognised in the profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of 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 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 recognised in the 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 recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

These consolidated financial statements have been prepared on the basis of audited financial statements of the Holding Company and its subsidiaries.

4. 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.

4.1 Property, plant and equipment

4.1.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for freehold, leasehold land and capital work in progress which are stated at cost less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. In case of acquisition of group of assets, the purchase price is allocated to the individual asset on the basis of their relative fair value at the date of purchase. 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.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other costs are charged to profit or loss in the year in which such are incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Disposal of asset is recognised 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 recognised within 'other operating expenses / income' in the profit or loss in the financial year of disposal.

Depreciation is charged to the 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. During the year EPCL and ECPL, as a result of review, revised the useful lives and residual values of items of plant and machinery, and Furniture, Fixture and Equipment's as disclosed in note 6.4.

4.1.2 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 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.

4.2 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.

4.3 Intangible assets

a) Computer software and licenses

Costs associated with developing and maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised 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 amortisation and impairment losses, if any.

Computer software and license cost treated as intangible assets are amortised from the date the software is available for use on a straight-line basis over their respective useful lives, ranging from 3 years to 15 years.

The amortisation on additions, if any, is charged from the month following the month in which the asset is available for use and on disposals upto 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 MMCFD natural gas for a period of 20 years for EFERT's Enven plant. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

4.4 Leasing activities as a lessee

Lease liabilities and right-of-use assets:

The SECP through its S.R.O. 986 (1) / 2019 dated September 2, 2019 has extended the exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) prior to January 1, 2019.

Except for the assets under PPA as described above, the Group at inception of a contract 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 liabilities are 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 liabilities are subsequently measured at amortised 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 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 assets are 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 assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liability.

The Group has elected to apply the practical expedient not to recognise 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 recognised as an expense on a straight line basis over the lease term.

4.5 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 recognised 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 recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised 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.

4.6 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 recognised at cost and the carrying amount is increased or decreased to recognise 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 recognises the loss in the profit or loss.

In respect of an interest in a joint operation, the Group recognises its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue, including its share of the output arising from the joint operation; its expenses, including its share of any expenses incurred jointly.

4.7 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amounts and fair values less costs to sell. Impairment loss on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held-for-sale are presented separately from the other assets in the consolidated statement of financial position (note 23).

4.8 Financial instruments

4.8.1 Financial assets

Classification, initial recognition and measurement

The Group classifies its financial assets in the following categories:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the year in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortised cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

All purchases and sales of financial assets are recognised on the trade date which is the date on which the Group commits to purchase or sell the financial asset.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial 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 recognised in the profit or loss or other comprehensive income, as the case may be.

(Amounts in thousand)

4.8.2 Financial liabilities

Financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

4.8.3 Offsetting

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

4.8.4 Impairment

a) Financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies the simplified approach permitted by IFRS 9 - 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables, except for debts due from the Government of Pakistan (GoP) as a consequence of circular debt which are exempt from the application of ECL model under IFRS 9 upto December 31, 2025 as per various notifications issued by the SECP, the latest of which was issued on November 4, 2024.

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 recognised 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 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. The amount of provision is charged to the profit or loss.

A default on a financial asset is considered when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there are no reasonable expectation of recovery. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the balance due. Where recoveries are made, these are recognised in the profit or loss.

b) 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 recognised for the amount by which the

(Amounts in thousand)

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 recognised.

4.9 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 recognised 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 recognised 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 recognised 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 into profit or loss as a reclassification adjustment.

4.10 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if any.

4.11 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method. 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.

4.12 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised 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 amortised cost using effective interest rate method. A contract asset is recognised for the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on something other than passage of time. 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 / trade debts. Provision for impairment is recognised based on the policy stated in note 4.8.4.

Exchange gains and losses arising on translation of receivables in foreign currency are added to their respective carrying amounts.

4.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows include cash in hand and in transit, cheques in hand, balances with banks in current, deposit and saving accounts other than balances subject to restrictions, 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.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the 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 recognised in the profit or loss as other income or finance costs.

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

Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Covenants that the Group is required to comply with, on or before the reporting date, are considered in classifying relevant borrowing arrangements as current or non-current liabilities. Covenants that the Group is required to comply with after the reporting date do not affect the classification of borrowing at reporting date.

4.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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

Exchange gains and losses arising in respect of liabilities in foreign currency are deducted from / added to the carrying amount of the respective liabilities.

4.16 Deferred income

Amount received on account of operating lease rental income for ETPL's terminal is recognised as deferred income where not earned and credited to the profit or loss in the relevant period of provision of services for recognition of rentals on straight line basis.

4.17 Contract liabilities

A contract liability is recognised 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 presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of 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 recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

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.

4.19 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 recognised 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 recognised in the profit or loss for the year.

4.20 Levy and taxation

Levies

In accordance with Income Tax Ordinance, computation of final taxes and minimum tax differential is not based on taxable income. Therefore, as per the Guidance issued by the ICAP, these fall within the scope of IFRIC 21 - 'Levies' (IFRIC 21) / IAS 37 - 'Provision, contingent liabilities and contingent assets' and accordingly are classified as levies.

Income Tax

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

- **Current income tax**

  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.

  The Group's profits and gains from power generation are exempt from tax under clause 132 of Part I of the Second Schedule to the Income Tax Ordinance , 2001 (ITO). Such profits and gains are also exempt from minimum tax on turnover under clause 11A of part IV of the Second Schedule to ITO.

- **Deferred income tax**

Deferred tax is recognised using the balance sheet liability 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 assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax asset is recognised 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 realised. Deferred tax is charged or credited in profit or loss except to the extent that it relates to the item recognised directly in equity, in which case it is recognised in equity.

4.21 Retirement and other service benefits

4.21.1 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 these consolidated financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognised in the 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 its management employees and non-management employees.

The Group also operates 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 recognised immediately once the certainty of recovery is established.

(Amounts in thousand)

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 Employee's 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. Further, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

4.21.2 Defined contribution plans

A defined contribution plan is a post - employment benefit plan under which a 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 recognised as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group 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 at the rate of 10% of basic salary;

- defined contribution pension funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate ranging from 12.5% to 13.75% of basic salary; and

- defined contribution gratuity funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate of 8.33% of basic salary.

4.21.3 Employee's compensated absences

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

4.21.4 Other benefits - Service Incentive Plan

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 fulfilment of criteria given in the incentive plan.

4.22 Revenue / income recognition

Revenue is recognised 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 recognised on the following basis:

- The Group recognises 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 as per the terms of arrangements. For export sales, the control is transferred when the product is shipped on board and its insurance risk is borne by the customer.

- Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the respective Power Purchase Agreements (PPAs) and are subject to determination by NEPRA. The Group has assessed that performance obligations under the PPA are discharged over time. The payment is due 30 days after the acknowledgement of the invoice.

- 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 recognised 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 these services is recognised 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 recognised 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. For ancillary infrastructure provisioning, the revenue is recognised on accrual basis.

- Revenue from operations and maintenance services for telecommunication infrastructure is recognised 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 recognises 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 recognised 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 recognised as finance cost in the profit or loss. Subsequent amortisation of deferred incentive revenue is credited to revenue on a systematic basis.

- Revenue from energy support services is recognised 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 recognises revenue arising from pass through billings on net basis.

- Revenue from providing other services (including transportation / logistics services to industrial consumers) is recognised 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.

- Revenue in respect of services is recognised when the services have been rendered;

- Dividend income is recognised when the Group's right to receive dividend is established, i.e. on the date of book closure of the investee company declaring the dividend.

- Returns on bank deposits are accrued on a time proportion basis by reference to the outstanding principal amounts and the applicable rates of return.

- Income on Market Treasury Bills and Term Deposit Receipts (TDRs) is accrued using the effective interest yield method.

- Gains and losses arising on sale of investments are included in of profit or loss or other comprehensive income (as applicable) in the year in which they arises.

- Unrealised gains and losses arising on revaluation of securities classified as 'fair value through profit or loss' are included in the profit or loss in the period in which these arise respectively.

- Delayed payment charges on overdue trade receivables are recognised on an accrual basis.

  The payment terms vary from 15 to 180 days depending on the credit worthiness of the Group's customers.

4.23 Borrowing costs

Borrowing costs are recognised as 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 relating to the Group's power plant projects are capitalised to the cost of the related property, plant and equipment in accordance with the notification dated September 2, 2019 issued by SECP.

4.24 Government grant

Government grant is recognised 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 recognised as income in the 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 recognised 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 recognised 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 recognised in the profit or loss of the period in which the Group qualifies to receive it.

4.25 Earnings per share

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

(Amounts in thousand)

4.26 Dividend and appropriation to reserves

Dividends and appropriations to reserves are recognised in the period in which these are approved.

4.27 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 Group that makes strategic decisions.

4.28 Foreign currency transactions and translation

4.28.1 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 recognised in the profit or loss and property, plant and equipment as explained in note 4.23. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined.

4.28.2 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 presented are translated at the closing rate at the date of that consolidated statement of financial position;

- income and expenses for each 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 recognised as a separate component of equity.

5. significant accounting estimates, judgements and assumptions

The preparation of these consolidated financial statements in conformity with the accounting and reporting standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Group accounting policies, the management has made following estimates and judgements which are significant to these consolidated financial statements:

a) Property, plant and equipment and intangible assets

The Group annually reviews appropriateness of the method of depreciation and amortisation, useful life and residual value used in the calculation of depreciation and amortisation on an annual basis. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. These calculations require the use of estimates. Any change in these estimates in the future, might affect the carrying amount of the respective item of property and equipment and intangible assets, with a corresponding effect on the depreciation, amortisation charge, and impairment. During the year EPCL and ECPL, as a result of review, revised the useful lives and residual values of items of plant and machinery, and furniture, fixture and equipments as disclosed in note 4.1.

In case of acquisition of group of assets and liabilities, the Group allocates the purchase consideration to individual assets and liabilities on basis of the relative fair value at the date of purchase. For determination of fair value, the Group takes into account its principle ability to generate economic benefits by either using the asset in its highest and best use or by selling it to another customer. Estimation of highest and best use is made on basis of estimated net cash in flows associated with the assets or group of assets. The consideration for selling it to another customer is based on the fair market value after adjusting the impacts of obsolescence.

b) Investments at fair value through profit or loss / other comprehensive income

The Group determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

c) Stock-in-trade

Determining the value of specific category of stock-in-trade i.e. Bulk Urea and Bulk Di-Ammonium Phosphate (DAP), involves the use of significant estimates and

(Amounts in thousand)

assumptions. Further, the weighing of these inventory items is not practicable, the reasonableness of the quantities on hand is assessed by obtaining measurements of stockpiles and converting these measurements into unit of volume by bulk density values.

d) 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 49.

e) Income taxes

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

Deferred tax asset is recognised for all unused tax losses and available tax credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilized. Significant judgement is exercised to determine the amount of deferred tax asset to be recognised.

f) Impairment of investment in associates, joint ventures 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 various factors including future cashflows, exchange rate indexation (where applicable) and discount rates.

g) Impairment of financial assets

The Group uses external credit ratings to determine default rates for certain trade debts, net investment in lease, short-term investments, other financial assets at amortised 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. In respect of ECL on subsidy receivable, since the EFERT is confident of full recovery therefore only time value of money was considered for the determination of loss allowance as at the reporting date.

(Amounts in thousand)

h) Provision for slow-moving stores and spares

The Group regularly reviews the provision for slow moving stores and spares to assess the consumption of stores and spares, thereby ensuring that slow moving items are provided for.

i) Contingencies and provisions

Significant estimates and judgements are being used by the management in connection with contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

j) Tariff adjustment determination

As per the mechanism laid out in National Electric Power Regulatory Authority's (NEPRA) decision dated June 15, 2022, the Group seeks adjustment for fuel price, cost of power purchase, operation and maintenance cost and unrecovered cost including non-recoverable dues written-off. The monthly / quarterly / annual submissions of tariff adjustment are approved / determined by NEPRA on a time to time basis, resulting in provisional amounts being recognised by the Group based on its judgement and interpretation of NEPRA decision, till the determination from NEPRA is received.

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 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.

l) Provision for decommissioning costs

The timing of recognition of provision for decommissioning requires the application of judgement of existing facts and circumstances, which can be subject to change. In determining the present value of the provision for decommissioning, 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 recognised 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.

The allocation of the consideration in the contract for provision of passive infrastructure and related services between lease and non lease components involves the exercise of significant judgement as the consideration is required to be allocated to each lease and non lease components on the basis of the relative stand-alone price.

6. property, plant and equipment

	2024 ....Rupees....	2023
Operating fixed assets (note 6.1)	160,567,868	301,893,784
Capital work-in-progress (note 6.8)	33,511,860	33,110,396
Capital spares and standby equipment (note 6.10)	2,232,209	4,369,722
	196,311,937	339,373,902

(Amounts in thousand)

6.1 Operating assets

	Land		Building on		Leasehold improvements	Pipelines	Plant and Machinery	Catalyst	Infrastructure and electrical equipments	Furniture, fixtures and equipment		Vehicles	Aircraft	Jetty (note 6.7)	Dredging	Total
	Freehold	Leasehold	Freehold land	Leasehold land			Owned (note 4.8)			Owned	Leased	Owned				
	Rupees															
As at January 1, 2023																
Cost	383,308	385,099	16,759,195	1,174,182	4,312	1,834,337	268,767,104	792,231	20,186,470	4,005	3,965,397	3,250,403	14,563	4,235,252	2,302,808	324,058,666
Accumulated depreciation	-	(90,251)	(1,048,525)	(86,888)	(2,168)	(161,185)	(18,613,561)	(337,029)	(2,351,989)	(1,134)	(969,464)	(186,851)	(8,769)	(349,921)	(272,528)	(24,480,263)
Accumulated impairment	-	111,943	-	310,120	-	-	765,090	-	-	-	-	-	-	-	-	1,187,153
Net book value	383,308	406,791	15,710,670	1,397,414	2,144	1,673,152	250,918,633	455,202	17,834,481	2,871	2,995,933	3,063,552	5,794	3,885,331	2,030,280	300,765,556
Year ended December 31, 2023																
Opening net book value	383,308	406,791	15,710,670	1,397,414	2,144	1,673,152	250,918,633	455,202	17,834,481	2,871	2,995,933	3,063,552	5,794	3,885,331	2,030,280	300,765,556
Amortisation of revaluation surplus (note 6.5)	-	2,487	-	-	-	-	(32,581)	-	-	-	-	-	-	-	-	(30,094)
Additions including transfers	-	23,000	3,500,287	147,558	-	-	9,462,582	886,638	6,270,439	5,042	1,776,889	595,315	-	-	245,630	22,913,380
Capitalisation of net exchange loss (note 6.3)	-	-	-	-	-	-	23,932,503	-	-	-	-	-	-	-	-	23,932,503
Disposals / Write offs																
Cost	-	-	(121)	-	-	-	(225,242)	-	(210,924)	-	(495,642)	-	(5,770)	-	-	(937,699)
Accumulated depreciation		-	121		-		116,058		139,942	-	241,476	-	5,535	-	-	503,132
Accumulated impairment	-	-	-	-	-	-	29,942	-	13,180	-	-	-	-	-	-	43,122
			-	-	-	-	(79,242)	-	(57,802)	-	(254,166)	-	(235)	-	-	(391,445)
Asset classified as held for sale (note 23)	-	-	-	-	-	-	-		-	-	(1,525,396)	-	-	-	-	(1,525,396)
Adjustment in respect of carrying value of thermal assets (notes 2.2.1 and 6.1.1)	-	-	-	-	-	(25,265,025)	-	-	-	-	-	-	-	-	(25,265,025	
Depreciation charge (note 6.5)	-	(48,108)	(865,619)	(131,774)	(1,085)	(83,388)	(13,445,148)	(365,542)	(2,384,842)	(1,222)	(638,541)	(201,606)	(3,624)	(175,149)	(160,047)	(18,505,695)
Net book value	383,308	84,170	18,345,338	1,413,198	1,059	1,589,764	245,491,722	976,298	21,662,276	6,691	2,354,719	3,457,261	1,935	3,710,182	2,115,863	301,893,784
As at December 31, 2023																
Cost	383,308	408,099	20,259,361	1,321,740	4,312	1,834,337	301,936,947	1,678,869	26,245,985	9,047	5,246,644	3,845,718	8,793	4,235,252	2,548,438	369,966,850
Accumulated depreciation	-	(135,872)	(1,914,023)	(218,662)	(3,253)	(244,573)	(31,975,232)	(702,571)	(4,596,889)	(2,356)	(1,366,529)	(388,457)	(6,858) -	(525,070)	(432,575)	(42,512,920)
Accumulated impairment	-	111,943	-	310,120	-	-	(24,469,993)	-	13,180	-	-	-	-	-	-	(24,034,750)
Asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	(1,525,396)	-	-	-	-	(1,525,396)
Net book value	383,308	384,170	18,345,338	1,413,198	1,059	1,589,764	245,491,722	976,298	21,662,276	6,691	2,354,719	3,457,261	1,935	3,710,182	2,115,863	301,893,784
Annual rate of depreciation (%)	-	1 to 5	2.5 to 10	2.5 to 10	10	2 to 12.5	2.5 to 33.3	No. of production days	5 to 33	20	5 to 25	14.3	33.3 to 50	3.33	3.33 to 20	

(Amounts in thousand)

	Land		Building on		Leasehold improvements	Pipelines	Plant and Machinery	Catalyst	Infrastructure and electrical equipments	Furniture, fixtures and equipment		Vehicles	Aircraft	Jetty (note 6.7)	Dredging	Total
	Freehold	Leasehold	Freehold land	Leasehold land			Owned (note 4.8)			Owned	Leased	Owned				
	Rupees															
Year ended December 31, 2024																
Opening net book value	383,308	384,170	18,345,338	1,413,198	1,059	1,589,764	245,491,722	976,298	21,662,276	6,691	2,354,719	3,457,261	1,935	3,710,182	2,115,863	301,893,784
Reclassification of Land	188,170	(188,170)	399,211	(399,211)	-	-	-	-	-	-	-	-	-	-	-	-
Additions including transfers	-	-	3,341,465	508,473	-	-	12,849,000	652,719	5,369,815	-	1,446,843	-	3,673	58,319	300,184	24,530,491
Capitalisation of net exchange gain (note 6.3)	-	-	-	-	-	-	(1,214,826)	-	-	-	-	-	-	-	-	(1,214,826)
Disposals / Write offs (note 6.6)																
Cost	-	-	(62,675)	(5,354)	-	-	(591,690)	-	(292,009)	-	(873,810)	-	(3,350)	-	-	(1,828,888)
Accumulated depreciation	-	-	13,654	2,909	-	-	556,423	-	216,714	-	419,968	-	3,313	-	-	1,212,981
	-	-	(49,021)	(2,445)	-	-	(35,267)	-	(75,295)	-	(453,842)	-	(37)	-	-	(615,907)
Reclass to intangible assets (note 8)																
Cost	-	-	-	-	-	-	-	-	(9,019)	-	-	-	-	-	-	(9,019)
Accumulated Depreciation		-	-	-	-	-	-	-	8,361	-	-	-	-	-	-	8,361
	-	-	-	-	-	-	-	-	(658)	-	-	-	-	-	-	(658)
Asset classified as held for sale (note 23)	(298,235)	(56,477)	(1,845,853)	(288,533)	-	-	(140,723,506)	-	(123,057)	-	(366,194)	-	-	-	-	(143,701,855)
Adjustment in respect of carrying value of thermal assets (notes 2.2.1 and 6.1.1)	-	-	-	-	-	-	(8,535,581)	-	-	-	-	-	-	-	-	(8,535,581)
Depreciation charge (note 6.5)	-	(31,798)	(773,753)	(124,080)	(981)	(83,388)	(6,284,793)	(367,638)	(2,824,811)	-	(667,076)	(235,072)	(1,500)	(176,693)	(232,790)	(11,804,373)
Reversal of impairment	-	9,679	-	-	-	-	7,114	-	-	-	-	-	-	-	-	16,793
Net book value	273,243	117,404	19,417,387	1,107,402	78	1,506,376	101,553,863	1,261,379	24,008,270	6,691	2,314,450	3,222,189	4,071	3,591,808	2,183,257	160,567,868
As at December 31, 2024																
Cost	383,308	408,099	23,538,151	1,824,859	4,312	1,834,337	312,979,431	2,331,588	31,314,772	9,047	5,819,677	3,845,718	9,116	4,293,571	2,848,622	391,444,608
Accumulated depreciation	88,170	(355,840)	(2,274,911)	(739,044)	(4,234)	(327,961)	(37,703,602)	(1,070,209)	(7,196,625)	(2,356)	(1,613,637)	(623,529)	(5,045)	(701,763)	(665,365)	(53,095,951)
Accumulated impairment	-	121,622	-	310,120	-	-	(32,998,460)	-	13,180	-	-	-	-	-	-	(32,553,538)
Asset classified as held for sale	(298,235)	(56,477)	(1,845,853)	(288,533)	-	-	(140,723,506)	-	(123,057)	-	(1,891,590)	-	-	-	-	(145,227,251)
Net book value	273,243	117,404	19,417,387	1,107,402	78	1,506,376	101,553,863	1,261,379	24,008,270	6,691	2,314,450	3,222,189	4,071	3,591,808	2,183,257	160,567,868
Annual rate of depreciation (%)	-	1 to 5	2.5 to 10	2.5 to 10	10	2 to 12.5	2.2 to 33.3	No. of production days	5 to 33	20	5 to 25	14.3	33.3 to 50	3.33	3.33 to 20	

6.1.1 As more fully disclosed in note 2.2.1 to these consolidated financial statements, an adjustment of Rs 8,535.581 million (2023: Rs 25,265.025 million) has been recorded in the carrying value of thermal assets as follows:

	2024	2023
	....Rupees....	
EPTL (ECL's Subsidiary)	7,976,000	20,438,743
EPQL (ECL's Subsidiary)	559,581	4,826,282
	8,535,581	25,265,025

The recoverable amount of the assets of EPTL and EPQL after above adjustments aggregated to Rs 38,750 million and Rs 9,411 million, 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.

Collections 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)

6.2 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	62.79
LNG Terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power plant and associated buildings	Deh Belo Sanghari, Ghotki, Sindh	41.50
Colony land	Colony Road, Daharki, Ghotki, Sindh	16.40
Leasehold land	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	64.02
Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	5
Administration facilties	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2.2
Liason office	68. Margalla Road, F-612, Islamabad	0.56

6.3 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 capitalised exchange gain of Rs 1,214.826 million (2023: loss amounting to Rs 23,932.503 million) arising on foreign currency borrowings of EEL (and its subsidiaries) to the cost of related property, plant and equipment.

6.4 During the year, EPCL and Enfrashare engaged independent experts to carry out an assessment of useful lifes and residual values of items of their property, plant and equipment and civil works and infrastructure equipments to ensure that the carrying amount of these assets reflect a more accurate deception of their economic utility and value, consistent with the requirement of applicable financial reporting framework. These changes have been accounted for prospectively as a change in accounting estimates in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', as follows:

- In respect of EPCL, the useful lives and residual values have been revised. The net effect of the change is that the depreciation charge for the year decreased by Rs 1,239.115 million and net book value of plant and machinery increased by the same amount resulting in change in depreciation for future years as well.

(Amounts in thousand)

- In respect of Enfrashare, the estimated useful life of its Civil Works and Infrastructure Equipment were revised to thirty five years from twenty years based on assessment conducted by an expert. The net effect of the change is that the depreciation charge for the year decreased by Rs 0.601 million and net book value of civil works and infrastructure equipments increased by the same amount.

  Had there been no change in the above accounting estimates, the consolidated profit after tax for the current year would have been lower by Rs 756.227 million.

6.5 Depreciation charge and amortisation of revaluation surplus for the year has been allocated as follows:

	2024	2023
	....Rupees....	
Cost of goods sold (note 38.1)	7,333,728	14,582,634
Cost of services rendered (note 38.2)	3,154,202	3,036,437
Selling and distribution expenses (note 39)	168,991	147,138
Administrative expenses (note 40)	1,147,452	769,580
	11,804,373	18,535,789

6.6 The details of operating fixed assets disposed of / 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)
			---Rupees---				
Plant and machinery							
Write off			591,690	556,423	35,267	-	(35,267)
Vehicles							
To existing / resigned / retired executives / employees - as per Group's policy	Mr. Mohammad Ismail	Employee	3,185	1,953	1,232	1,589	357
	Mr. Muhammad Asif	Employee	2,593	1,359	1,234	1,073	(161)
	Mr. Ali Haris	Employee	2,658	1,829	829	1,135	306
	Ms. Maha Khan	Employee	2,772	1,090	1,682	1,967	285
	Mr. Imran Lakhwera	Employee	5,410	2,376	3,034	4,144	1,110
	Mr. Salman Najeeb Khan	Employee	3,679	1,105	2,574	3,080	506
	Mr. Mazhar Iqbal Qureshi	Employee	4,398	1,221	3,177	3,674	497
	Mr. Haris Riaz Qureshi	Employee	3,981	846	3,135	3,135	-
	Mr. Safi Ullah Khan	Employee	6,861	1,069	5,792	6,299	507
	Mr. Munib Aqib Javed	Employee	4,875	622	4,253	4,368	115
	Mr. Haris Inam	Employee	4,617	654	3,963	4,436	473
	Mr. Saad Ahmed Qureshi	Employee	7,264	720	6,544	6,503	(41)
	Mr. Mustafa Hussain Khan	Employee	3,227	960	2,267	2,405	138
	Mr. Muhammad Umair Ul Haque	Employee	4,922	628	4,294	4,434	140
	Mr. Amir Iqbal	Employee	22,154	19,939	2,215	15,050	12,835
	Mr. Lal Muhammad Mirani	Employee	2,592	1,799	793	997	204
	Mr. Khalid Rasheed	Employee	3,399	2,545	854	1,369	515

Vehicles							
To existing / resigned / retired executives / employees - as per Group's policy	Mr. Umair Ali Bhatti	Employee	5,538	3,138	2,400	3,183	783
	Mr. Tahir Hameed	Employee	4,086	1,229	2,857	3,581	724
	Mr. Ali Muhammad	Employee	7,785	1,875	5,910	6,746	836
	Mr. Qazi Muhammad Hammad	Employee	5,634	4,070	1,564	1,800	236
	Miss. Arshia Ahmad Saqib	Employee	20,549	8,841	11,708	12,290	582
	Mr. Muhammad Ali Riaz Cheema	Employee	3,368	1,268	2,100	2,285	185
	Mr. Danish Owais	Employee	5,420	1,613	3,807	4,606	799
	Mr. Ali Murtaza Baloch	Employee	6,863	1,750	5,113	5,066	(47)
	Mr. Sayyed Mohsin Hassan	Employee	5,471	4,426	1,045	1,083	38
	Mr. Abdul Latif	Employee	2,652	2,147	505	962	457
	Mr. Majid Khan	Employee	5,127	1,162	3,965	4,613	648
	Mr. Sheeraz Syed	Employee	3,570	1,922	1,648	1,854	206
	Mr. Amjad Hussain	Employee	2,888	1,294	1,594	2,059	465
	Mr. Umar Ijaz Niazi	Employee	4,923	1,046	3,877	4,412	535
	Mr. Zeeshan Haider	Employee	5,116	797	4,319	4,691	372
	Mr. Khurram Tahir	Employee	2,604	1,586	1,018	1,041	23
	Mr. Suleman Waseem Philip	Employee	3,004	894	2,110	2,473	363
	Mr. Asif Yasir	Employee	3,781	589	3,192	3,242	50
	Mr. Muhammad Wasay Ullah Quraishi	Employee	3,239	744	2,495	2,833	338
	Mr. Shahid Babar	Employee	3,261	749	2,512	2,520	8
	Mr. Muhammad Furqan Siddiqui	Employee	3,421	838	2,583	2,645	62
	Mr. Arsalan Aslam	Employee	4,876	276	4,600	4,711	111
	Mr. Abdullah Yousuf Kothawala	Employee	3,289	1,867	1,422	1,985	563
	Mr. Anas Sardar	Employee	3,351	766	2,585	2,953	368
	Miss. Maryum Waris	Employee	2,891	997	1,894	1,948	54
	Mr. Sohail Shabbir	Employee	5,616	2,228	3,388	3,401	13
	Mr. Syed Obaid Nasir	Employee	2,592	1,689	903	1,095	192
	Mr. Zohaib Zafar	Employee	3,234	929	2,305	2,723	418
	Mr. Hamza Masood Naqvi	Employee	2,592	1,726	866	854	(12)
	Mr. Muhammad Hammad	Employee	2,785	1,381	1,404	1,723	319
	Mr. Haider Ali	Employee	2,709	1,190	1,519	1,841	322
	Miss. Hiba Rehan Shamsi	Employee	4,920	836	4,084	4,517	433
	Mr. Muhammad Moiz	Employee	6,374	1,174	5,200	5,329	129
	Mr. Muhammad Ahsan Khan	Employee	2,816	1,516	1,300	2,690	1,390
	Mr. Sunaib Barkat	Employee	7,421	1,787	5,634	6,246	612
	Mr. Muhammad Waqas Saleem	Employee	4,167	1,004	3,163	3,631	468
	Mr. Farrukh Mehmood	Employee	7,554	1,712	5,842	8,604	2,762
	Mr. Tariq Anis	Employee	7,626	2,410	5,216	6,226	1,010
	Mr. Fahad Rasheed Bhatti	Employee	4,872	1,458	3,414	4,060	646
	Miss. Zoha Arshad	Employee	6,949	984	5,965	5,961	(4)
	Mr. Haroon Abdullah	Employee	5,754	1,467	4,287	4,984	697
	Mr. Mehroz Khan	Employee	5,268	1,269	3,999	4,703	704
	Mr. Uzair Tariq	Employee	6,962	1,479	5,483	6,063	580
	Mr. Hafiz Muhammad Saad Bin Aslam	Employee	2,712	1,306	1,406	1,721	315
	Mr. Usama Bin Khamis Butt	Employee	3,872	1,042	2,830	3,273	443
	Mr. Maaz Bin Iftikhar	Employee	7,023	1,592	5,431	6,346	915
	Mr. Ashfaq Hasan Khan	Employee	3,390	2,353	1,037	1,034	(3)
	Mr. Farjad Ahmed	Employee	4,193	1,247	2,946	3,494	548
	Mr. Syed Zaid Rahim	Employee	6,763	1,820	4,943	5,688	745
	Miss. Saman Humayyun	Employee	7,442	2,319	5,123	6,237	1,114
	Miss. Khushbakht	Employee	2,857	1,255	1,602	2,613	1,011
	Mr. Ovais kamil	Employee	6,956	1,774	5,182	6,281	1,099
	Mr. Murtaza Mansoor Akhtar	Employee	6,971	1,397	5,574	6,274	700
	Mr. Rafay Mushtaq	Employee	4,893	1,109	3,784	4,402	618
	Mr. Ishaq Paracha	Employee	3,446	1,510	1,936	2,543	607
	Mr. Raza Mustafa	Employee	7,288	2,101	5,187	6,363	1,176
	Mr. Irfan Ahmed	Employee	7,067	2,345	4,722	5,792	1,070
	Mr. Waqas Akram	Employee	4,761	1,718	3,043	3,732	689
	Mr. Mateen Tariq	Employee	12,185	2,628	9,557	11,723	2,166
	Mr. Usman Mansoor	Employee	4,038	1,516	2,522	3,094	572
	Mr. Kashif Mahmood	Employee	6,033	2,095	3,938	4,830	892
	Miss. Azka Sadaf	Employee	3,358	1,700	1,658	2,034	376
	Mr. Usman Afzal	Employee	3,649	2,059	1,590	1,951	361

(Amounts in thousand)

Vehicles							
To existing / resigned / retired executives / employees - as per Group's policy	Mr. Sikander Naqi	Employee	17,495	9,589	7,906	9,698	1,792
	Mr. Mumtaz Ahmed	Employee	2,770	1,764	1,006	1,234	228
	Miss. Muntaha Tasneem	Employee	4,142	690	3,452	3,933	481
	Mr. Ahmed Naeem Aftab	Employee	3,463	1,570	1,893	2,039	146
	Mr. Asad Jamil	Employee	4,517	832	3,685	4,198	513
	Mr. Tamkeen Sardar Faisal	Employee	8,035	811	7,224	8,035	811
	Mr. Bilal Ahmed	Employee	2,619	1,595	1,024	1,023	(1)
	Mr. Ali Zahid Khan	Employee	3,230	798	2,432	2,696	264
	Mr. Zeeshan Zahid	Employee	4,189	1,246	2,943	3,450	507
	Mr. Muneeb Imran Qureshi	Employee	6,675	662	6,013	6,560	547
	Miss. Ayesha Moin	Employee	4,913	974	3,939	4,480	541
	Mr. Taha Ahmed Khan	Employee	4,911	1,322	3,589	3,589	-
	Mr. Muhammad Ali Khan	Employee	2,743	1,399	1,344	2,082	738
	Mr. Kamran Hussain	Employee	4,925	349	4,576	4,818	242
	Mr. Yasir Javed	Employee	4,960	562	4,398	4,816	418
	Mr. Javed Kasbati	Employee	3,342	1,715	1,627	1,678	51
	Mr. Imran Wazeer	Employee	3,402	1,990	1,412	1,404	(8)
	Mr. Rameez Ahmed Faraz	Employee	5,532	4,162	1,370	1,399	29
	Mr. Haseeb Shaukat	Employee	3,663	1,712	1,951	1,951	-
	Mr. Muhammad Zohaib Sufyan	Employee	3,484	1,578	1,906	1,906	-
	Mr. Babar Mobeen	Employee	5,433	1,090	4,343	5,140	797
	Miss. Shanze Afreen	Employee	3,264	786	2,478	2,478	-
	Mr. Rizwan Liaquat	Employee	2,806	875	1,931	2,605	674
	Mr. Jahangir Piracha	Employee	14,643	11,714	2,929	8,600	5,671
	Miss. Zearma Khan	Employee	4,082	925	3,157	3,538	381
	Mr. Asghar Ali Khan	Employee	5,643	3,258	2,385	3,124	739
	Mr. Jahangir Piracha	Employee	13,385	7,395	5,990	6,185	195
	Mr. Shaikh Rehan Afaq	Employee	3,495	1,882	1,613	2,030	417
	Mr. Ali Asif	Employee	6,943	-	6,943	7,102	159
	Mr. Husain Abdullah Syed	Employee	4,711	267	4,444	4,567	123
	Mr. Junaid Rafey	Employee	2,641	1,246	1,395	1,840	445
	Mr. Syed Hasan Murtaza	Employee	2,873	977	1,896	2,409	513
	Mr. Karam Ullah	Employee	2,806	1,113	1,693	1,706	13
	Mr.Syed Raza Abbas	Employee	3,497	2,031	1,466	2,268	802
	Miss. Salima Hemani	Employee	3,488	2,048	1,440	1,829	389
	Mr. Osama Jawaid	Employee	2,450	1,228	1,222	1,593	371
	Mr. Essam	Employee	2,677	1,258	1,419	1,738	319
	Mr. Muhammad Rehan	Employee	3,565	1,470	2,095	2,604	509
	Mr. Muhammad Umar Shafiq	Employee	3,537	1,253	2,284	2,833	549
	Mr. Muzzamil Shahzad	Employee	3,254	1,060	2,194	2,697	503
	Mr. Ahmad Mahmood	Employee	4,913	835	4,078	4,117	39
	Miss. Gull Zareen Hasnat	Employee	2,755	1,756	999	2,548	1,549
	Mr. Muhammad Ali Shah	Employee	2,642	1,356	1,286	1,294	8
	Mr. Jawad Wahid Mian	Employee	2,753	1,833	920	952	32
	Mr. Ahmed Mustafa	Employee	4,685	1,195	3,490	3,490	-
	Mr. Ammar Ahmed	Employee	6,609	-	6,609	6,609	-
	Miss. Momina	Employee	2,941	1,208	1,733	2,535	802
	Mr. Sarmad Raiz	Employee	3,402	2,313	1,089	1,136	47

(Amounts in thousand)

Description and method of disposal	Sold to	Relationship with the purchaser	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain / (loss)
			--------	--------	Rupees	--------	--------
Vehicles							
Bidding	R.K Trading	Bidding	2,730	1,799	931	3,340	2,409
	Mr. Abdul Kaleem Khan	Bidding	1,889	1,246	643	2,160	1,517
	Mr. Amir Jan Niazi	Bidding	1,889	1,246	643	2,015	1,372
	Mr. Maaz Saleem	Bidding	1,892	1,249	643	2,255	1,612
	Mr. Imran	Bidding	2,730	1,923	807	3,435	2,628
	Mr. Imran Saeed	Bidding	1,889	1,331	558	2,530	1,972
	Mr. Nadeem Ahmed	Bidding	1,892	1,334	558	2,385	1,827
	Mr. Abdul Khalid	Bidding	1,891	1,220	671	1,980	1,309
	Mr. Abid Ali Khan	Bidding	2,730	2,128	602	3,490	2,888
	Sold to third party	Bidding	15,061	13,555	1,506	10,600	9,094
	Sold to third party	Bidding	27,491	10,515	16,976	26,000	9,024
	Sold to third party	Bidding	19,796	17,816	1,980	13,000	11,020
	Third party	Bidding	4,084	3,063	1,021	4,770	3,749
	Third party	Bidding	4,105	3,079	1,026	5,450	4,424
	Third party	Bidding	13,467	10,101	3,366	16,500	13,134
	Auction	Bidding	7,299	5,474	1,825	4,465	2,640
	Various	Bidding	3,590	2,543	1,047	11,675	10,628
	Mr. Zahid Mehmood	Bidding	2,701	1,047	1,654	3,335	1,681
	Mr. Zahid Mehmood	Bidding	2,701	1,047	1,654	3,380	1,726
	Mr. Mohammed Saeed	Bidding	6,782	1,915	4,867	5,265	398
Write off			152,083	36,195	115,888	-	(115,888)
Items having net book value less than Rs. 500 each			323,201	301,316	21,885	141,764	119,879
	December 31, 2024		1,828,888	1,212,981	615,907	745,666	129,759
	December 31, 2023		937,699	546,254	391,445	483,936	92,491

6.7 This includes assets placed at the office of a related party, Dawood Investments (Private) Limited (a related party), the cost and net book value of which are as follows:

Class of Assets	2024 Cost	2024 Net book value	2023 Cost	2023 Net book value
	------------	------------ Rupees	------------	------------
Furniture, fittings and equipment	8,262	5,462	8,262	4,602

(Amounts in thousand)

6.8 Capital work-in-progress - Expansion and other projects

	2024	2023
	....Rupees....	
Leasehold land	49,789	49,789
Plant and machinery (note 6.8.2)	26,255,023	20,791,503
Building and civil works including pipelines	636,580	1,036,788
Furniture, fixtures and equipment	1,557,487	1,181,623
Advances to suppliers (note 6.8.2)	1,974,172	2,447,489
Capital stores and spares	1,699,787	7,006,809
Softwares	228,736	207,392
Other ancillary costs	1,110,286	389,003
	33,511,860	33,110,396

		2024	2023
		....Rupees....	
6.8.1	Balance as at January 1	33,110,396	24,839,815
	Additions during the year	25,578,121	30,376,896
	Transferred to:		
	- operating fixed assets (note 6.8.3)	(24,122,680)	(21,911,821)
	- intangible assets (note 8)	(238,161)	(194,494)
	- capital spares	(206,213)	-
	Related to disposal group (Note 23)	(609,603)	-
	Balance as at December 31	33,511,860	33,110,396

6.8.2 This includes Rs 2,050.423 million (2023: Rs 1,299.378 million) paid as advance representing EFERT's share in respect of a joint operation related to Pressure Enhancement Facility (PEF), as disclosed in note 63 to these consolidated financial statements.

6.8.3 This includes assets transferred to operating asset on account of major turnaround activity of the EnVen Plant to ensure the long-term reliability and sustainable safe operations of the EnVen Plant. The activity was performed between April 21, 2024 and June 14, 2024.

6.9 These include jetty and plant and machinery subject to operating lease having net book value of Rs 3,591.808 million (2023: Rs 3,710.182 million) and Rs 2,053.880 million (2023: Rs 1,970.492 million) respectively.

6.10 During the year, the Group purchased major spare parts and stand-by equipment amounting to Rs 1,602.374 million (2023: Rs 356.117 million), out of which Rs 817.323 million (2023: Rs 294.162 million) have been transferred to capital work in progress and Rs 2,922.564 million (2023: Nil) have been classified as held for sale (note 23).

(Amounts in thousand)

7. right-of-use assets

	Office space, rented premises and tower sites	Storage tanks	Total
	----Rupees----		
As at January 1, 2023			
Cost	14,022,309	3,269,835	17,292,144
Accumulated depreciation	(2,223,942)	(1,699,238)	(3,923,180)
Net book value	11,798,367	1,570,597	13,368,964
Year ended December 31, 2023			
Additions (note 7.1)	1,312,978	-	1,312,978
Terminations	(7,841)	-	(7,841)
Depreciation charge for the year (note 7.3)	(1,082,305)	(449,661)	(1,531,966)
Closing net book value	12,021,199	1,120,936	13,142,135
As at December 31, 2023			
Cost	15,305,534	3,269,835	18,575,369
Accumulated depreciation	(3,284,335)	(2,148,899)	(5,433,234)
	12,021,199	1,120,936	13,142,135
Year ended December 31, 2024			
Opening net book value	12,021,199	1,120,936	13,142,135
Additions (note 7.1)	1,094,673	-	1,094,673
Terminations	(177,744)	-	(177,744)
Reassessment of Liability (note 7.2)	(4,610,773)	-	(4,610,773)
Depreciation charge for the year (note 7.3)	(757,903)	(499,500)	(1,257,403)
Closing net book value	7,569,452	621,436	8,190,888
As at December 31, 2024			
Cost	11,611,690	3,269,835	14,887,374
Accumulated depreciation	(4,042,238)	(2,648,399)	(6,696,486)
Net book value	7,569,452	621,436	8,190,888
Annual rate of depreciation (%)	3.33 - 33	10 - 20	

(Amounts in thousand)

7.1 This represents right-of-use asset recognised against lease agreements entered into by ECL, EPCL and Enfrashare in respect of office space, tenanted sites and storage tank, respectively.

7.2 This represents adjustment for Enfrashare in right-of-use assets (tower sites) due to re-assessment of non cancellable lease term during current year on average from 20 years to 30 years.

The non-cancellable period has been reassessed. The effect of the change is that the depreciation charge for the year is decreased by Rs 370.563 million and unwinding on corresponding liability has increased by Rs 131.127 million. This change has been accounted for prospectively as a change in accounting estimates in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

7.3 Depreciation charge for the year has been allocated as follows:

	2024	2023
	....Rupees....	
Cost of goods sold (note 38.1)	499,501	449,661
Cost of services rendered (note 38.2)	377,098	706,711
Selling and distribution expenses (note 39)	27,272	25,392
Administrative expenses (note 40)	353,532	350,202
	1,257,403	1,531,966

8. intangible assets

	Software and licenses (note 8.2)	Rights for future gas utilization	Goodwill (note 8.3)	Total
	---------------------Rupees--------------------			
As at January 1, 2023				
Cost	3,745,246	102,312	4,500,401	8,347,959
Accumulated amortization and impairment	(1,512,433)	(60,564)	-	(1,572,997)
Net book value	2,232,813	41,748	4,500,401	6,774,962
Year ended December 31, 2023				
Opening net book value	2,232,813	41,748	4,500,401	6,774,962
Transfers from capital work-in-progress (note 6.8.1)	194,494	-	-	194,494
Write offs				
Cost	(38,854)	-	-	(38,854)
Accumulated amortization	38,854	-	-	38,854
Amortization charge for the year (note 8.1)	-	-	-	-
Closing Net book value	(433,400)	(5,111)	-	(438,511)
	1,993,907	36,637	4,500,401	6,530,945

(Amounts in thousand)

	Software and licenses (note 8.2)	Rights for future gas utilization	Goodwill (note 8.3)	Total
	---------------------Rupees--------------------			
As at December 31, 2023				
Cost	3,900,886	102,312	4,500,401	8,503,599
Accumulated amortisation and impairment	(1,906,979)	(65,675)	-	(1,972,654)
Net book value	1,993,907	36,637	4,500,401	6,530,945
Year ended December 31, 2024				
Opening net book value	1,993,907	36,637	4,500,401	6,530,945
Transfers from capital-work-in progress (notes 6.8.1)	238,161	-	-	238,161
Transferred to prepayments	(20,975)	-	-	(20,975)
Reclassification from property, plant and equipment	658	-	-	658
			-	
Write off				
Cost	(762)	-	-	(762)
Accumulated amortisation	396	-	-	396
	(366)			(366)
Amortisation charge (note 8.1)"	(521,588)	(5,110)	-	(526,698)
Asset Held for Sale (note 23)	(279,320)			(279,320)
Closing net book value	1,410,477	31,527	4,500,401	5,942,405
As at December 31, 2024				
Cost	4,117,968	102,312	4,500,401	8,720,681
Accumulated amortisation and impairment	(2,428,171)	(70,785)	-	(2,498,956)
Asset Held for Sale	(279,320)	-	-	(279,320)
Net book value	1,410,477	31,527	4,500,401	5,942,405
Annual rate of amortisation (%)	6.67 - 33.33	5		

8.1 Amortisation charge for the year has been allocated as follows:

	2024	2023
	....Rupees....	
Cost of goods sold (note 38.1)	63,067	42,200
Cost of services rendered (note 38.2)	12,520	12,522
Selling and distribution expenses (note 39)	17,377	11,316
Administrative expenses (note 40)	433,734	372,473
	526,698	438,511

(Amounts in thousand)

8.2 This mainly includes cost incurred in respect of OneSAP project, which is being amortised over a period of 8 years.

8.3 This represents goodwill (which pertains to fertilizer business), arising on acquisition of control of ECL, mainly on account of expected synergies, efficient business management, high standards of policies, compliances with relevant regulatory framework, integrity, experience and other strength of the work force and management. Goodwill represents excess of the fair value of the previously held equity interest over the proportionate share acquired in identifiable net assets at the date when the control was deemed to be acquired in year 2005. For impairment testing, the recoverable amount of the proportionate share in the said fertilizer business has been determined based on fair value less cost of disposal. The management has used the 'Market Approach' to determine the fair value less cost of disposal. Based on the valuation, no impairment was considered necessary to be recorded.

9. long term investments

	2024	2023
	....Rupees....	
Investments in Joint Venture and Associates:		
Joint venture company - Engro Vopak Terminal Limited (EVTL) - (notes 9.1 to 9.4)	-	-
Investment in associates (notes 9.5 to 9.8):		
- FrieslandCampina Engro Pakistan Limited (FCEPL) 306,075,948 (2023: 306,075,948) ordinary shares of Rs. 10 each [Percentage of holding 39.9% (2023: 39.9%)]	31,020,251	30,109,803
Less: Provision for impairment (note 9.5)	(1,224,304)	(1,224,304)
	29,795,947	28,885,499
- 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% (2023: 11.9%)] - (notes 9.6 and 9.7)	-	4,996,840
- Others		
Gross carrying value as at December 31	1,860,087	1,860,187
Less: Investment disposed during the year	-	(100)
Less: Impairment recognized thereagainst	(1,323,687)	(1,327,684)
	536,400	532,403
Others (note 9.9)	90,330	70,580
	30,422,677	34,485,322

(Amounts in thousand)

9.1 Details of investment in EVTL are as follows:

	2024	2023
	....Rupees....	
At the beginning of the year	-	-
Add: Share of profit for the year (note 44)	1,330,836	1,444,422
Less: Provision adjustment in respect of tax contingency (note 31.6)	(442,086)	(79,422)
Less: Dividend received during the year	(888,750)	(1,365,000)
At the end of the year	-	-

9.1.1 As a result of share of profit for the year, the provision for tax contingency amounting to Rs 1,459.418 million previously set off against the carrying value of the Group's investment has increased by Rs 442.086 million 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 amounted to Rs 1,901.504 million as at reporting date (2023: Rs 1,459.418 million).

9.2 As at December 31, 2024, ECL held 45,000,000 ordinary shares (2023: 45,000,000 ordinary shares) of EVTL representing 50% of the issued, subscribed and paid-up capital of EVTL.

9.3 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 million, in its financial statements, representing potential tax liability that EVTL may have to recognise if the aforementioned cases are decided against EVTL.

On the basis of legal advice, the Group has recognised its proportionate share of the aforementioned, amounting to Rs 2,062.024 million (2023: Rs 2,062.024 million). 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 recognised as a provision (note 31.6), depicting the Group's constructive obligation to bear the potential exposure.

(Amounts in thousand)

9.4 The summary of financial information of EVTL as of and for the year ended December 31, 2024, is as follows:

Statement of financial position

Particulars	2024	2023
	....Rupees....	
Cash and cash equivalents	73,577	625,973
Current financial liabilties (excluding trade and other payables)	308,758	628,831
Non-current financial liabilities (excluding trade and other payables)	-	318,688
Non-current assets	4,117,042	3,681,057
Current assets	3,327,280	4,451,103
Non-current liabilities	(711,363)	(1,026,468)
Current liabilities	(2,985,157)	(4,152,063)
	3,747,802	2,953,629
Group's share at 50% (2023: 50%)	1,918,901	1,476,815
Provision against tax contingency	(1,901,504)	(1,459,418)
Others	(17,397)	(17,397)
Carrying amount	-	-

Statement of profit or loss and other comprehensive income

Particulars	2024	2023
	....Rupees....	
Revenue from contracts with customers	5,513,678	6,927,823
Depreciation and amortization	447,304	371,808
Interest income	570,047	567,348
Income tax expense	1,593,685	2,324,161
Total comprehensive income for the year	2,661,673	2,888,844

9.5 FrieslandCampina Engro Pakistan Limited (FCEPL) is a public listed company, incorporated in Pakistan. ECL 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, ECL partially disposed-off its investment in FCEPL resulting in it being recognised 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 million was recognised in the consolidated financial statements for the year ended December 31, 2019, based on ECL's assessment of the recoverable amount of the investment. However, based on ECL's assessment as at December 31, 2024, no further impairment charge is required to be recognised in respect of this investment.

(Amounts in thousand)

9.6 Details of material investments in associated companies are as follows:

	2024		2023	
Particulars	FCEPL	SECMC	FCEPL	SECMC
	----------------------------Rupees----------------------------			
At beginning of the year	28,885,499	4,996,840	28,292,444	7,163,979
Add:				
- Share of profit for the year (note 44)	879,048	1,183,166	602,006	3,195,433
- Dividend received during the year	-	(346,282)	-	(677,286)
- Share of other comprehensive income / (loss)	31,400	-	(8,951)	-
- Adjustment in respect of carrying value of thermal assets (notes 2.2.1 and 6.1.1)	-	(458,840)	-	(4,685,286)
- Investment classified as held for sale (note 23)	-	(5,374,884)	-	-
	910,448	(4,996,840)	593,055	(2,167,139)
	29,795,947	-	28,885,499	4,996,840

(Amounts in thousand)

9.7 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 2024	FCEPL 2023	SECMC 2024	SECMC 2023
	----------Rupees----------			
Revenue	107,051,450	100,235,403	92,928,162	109,407,088
Profit after tax	2,203,128	1,508,786	36,082,751	29,160,750
Other comprehensive income / (loss)	78,696	(22,437)	-	-
Total comprehensive income	2,281,824	1,486,349	36,082,751	29,160,750
Non-current assets	18,536,830	15,880,600	97,134,635	96,529,367
Current assets	23,137,678	26,006,202	166,061,526	136,375,499
Total assets	41,674,508	41,886,802	263,196,161	232,904,866
Less:				
Non-current liabilities	1,188,594	833,851	62,942,817	73,158,548
Current liabilities	24,028,070	26,876,931	85,679,940	78,255,667
Total liabilities	25,216,664	27,710,782	148,622,757	151,414,215
Net assets	16,457,844	14,176,020	114,573,404	81,490,651
Group's share in %	39.9%	39.9%	11.9%	11.9%
Group's share of net assets	6,566,683	5,656,235	13,634,235	9,697,387
Recognition of investment at fair value	24,337,818	24,337,818	-	-
Adjustment in respect of carrying value of thermal assets	-	-	(5,144,126)	(4,685,286)
Others	115,750	115,750	(15,261)	(15,261)
Effect of classification under held for sale	-	-	(3,099,964)	-
Provision for impairment	(1,224,304)	(1,224,304)	-	-
Carrying amount	29,795,947	28,885,499	5,374,884	4,996,840
Investment classified as held forsale (note 23)	-	-	(5,374,884)	-
	29,795,947	28,885,499	-	4,996,840

(Amounts in thousand)

9.8 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 2024	Quoted fair value 2023	Carrying amount 2024	Carrying amount 2023
			----------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	27,317,278	25,058,438	29,795,947	28,885,499

9.9 This amount is net of loss for the year of Rs 19.749 million (2023: Rs 22.582 million) arising on remeasurement of investment of ECPL carried at fair value through other comprehensive income.

	2024	2023
	....Rupees....	
9.10 Other investments held by the Holding Company - at fair value through profit or loss		
e2e Business Enterprises (Private) Limited - unquoted (note 9.10.1) [23,770,701 (2023: 23,770,701) Ordinary shares of Rs 10 each] Percentage of holding 39.00% (2023: 39.00%)	237,707	237,707
Less: Accumulated impairment	(237,707)	(237,707)
	-	-

9.10.1 The Holding Company had made aggregate investment amounting to Rs 238 million during the years 2013 and 2014 in e2e Business Enterprises (Private) Limited (e2eBE) representing an equity interest of 39%. e2eBE was set up for the production, sale and marketing of Rice Bran Oil (RBO) and was planned to start commercial operations in year 2014.

However, due to certain issues it has not been able to start the commercial operations of the project till date. Further, due to financial and liquidity issues, it has not been able to service its outstanding loans and working capital requirements.

The Holding Company disposed of part of its shareholding i.e. 19.86%, in e2eBE during the year 2015. However, the said disposal was not recorded by e2eBE in its register of members. The Holding Company informed the Securities and Exchange Commission of Pakistan (the SECP) about this matter through its letters dated May 12, 2016 and January 22, 2018.

In view of the pending registration of the transfer of shares in the name of the transferee, during 2020, the Holding Company on the basis of legal advice, entered into an agreement dated May 8, 2020 with the transferee whereby it was agreed to reverse the original share sale-purchase transaction in a manner that the disposed 19.86% shares shall revert to the Holding Company as if those were never sold to the transferee. Accordingly, the sales proceeds amounting to Rs 2 million received by the Holding Company against the disposal of 19.86% shares in e2eBE were returned to the transferee. The Holding Company through its letter dated April 10, 2020 withdrew the matter lodged with the SECP against e2eBE related to its failure to transfer 19.86% shares in the name of the transferee. Further, an intimation to this effect has been made to e2eBE through the Holding Company's letter dated May 15, 2020.

The Holding Company has assessed the carrying amount of its investment in e2eBE in accordance with the requirements of the applicable accounting and reporting standards and the investment has been fully impaired as the possibility of commencement of operations of e2eBE is considered remote.

10. deferred taxation

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
	---Rupees---			
Engro Holdings Limited	-	2,012,564	-	213,490
Engro Corporation Limited	-	465,003	-	167,431
Engro Fertilizers Limited	-	672,844	-	10,401,710
Engro Energy Limited	-	200,962	-	2,580,832
Engro Polymer and Chemicals Limited	-	1,782,531	-	2,982,382
Net effect of consolidation adjustments	-	878,209	-	649,867
	-	6,012,113	-	16,995,712

10.1 Deferred tax liability comprises of (taxable) / deductible temporary differences in respect of the following:

	Balance as at January 1, 2023 (Restated)	Recognized in profit or loss	Recognized in OCI	Balance as at December 31, 2023 (Restated)	Recognized in profit or loss	Recognized in OCI	Balance as at December 31, 2024 (Restated)
	---Rupees---						
Taxable temporary differences							
- Accelerated depreciation allowance and staff retirement benefits	21,674,175	5,519,766	13,157	27,207,098	576,827	3,812	27,787,737
- Right of use assets	320,150	42,101	-	362,251	(126,140)	-	236,111
- Short term investments	(304,935)	840,960	-	536,025	2,104,929	-	2,640,954
- Net effect of consolidation adjustments	300,995	348,872	-	649,867	227,783	-	877,650
Deductible temporary differences							
- Provisions	(9,106,617)	(1,148,440)	-	(10,255,057)	(11,326,045)	-	(21,581,102)
- Lease liability	(940,807)	31,620	-	(909,187)	339,313	-	(569,874)
- Share issuance cost, net of equity	(65,149)	(12,622)	-	(77,771)	-	-	(77,771)
- Unpaid liabilities	(211,203)	(240,277)	-	(451,480)	(83,635)	-	(535,115)
- Tax losses	(24,640)	(41,394)	-	(66,034)	(1,973,088)	-	(2,039,122)
- Minimum turnover tax	-	-	-	-	(727,355)	-	(727,355)
	11,641,969	5,340,586	13,157	16,995,712	(10,987,411)	3,812	6,012,113

(Amounts in thousand)

10.2 As at December 31, 2024, unutilised tax losses of ECL including brought forward depreciation amounts to Nil (2023: Rs 1,606.813 million) which will be adjusted against the taxable income of ensuing years. However, as majority portion of the ECL's income is subject to final tax regime, deferred tax asset has not been recognised on these losses in these consolidated financial statements.

10.3 This includes an amount of Rs 7,631.070 million (2023: Rs 7,631.070 million) relating to disallowance of GIDC provision by the income tax department on account of non-payment.

10.4 Net deferred tax asset amounting to Rs 1,013 million (2023: Rs 134.222 million) has not been recognised by Enfrashare related to business losses aggregating to Rs 2,330.641 million (2023: Rs 2,330.641 million), unused tax depreciation aggregating to Rs 8,723.570 million (2023: Rs 8,723.570 million) and taxable temporary differences aggregating to Rs 12,541 million (2023: Rs 10,710.053 million) 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.

10.5 As at the reporting date, the deferred tax liability on account of temporary differences associated with the undistributed earnings of the subsidiary (i.e. aggregating Rs 120 billion as at December 31, 2024) has not been recognized as the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in foreseeable future.

11. financial assets at amortized cost

	2024	2023
	....Rupees....	
Investment in Pakistan Investment Bonds (note 11.1)	4,268,249	1,051,611

11.1 These bonds carry interest at the rate of 13.04% to 18.27% (2023: 13.04%) per annum and have maturity in three to six years (2023: four years).

12. derivative financial instruments

As at December 31, 2024, Enfrashare has outstanding interest rate swap agreements with Standard Chartered Bank Pakistan Limited for notional amounts aggregating to Rs 5,000 million 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:

(Amounts in thousand)

Notional amount -----Rupees-----	Effective date	Termination date	Fixed rate	Fair value as at 2024	Fair value as at 2023
				-------------Rupees----------------	
1,000,000	July 2, 2021	June 3, 2026	9.85%	51,342	201,093
4,000,000	July 2, 2022	June 3, 2026	10.35%	174,745	762,114
				226,087	963,207

13. net investment in leases

	2024	2023
	....Rupees....	
Undiscounted lease payments analysed as:		
Recoverable after 12 months	59,959,452	75,101,392
Recoverable within 12 months	14,248,932	14,614,206
	74,208,384	89,715,598
Less: Unearned finance income	17,924,089	24,866,800
Net investment in lease	56,284,295	64,848,798
Net investment in lease analysed as:		
Recoverable after 12 months	47,783,306	56,961,334
Recoverable within 12 months	8,500,989	7,887,464
	56,284,295	64,848,798
Maturity analysis of undiscounted net investment in lease:		
Within 1 year	14,244,879	14,599,336
Between 1 and 2 years	14,137,726	14,434,189
Between 2 and 3 years	14,137,726	14,308,112
Between 3 and 4 years	14,176,460	14,308,112
Between 4 and 5 years	14,137,726	14,347,312
Later than 5 years	3,373,867	17,718,537
	74,208,384	89,715,598

(Amounts in thousand)

13.1 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.

13.2 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 64 million (2023: Rs 216 million) and Rs 64 million (2023: Rs 152.519 million) respectively, offered to the customer on signing of multiple contracts accounted for as a single arrangement as disclosed in note 29.1 to these consolidated financial statements. The deferred incentive revenue represents discounted rentals offered to the customer for the above mentioned finance lease arrangement.

13.3 Lease rentals received during the year aggregate to Rs 7,828.025 million (2023: Rs 14,625.547 million).

14. long term loans, advances, deposits and other receivables - considered good

	2024	2023
	....Rupees....	
Loans and advances to:		
- Executives (notes 14.1 to 14.4)	188,543	190,857
- Other employees (notes 14.2 & 14.4)	118,637	15,343
Deposits to suppliers	34,049	204,620
	341,229	410,820
Less: Current portion shown under current assets (note 18)	(95,248)	(151,395)
	245,981	259,425
Deposits		
Receivable from Sui Southern Gas Company Limited (SSGCL) (note 14.5)	729,097	805,817
Less: Current portion shown under current assets (note 18)	(91,727)	(76,720)
	637,370	729,097
Direct cost of Floating Storage & Regasification Unit (FSRU) (note 14.6)	1,297,737	1,297,737
Less: Accumulated amortisation	(850,740)	(764,224)
	446,997	533,513
Security deposits (note 14.7)	146,397	289,320
Other receivables (note 14.8)	4,182,659	3,114,264
Related to disposal group (note 23)	(38,559)	-
	5,620,845	4,925,619

(Amounts in thousand)

14.1 Reconciliation of the carrying amount of loans and advances to executives:

Balance as at January 1	190,857	113,903
Add: Disbursements	367,403	373,764
Less: Repayments / Amortization	(369,717)	(296,810)
Balance as at December 31	188,543	190,857

14.2 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 other 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 21.974 million (2023: Rs 18.715 million) in respect of key management personnel.

14.3 The maximum amount outstanding at the end of any month during the year from the executives aggregated Rs 241.809 million (2023: Rs 190.857 million).

14.4 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.

14.5 In 2014, 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.

14.6 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 were exempt from income tax for 5 years from the date of commercial operations, EETPL was 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.

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 million in respect of custom duty. On the basis of prudence, Rs 1,297.737 million is being amortised over the term of 15 years.

14.7 These mainly represent security deposits paid by Enfrashare to service providers in respect of utility connections.

14.8 This represents accrued infrastructure equalization revenue of Enfrashare amounting to Rs 4,182.659 million (2023: Rs 3,114.264 million) 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.

15. stores, spares and loose tools

	2024	2023
	....Rupees....	
Consumable stores (notes 15.3)	15,225,459	13,821,885
Spares and loose tools (note 15.3)	665,426	612,000
	15,890,885	14,433,885
Less:		
Provision for surplus and slow moving items (note 15.1)	(1,794,277)	(1,494,527)
Related to disposal group (note 23)	(574,979)	-
	13,521,629	12,939,358

15.1 Provision for surplus and slow moving items

Balance as at January 1	1,494,527	1,316,388
Charge for the year - net (note 38.1)	427,927	438,422
Reversal during the year	(118,540)	(260,176)
Written off during the year	(9,637)	(107)
Balance as at December 31	1,794,277	1,494,527

(Amounts in thousand)

15.2 During the year, the Group has directly written off stores, spares and loose tools amounting to Rs 5.304 million (2023: Rs 5.054 million) (note 38.1).

15.3 This includes stores in transit amounting to Nil (2023: Rs 87.208 million).

16. stock-in-trade

	2024 ....Rupees....	2023
Raw and packaging materials (note 16.1)	14,967,969	15,931,461
Fuel stock (note 16.2)	671,371	703,111
Work-in-process	371,488	711,227
Finished goods:		
- own manufactured products (note 16.1)	12,430,132	6,648,552
- purchased and packaged products (note 16.1)	14,368,584	9,885,568
	26,798,716	16,534,120
Less: Provision for impairment against stock-in-trade (note 16.3)	(319,936)	(143,152)
Related to disposal group (note 23)	(1,313,109)	-
	41,176,499	33,736,767

16.1 Includes:

- materials in transit amounting to Rs 11,079.122 million (2023: Rs 11,713.186 million); and
- inventories amounting to Rs 3,810.908 million (2023: Rs 4,790.544 million) held at storage facilities of third parties.

16.1.1 During the year, raw materials and finished goods amounting to Rs 348.640 million (2023: Rs 52.038 million) were directly written off.

16.2 This includes of 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 of EPQL, 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 CPPA, EPQL is maintaining a lower level of HSD inventory.

16.3 Provision for impairment against stock-in-trade

	2024 ....Rupees....	2023
Balance as at January 1	143,152	307,609
Charge for the year - net	176,784	334,001
Reversed during the year	-	(498,458)
Balance as at December 31	319,936	143,152

(Amounts in thousand)

17. trade debts

	2024 ....Rupees....	2023
Considered good		
- secured (notes 17.1 to 17.2)	71,355,566	73,543,603
- unsecured	7,315,498	1,953,953
	78,671,064	75,497,556
Considered doubtful (note 17.4)	353,285	380,705
	79,024,349	75,878,261
Less: Provision for impairment (note 17.5)	(353,285)	(380,705)
Related to disposal group (note 23)	(59,843,837)	-
	18,827,227	75,497,556

17.1 Includes trade debts of EPQL and EPTL aggregating to Rs 59,843.837 million (2023: Rs 66,985.143 million) due from Central Power Purchasing Agency Guarantee Limited (CPPA-G), along with delayed payment charges which are secured by a guarantee from the Government of Pakistan under the Implementation Agreements and as such are considered good. With respect to over dues of EPQL, under Master Agreement and PPA Amendment dated February 11, 2021, 'Delayed Payment Rate' has been reduced for the first 60 days from KIBOR plus 4% per annum to KIBOR plus 2% per annum except for energy purchase price invoices. This is inclusive of overdue trade debt carrying mark-up at the rate of 3 months KIBOR plus 2% per annum.

17.2 Includes an amount of Rs 2,963.382 million (2023: Rs 2,719.686 million) due from SSGCL, in respect of finance income on net investment in lease, operating lease rentals, utilization / regasification services and operations and maintenance services.

17.3 As at December 31, 2024, trade debts aggregating to Rs 54,480.674 million (2023: Rs 29,033.792 million) were neither past due nor impaired.

17.4 As at December 31, 2024, trade debts aggregating to Rs 353.285 million (2023: Rs 380.705 million) were past due and impaired and have been provided for.

17.5 The movement in provision during the year is as follows:

	2024 ....Rupees....	2023
Balance as at January 1	380,705	350,069
Add: Provision for doubtful debts (note 42)	(27,420)	91,554
Trade debts written off	-	(60,918)
Balance as at December 31	353,285	380,705

(Amounts in thousand)

17.6 As at December 31, 2024, trade debts aggregating to Rs 24,190.390 million (2023: Rs 46,463.764 million) 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:

	2024	2023
	....Rupees....	
- Upto 3 months	19,662,081	28,877,056
- 3 to 6 months	4,128,785	17,335,232
- More than 6 months	399,524	251,476
	24,190,390	46,463,764

17.7 Details of amounts due from associated undertakings / related parties are as follows:

	2024	2023
	....Rupees....	
- FCEPL	10,753	-
- Tenaga Generasi Limited	-	249,027
	10,753	249,027

17.8 The ageing analysis of past due receivables from associated undertakings / related parties is as follows:

	2024	2023
	....Rupees....	
- Upto 3 months	10,753	-
- More than 3 months	-	97,215
	10,753	97,215

17.9 The maximum amount due from related parties at the end of any month during the year aggregates to Rs 291.868 million (2023: Rs 366.125 million).

17.10 These include secured debts of EFERT and EPCL amounting to Rs 7,443.377 million (2023: Rs 2,265.511 million) and Rs 1,071.046 million (2023: Rs 1,070.171 million) which are secured by way of bank guarantee and letter of credits from customers.

(Amounts in thousand)

18. loans, advances, deposits and prepayments

	2024	2023
	....Rupees....	
Current portion of long-term loans and advances to executives and other employees (note 14)	95,248	151,395
Advances to executives and other employees (note 18.1)	14,053	11,639
Advance to associated undertakings (note 18.4)	3,017	3,017
Advance to suppliers	384	506
Current portion of receivable from SSGCL (note 14)	91,727	76,720
Advances and deposits (note 18.3)	8,946,453	7,250,148
Prepayments:		
- insurance	1,616,387	1,628,863
- freight	377,925	19,041
- others	1,207,605	410,403
Related to disposal group (note 23)	(1,861,975)	-
	10,490,824	9,551,732

18.1 Represents interest free advances to executives and employees for house rent, given in accordance with the Group's policy.

18.2 The carrying values of the loan and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

18.3 This includes advance made to a related party - Nimir Industrial Chemicals Limited amounting to Rs 34.472 million (2023: Rs 196.910 million).

18.4 This represents Rs 3.017 million (2023: Rs 3.017 million) due from The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2023: Rs 3.017 million).

(Amounts in thousand)

19. other receivables

	2024 ....Rupees....	2023
Receivable from Government of Pakistan (GoP) against:		
- Sales tax refunds	16,542,134	20,044,622
- Subsidy - net of loss allowance and provision (note 19.1 and 19.2)	2,811,755	1,608,667
	19,353,889	21,653,289
Delayed payment charges (note 19.3)	22,403,378	18,514,398
Workers' profits participation fund	-	393,056
Reimbursable cost from CPPA-G in respect of:		
- Sindh workers' profits participation fund	7,105,704	4,976,153
- expenses	32,649	17,536
Receivable from Reon Energy Limited (note 19.10)	80	45,751
Receivable from Empiric AI (Private) Limited - (EMPAK)	-	34,080
Receivable from following related parties:		
- Engro Vopak Terminal Limited	85,297	127,222
- Dawood Corporation (Private) Limited	592	5,427
- Dawood Lawrencepur Limited	2,450	173
- Inbox Business Technologies (Private) Limited	2,411	1,066
- Sach International (Private) Limited	621	578
- Tenaga Generasi Limited	2,318	294
- Dawood Investments (Private) Limited	983	32,482
- Engro Foundation	21	112
- Thar Foundation	4,152	4,978
- Sindh Engro Coal Mining Company Limited	102,914	14,781
- Thar Power Company Limited	6,309	4,036
- FrieslandCampina Engro Pakistan Limited	33,987	6,925
- China East Resources Import and Export Corporation	100,305	100,305
- Pebbles (Private) Limited	-	17
- Cyan Limited	1,023	2,107
Insurance claim receivable	62,190	62,190
Retirement benefit funds	27,114	31,414
Others (notes 19.8, 19.9 and 19.11)	2,783,032	4,156,122
Related to disposal group (note 23)	(36,338,690)	-
	(3,581,160)	28,531,203
	15,772,729	50,184,492

19.1 In 2015, the GoP notified payment of subsidy on sold product at the rate of Rs. 0.5 million per 50 kg bag of Di-Ammonia Phosphate (DAP), Rs 0.217 million 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. 0.156 million per 50 kg bag of Urea, Rs. 0.3 million 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 1, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs 0.1 million 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.

Subsidy receivable from the Government of Pakistan - net	2024 ....Rupees....	2023
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable (note 19.3)	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (note 19.1.1 and 19.2)	(3,556,611)	(4,759,699)
	2,811,755	1,608,667

19.1.1 The movement in loss allowance on subsidy receivable from the GoP is as follows:

	2024 ....Rupees....	2023
Balance as at January 1	4,759,699	2,319,548
(Reversal) / Recognition of loss allowance for the year	(1,203,088)	2,440,151
Balance as at December 31	3,556,611	4,759,699

19.2 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 recognise expected credit loss, if any, Based on this, EFERT has recomputed expected credit loss amounting to Rs 3,556.611 million (2023: Rs 4,759.699 million) 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.

19.3 This represents mark-up on overdue trade debts of which Rs. 2,446.599 million (2023: Rs 3,304.993 million) is neither past due nor impaired and Rs 21,125.829 million (2023: Rs 14,630.961 million) is overdue but not impaired. This also includes Rs 611.051 million (2023: Rs 578.444 million) which is unbilled. Further, this amount is netted off against provision of Rs 1,780.101 million (2023: Nil).

19.4 As at December 31, 2024, specific provision in respect of subsidy amounts to Rs 155.127 million (2023: Rs 155.127 million).

19.5 The ageing analysis of past due receivables from associated companies / related parties is as follows:

	2024	2023
	....Rupees....	
- Upto 3 months	153,188	72,781
- 3 to 6 months	89,127	48,707
- More than 6 months	103,985	57,421
	346,300	178,909

19.6 Other receivables include non-adjustable sales tax of Rs 740,888 (2023: Rs 740,888) relating to the project phase of EPTL, which, as per the Tariff Decision is allowed to be claimed as a pass-through item from Central Power Purchasing Agency - Guarantee (CPPA-G) under the PPA, if disallowed by the relevant authorities.

19.7 The maximum amount due from related parties at the end of any month during the year amounts to Rs 620.957 million (2023: Rs 494.006 million).

19.8 As at December 31, 2024, receivables aggregating to Rs 54.730 million (2023: Rs 54.730 million) were impaired and have been provided for in full.

19.9 These include amount due from Mr. Hussain Dawood and Mr. Abdul Samad Dawood (i.e. members of key management personnel of the Holding Company).

19.10 Reon Energy Limited was the related party of the Group upto October 7, 2024.

19.11 This includes Rs 2,970.119 million (2023: Rs 1,936.432 million) paid to a gas supplier pursuant to an arrangement under which EFERT has committed to fulfil certain obligations in case of default by another gas company. The gas supplier will return the amount so paid once another gas company settles its outstanding amount.

20. contract assets

	2024	2023
	....Rupees....	
Capacity Purchase Price component of tariff - EPTL	-	13,817,606
Unbilled revenue	4,015,945	3,062,607
	4,015,945	16,880,213

21. short term investments

	2024	2023
	....Rupees....	
At fair value through profit or loss		
Investment in units of mutual funds (notes 21.1)	28,429,608	31,665,215
Quoted shares (notes 21.2 and 21.3)	16,546,268	7,914,529
	44,975,876	39,579,744
At fair value through other comprehensive income		
Special Sharikah Certificates	-	969,712
Pakistan Investments Bonds (PIBs) (notes 21.5 and 21.6)	14,305,192	10,572,006
	14,305,192	11,541,718
At amortised cost		
Fixed Income Placements / Term Deposit Receipts (note 21.8)	34,083,273	20,575,464
Market treasury bills (T-Bills) (note 21.7)	2,177,002	5,168,726
Pakistan Investment Bonds (PIBs) (note 21.4)	849,477	1,764,472
	37,109,752	27,508,662
Related to disposal group (note 23)	(14,318,691)	-
	82,072,129	78,630,124

21.1 This represents investment in 100,148,960 units (2023: 482,654,197 units) of various mutual funds having cost amounting to Rs 28,325.456 million (2023: Rs 27,036.396 million).

21.2 Particulars regarding quoted shares are as follows:

	As at January 1, 2024	Purchased during the year	Bonus shares received during the year	Sold during the year	As at December 31, 2024	Average cost as at December 31, 2024	Fair value as at December 31, 2024	Unrealised gain for the year ended, December 31, 2024
	Number of shares					(Rupees in '000)		
Banking, Insurance and Investment companies	21,216,723	200,000	-	1,300,000	20,116,723	3,516,846	7,127,011	3,610,165
Exploration and production	15,374,445	3,586,000	1,440,560	295,823	20,105,182	2,354,505	5,009,838	2,655,333
Technology and communication	10,935,577	1,583,099	-	-	12,518,676	1,880,645	2,814,062	933,417
Cement	2,272,028	50,000	-	1,600,000	722,028	581,386	794,585	213,199
Oil Marketing companies	1,000,000	-	-	250,000	750,000	132,525	330,518	197,993
Pharmaceuticals	-	337,264	-	-	337,264	213,404	244,541	31,137
Fertilizer	-	463,493	-	-	463,493	139,356	169,787	30,431
Synthetic & Rayon	-	2,600,000	-	-	2,600,000	51,059	55,926	4,867
Textile	400,000	-	-	400,000	-	-	-	-
						8,869,726	16,546,268	7,676,542

(Amounts in thousand)

21.3 The fair value of investments in shariah compliant quoted shares as at December 31, 2024 aggregated Rs. 10,219 million (2023: Rs. 4,425 million).

21.4 These bonds carry interest at the rates 20.23% (2023: 17.57% to 21.50%) per annum and maturing in 9 months (2023: maturity in 9 months).

21.5 These bonds carry yield of 12.75% to 13.40% (2023: 12.75% to 13.40%) per annum and have maturity terms ranging between 5 and 10 years.

21.6 This amount is net of loss amounting to Rs. 3.584 million (2023: Rs. 1,388.624 million) arising on remeasurement of Pakistan Investment Bonds.

21.7 These Treasury Bills carry interest at the rates ranging between 13% to 21.4% (2023: 21.4% to 22.5%) per annum and maturing on various dates between 1 to 5 months.

21.8 These represent placements with banks and Term Deposit Receipts carrying interest at the rates ranging between 3.5% and 19.9% (2023: 19% and 22.35%) per annum and maturing on various dates between 1 and 3 months.

21.9 Certain investment held by ECL are pledged as disclosed in note 36.

22. cash and bank balances

	2024	2023
	....Rupees....	
Balances with banks in:		
- deposit accounts (notes 22.1 and 22.2)	22,506,331	42,250,566
- deposit accounts - islamic (note 22.3)	1,315,441	1,707,383
- current accounts	6,478,145	23,156,120
Cash in hand	5,354	14,734
	30,305,271	67,128,803
Related to disposal group (note 23)	(17,243,831)	-
	13,061,440	67,128,803

22.1 Local currency conventional deposits carry return ranging from 5.02% to 20.51% (2023: 7.5% to 21.3%) per annum.

22.2 Includes bank balances Rs. 5,292.373 million (2023: Rs. 18,419.040 million) held in foreign currency bank accounts and carry return ranging upto 4% (2023: upto 4%) per annum.

22.3 These are shariah compliant bank balances and carry profit at rates ranging from 5.5% to 13.05% (2023: 7.5% to 21.20%) per annum.

(Amounts in thousand)

23 assets classified as held for sale and discontinued operations

23.1 As stated in note 2.2.1, EEL has entered into definitive agreements with Liberty Power Holding (Private) Limited and other parties for the sale of its entire shareholding in EPQL, EPTL and SECMC (thermal assets portfolio). As a result, assets and liabilities of these thermal assets portfolio have been classified as assets and liabilities attributable to discontinued operations.

As of reporting date, the Group has recognised a remeasurement loss of Rs 24,099 million on carrying value of thermal assets.

23.2 During the year, an investment has been classified as held for sale due to the decision of the Board of Directors of ECL to divest its wholly owned subsidiary, EEAPL. Subsequent to year end, ECL has entered into a definitive agreement with the buyer (note 2.2.2). The management expects the sale to be completed within twelve months from reporting date. Therefore, the said investment has been measured at lower of the carrying value and fair value less cost to sell as recognised under IFRS 5 - Non-current Assets held for Sale and Discontinued Operations.

23.2.1 Profit From Discontinued Operations

	2024	2023
	....Rupees....	
Revenue from contracts with customers - net	134,009,689	125,747,359
Cost of revenue	(78,585,989)	(77,384,323)
Gross profit	55,423,700	48,363,036
Administrative expenses	(1,870,617)	(1,407,623)
Selling and distribution expenses	(1,389)	(119,208)
Other operating expenses	(1,320,820)	(559,450)
Other income	14,825,834	17,351,186
Share of income from associate	1,183,166	3,195,433
Adjustment in respect of carrying value of thermal assets	(33,056,000)	(29,950,311)
Operating profit	35,183,874	36,873,063
Finance cost	(29,226,408)	(30,934,511)
Profit before tax	5,957,466	5,938,552
Taxation	(1,849,755)	(3,419,036)
Profit after tax from discontinued operation	4,107,711	2,519,516

(Amounts in thousand)

23.2.2 Assets and liabilities of assets portfolio classified as held for sale

	December 31, 2024 (Rupees)
ASSETS	
Property, plant and equipment (note 23.4)	123,135,022
Intangible assets (note 8)	279,320
Long-term investments (note 9.7)	5,374,884
Long-term loans, advances, deposits and other receivables	38,559
Stores and spares and loose tools	574,979
Stock-in-trade	1,313,109
Trade debts (note 17)	59,843,837
Loans, advances, deposits and prepayments (note 18)	1,861,975
Other receivables (note 19)	36,338,690
Taxes recoverable	69,599
Accrued income	2,466,722
Short-term investments	14,318,691
Cash and bank balances	17,243,831
	262,859,218
LIABILITIES	
Borrowings	109,610,749
Deferred taxation	994,001
Trade and other payables	62,420,930
Contract liabilities	9,335,960
Accrued interest / mark-up	1,238,788
Taxation - provision less payments	373,648
Dividend payable	19,890
Short-term borrowings	23,005,561
	206,999,527
NET ASSETS - attributable to discontinued operations	55,859,691

23.2.3 Net cash flows for the period relating to discontinued operations:

	2024	2023
	....Rupees....	
Net cash generated from operating activities	44,351,074	45,851,432
Net cash generated from investing activities	6,247,032	1,564,365
Net cash utilized in financing activities	(76,168,781)	(40,720,446)

(Amounts in thousand)

23.3 Certain assets of EFERT had been classified as held for sale as at December 31, 2023, due to the decision of the directors of EFERT to sell its E-Logistics business (previously classified under vehicles in operating assets - note 6.1). During the year, EFERT entered into an agreement with Hamdard Laboratories (Waqf) Pakistan in respect of sale of its entire fleet of vehicles and office equipment. The transaction has been completed on May 20, 2024 at a sale price of Rs 1,550 million.

23.4 This is net-off remeasurement loss recognised in respect of carrying value of thermal assets amounting to Rs. 24,099 million (2023: Nil).

24. share capital

24.1 Authorised capital

2024	2023		2024	2023
....Number of Shares....			...........Rupees...........	
1,250,000,000	1,250,000,000	Ordinary shares of Rs. 10 each	12,500,000	12,500,000

During the year and in pursuance of the matter stated in note 1.3 to these consolidated financial statements, the authorized share capital of the Holding Company has been increased from Rs 10 billion, divided into 1 billion ordinary shares of Rs 10 each to Rs 12.5 billion, divided into 1.25 billion ordinary shares of Rs 10 each. The new 250 million ordinary shares of Rs 10 each shall rank pari passu in every respect with the existing ordinary shares of the Holding Company.

24.2 Issued, Subscribed and paid-up-capital

2024	2023		2024	2023
....Number of Shares....			...........Rupees...........	
13,900,000	13,900,000	Ordinary shares of Rs 10 each fully paid in cash	139,000	139,000
467,387,116	467,387,116	Ordinary shares of Rs 10 each issued as fully paid bonus shares	4,673,871	4,673,871
481,287,116	481,287,116		4,812,871	4,812,871

24.3 During the year, there has been no movement in the issued, subscribed and paid-up ordinary share capital of the Company.

24.4 Shares held by related parties as at reporting date:

	2024	2023
	(Number of Shares)	
Dawood Lawrencepur Limited\ Percentage of holding 16.19% (2023: 16.19%)	77,931,896	77,931,896
The Dawood Foundation Percentage of holding 3.95% (2023: 3.95%)	18,991,988	18,991,988
Dawood Investments (Private) Limited Percentage of holding 9.86% (2023: 9.86%)	47,450,048	47,450,048
Sach International (Private) Limited Percentage of holding 0.001% (2023: 0.001%)	6,996	6,996
Directors, Chief Executive Officer and their spouses and minor children (note 24.5) Percentage of holding 3.67% (2023: 3.88%)	17,697,228	18,697,228

24.5 This represents shareholding held by Directors and CEO of the Holding Company who were holding such positions as at reporting date.

25. maintenance reserve

25.1 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.

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 Nil (2023: Rs 50 million) as at December 31, 2024. 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.

(Amounts in thousand)

25.2 During the year, an amount of Rs 328.944 million (2023: Rs 496.644 million) 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.

26. BORROWINGS
- Secured

	2024	2023
	....Rupees....	
Islamic finances (note 26.1)	61,131,165	41,990,765
Conventional finances (note 26.2)	35,852,175	33,469,383
Foreign currency borrowings and others (note 26.3)	97,392,109	117,664,705
	194,375,449	193,124,853
Less: Current portion shown under current liabilities (note 26.5)	(7,440,812)	(28,580,236)
Less: Government grant (note 27)	(1,968,886)	(2,472,574)
Less: Related to disposal group (note 23)	(109,610,749)	-
	75,355,002	162,072,043

26.1 Islamic finances

	Note	Mark-up	Installments		2024	2023
			Number	Commenced/ Commencing from	---------Rupees---------	
Bilateral loan	26.4.1	6 months KIBOR + 0%	6 half yearly	July 15, 2021	-	903,584
Islamic long term financing facility (ILTFF)	26.4.2	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,392,830	1,633,332
Islamic Temporary Economic Refinance Facility (ITERF)	26.4.3	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2025	3,219,955	3,395,059
Loan under Diminishing Musharaka agreement	26.4.6	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	200,000	300,000
Syndicated Long Term Islamic Finance Facility	26.4.7	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,736,621	8,733,733
Loan under Diminishing Musharaka agreement	26.4.8	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
Bilateral Loan II	26.4.9	3 months KIBOR + 0.4%	28 quarterly	April 19, 2026	2,000,000	-
Loan under diminishing Musharaka agreement III	26.4.10	3 months KIBOR + 0.03%	28 quarterly	March 9, 2027	6,000,000	3,025,057
Islamic Facility Agreements	26.4.11	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	2,681,759	4,500,000
Meezan Bank Limited - Facility 1	26.4.13	3 months KIBOR + 0.93%	20 quarterly	January 1, 2024	3,600,000	3,000,000
Meezan Bank Limited - Facility 2	26.4.14	3 months KIBOR + 0.4%	28 quarterly	September 1, 2025	3,000,000	1,000,000
Faysal Bank Limited	26.4.15	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,000,000	-
National Bank of Pakistan	26.4.20 & 26.4.21	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	-	3,500,000
MCB Bank Limited - Syndicate facility	26.4.16	3 months KIBOR + 0.7%	20 quarterly	February 1, 2024	2,800,000	6,000,000
MCB Bank Limited - Syndicate Facility 2	26.4.17	3 months KIBOR + 0.65%	28 quarterly	July 1, 2023	6,000,000	-
Meezan Bank Limited - Facility 3	26.4.18	3 months KIBOR + 0.4%	24 quarterly	February 1, 2029	1,500,000	
Facilities of EFERT - Senior Lenders						
United Bank Limited	26.4.28	3 months KIBOR - 0.25%	4 quarterly	December 27, 2025	3,000,000	-
Meezan Bank Limited	26.4.28	3 months KIBOR + 0.10%	28 quarterly	February 5, 2025	2,000,000	-
Habib Bank Limited	26.4.28	3 months KIBOR + 0.10%	12 quarterly	December 30, 2028	5,000,000	-
Habib Bank Limited	26.4.28	3 months KIBOR - 0.25%	6 quarterly	December 30, 2025	3,000,000	-
					61,131,165	41,990,765

(Amounts in thousand)

26.2 Conventional finances

	Note	Mark-up	Installments Number	Commenced/ Commencing from	2024	2023
					---------Rupees---------	
MCB Bank Limited - Facility 1	26.4.19	3 months KIBOR + 0.95%	20 quarterly	October 1, 2022	600,000	800,000
Bank Alfalah Limited	26.4.20	3 months KIBOR + 0.8%	20 quarterly	March 1, 2023	700,000	900,000
Habib Bank Limited - Facility 1	26.4.21	3 months KIBOR + 0.95%	20 quarterly	April 1, 2023	1,190,000	1,530,000
Habib Bank Limited - Facility 2	26.4.22	3 months KIBOR + 0.7%	20 quarterly	February 1, 2024	1,600,000	2,000,000
MCB Bank Limited - Facility 3	26.4.23	3 months KIBOR + 0.4%	28 quarterly	August 1, 2025	2,000,000	2,000,000
Habib Bank Limited - Facility 3	26.4.24	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	2,500,000	2,500,000
United Bank Limited	26.4.25	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,500,000	1,500,000
Faysal Bank Limited - Facility 2	26.4.26	3 months KIBOR + 0.5%	28 quarterly	July 1, 2027	1,500,000	-
Habib Bank Limited - Facility 4	26.4.27	3 months KIBOR + 0.5%	24 quarterly	September 1, 2028	1,500,000	-
Facilities of EFERT - Senior lenders						
Allied Bank Limited	26.4.28	3 months KIBOR + 0.35%	12 quarterly	March 30, 2023	110,325	176,521
Allied Bank Limited	26.4.28	3 months KIBOR + 0.35%	6 half yearly	June 30, 2023	23,675	31,550
Allied Bank Limited	26.4.28	3 months KIBOR + 0.35%	6 half yearly	June 21, 2023	333,333	666,667
MCB Bank Limited	26.4.28	3 months KIBOR - 0.2%	4 quarterly	Feburary 11, 2026	5,000,000	-
Allied Bank Limited	26.4.28	3 months KIBOR + 0.2%	6 half yearly	June 16, 2022	-	833,333
MCB Bank Limited	26.4.28	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	-	833,333
					5,467,333	2,541,404
JS Bank Limited		SBP Rate + 2%	20 quarterly	September 23, 2019	-	10,000
Bank Alfalah Limited		SBP Rate + 2%	20 quarterly	May 1, 2012	-	51,128
National Bank of Pakistan	26.4.11	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	2,101,158	2,370,132
HBL - led consortium	26.4.11	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	11,408,204	12,868,593
					32,066,695	29,071,257
TERF Loans - EFert						
Allied Bank Limited	26.4.29	1.50%	Various	March 30, 2023	539,945	630,664
Habib Bank Limited	26.4.29	2.00%	Various	January 29, 2022	641,084	729,898
MCB Bank Limited	26.4.29	1.50%	Various	January 13, 2023	2,604,451	3,037,564
					3,785,480	4,398,126
					35,852,175	33,469,383

26.3 Foreign currency borrowings and others

	Note	Mark-up	Number	Commenced/ Commencing from	2024	2023
					---------Rupees---------	
International Finance Corporation (IFC)	26.4.30	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	-	1,645,647
International Finance Corporation (IFC)	26.4.31	SOFR + 3.68%	7 half yearly	July 15, 2025	4,101,889	4,112,422
Allied Bank Limited (Bahrain)	26.4.32	SOFR + CAS (0.4286%) +3%	6 half yearly	June 13, 2022	-	1,208,755
China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industrial and Commercial Bank of China Limited (ICBCL)	26.4.33	6 months LIBOR + 4.2%	20 half yearly	June 1, 2020	97,232,625	115,411,260
					101,334,514	122,378,084
Less: Transaction cost	26.4.34				(3,942,405)	(4,713,379)
					97,392,109	117,664,705

26.4 Detail of the financings are set out as follows:

26.4.1 In 2019, EPCL entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). This was 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 million, 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. During the year, the outstanding amount was repaid in entirety on the expiry of its contractual term and accordingly hypothecation charge on EPCL's assets was released.

26.4.2 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 million which shall rank pari passu with the charges created in favour of the existing creditors.

26.4.3 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 million 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 million which shall rank pari passu with the charges created in favor of existing creditors.

26.4.4 In 2021, EPPL entered into a musharaka agreement with MCB Bank Limited and MCB Islamic Bank Limited (MIBL) for Rs 550.000 million and Rs 100.000 million 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.

26.4.5 In 2022, EPPL entered into a musharaka agreement with Faysal Bank Limited amounting to Rs 2,000 million under the ITERF of SBP. The borrowing is secured by the way of hypothecation charge over plant and machinery of EPPL with 20% margin.

26.4.6 In 2021, EPCL made a draw down of Rs 400 million 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 million which shall rank pari passu with charges created in favor of existing creditors.

26.4.7 On December 28, 2022, EPCL made a draw down of Rs 8,750.000 million 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 million which shall rank pari passu with the charges created in favor of existing creditors.

26.4.8 On December 12, 2022, EPCL obtained loans amounting to Rs 6,000 million 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 million which shall rank pari passu with the charges created in favor of existing creditors.

26.4.9 During the year, EPCL entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL) for a loan facility amounting to Rs 2,000 million. 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 2,500 million ranking subordinate and subservient to the charges created in favour of the existing creditors.

26.4.10 During the year, EPCL entered into a musharaka agreement with Meezan Bank Limited for a loan facility amounting to Rs 6,000 million. 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 7,200 million ranking subordinate and subservient to the charges created in favour of the existing creditors.

26.4.11 EPTL has entered into the following loan agreements which are fully availed and utilized:

- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs 17,016 million. As at December 31, 2024, the outstanding balance of the borrowing was Rs 11,408.204 million (2023: Rs12,868.593 million).

- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs 3,134 million. As at December 31, 2024, the outstanding balance of the borrowing was Rs 2,101.158 million (2023: Rs 2,370.132 million).

- Islamic Facility Agreements with Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs 4,000 million. As at December 31, 2024, the outstanding balance of the borrowing was Rs 2,681 million (2023: Rs 3,025 million).

  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.

26.4.12 This includes Rs 1,550 million and Rs 200 million borrowed from Habib Bank Limited, a related party, under Rupee Facility agreements and Islamic Facility Agreements, respectively.

(Amounts in thousand)

26.4.13 In November 2021, Enfrashare entered into a secured long term musharka financing facility extended by Meezan Bank Limited for an amount up to Rs 4,500 million. Facility availed as at December 31, 2024 is of Rs 3,600 million (2023: Rs 4,500 million). 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 Meezan Bank Limited in the sum of Rs 6,000 million. 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 million favouring Meezan 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 in terms of the letter of lien amounting to Rs 6,000 million.

(d) Letter of comfort of ECL.

26.4.14 In September 2022, Enfrashare entered into a secured long term musharka financing facility and secured facility extended by Meezan Bank Limited for an amount up to Rs 3,000 million. Facility availed as at December 31, 2024 is of Rs 3,000 million (2023: Rs 3,000 million). 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 Meezan Bank Limited in the sum of Rs 4,000 million. 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 million favouring Meezan Bank Limited 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 ECL.

26.4.15 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 million. Facility availed as at December 31, 2024 is of Rs 1,000 million (2023: Rs 1,000 million). 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 million. 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 million.

26.4.16 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 million (2023: Rs 3,500 million). Facility availed as at December 31, 2024 was of Rs 2,800 million (2023: Rs 3,500 million). 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 million. 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 million 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 million.

(d) Letter of comfort of ECL.

26.4.17 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 million. Facility availed as at December 31, 2024 is of Rs 6,000 million (2023: Rs 6,000 million). 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 million.

(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 million.

(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 million.

(d) Letter of comfort of ECL.

26.4.18 In November 2024, Enfrashare entered into a secured long term musharkah facility extended by the Meezan Bank Limited for an amount up to Rs 1,500 million. Facility availed as at December 31, 2024 is of Rs 1,500 million (2023: Nil). The total tenor of loan is ten years from date of disbursement of finance with 4 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 2,000 million.

(b) Assignment or receivables in favor of the Security Trustee in the sum of Rs 2,000 million.

(c) Lien and right to set-off over the Collection Account, Payment Service Reserve Account, and the Payment Account in favour of Meezan Bank Limited in terms of the letter of lien amounting to Rs 2,000 million.

(d) Letter of comfort of ECL.

26.4.19 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 million. Facility availed as at December 31, 2024 is of Rs 600 million (2023: Rs 800 million). 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 million 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 ECL.

26.4.20 In March 2021, Enfrashare entered into a secured long term financing facility extended by Bank Alfalah Limited for an amount up to Rs 1,000 million. Facility availed as at December 31, 2024 is of Rs 700 million (2023: Rs 900 million). 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 million. 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.

(b) 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 ECL.

26.4.21 In April 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited (HBL) for an amount up to Rs 1,700 million. Facility availed as at December 31, 2024 is of Rs 1,190 million (2023: Rs 1,530 million). 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 HBL in the sum of Rs 2,667 million. 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 million favouring HBL.

(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 HBL in terms of the letter of lien amounting to Rs 2,667 million.

(d) Letter of comfort of ECL.

26.4.22 In December 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited (HBL) for an amount up to Rs 2,000 million. Facility availed as at December 31, 2024 is of Rs 1,600 million (2023: Rs 2,000 million). 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 million. 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 million favouring HBL.

(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 HBL in terms of the letter of lien amounting to Rs 2,667 million.

(d) Letter of comfort of ECL.

26.4.23 In August 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by MCB Bank Limited (MCB) for an amount up to Rs 2,000 million. Facility availed as at December 31, 2024 is of Rs 2,000 million (2023: Rs 2,000 million). 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 million. 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 million favouring MCB.

(c) Letter of comfort of ECL.

26.4.24 In December 2022, Enfrashare entered into a secured term finance facility and secured facility extended by Habib Bank Limited (HBL) for an amount up to Rs 2,500 million. Facility availed as at December 31, 2024 is of Rs 2,500 million (2023: Rs 2,500 million). 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 HBL in the sum of Rs 3,334.000 million. 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 million favouring the bank along with collection of receivable from the HBL channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of HBL.

(d) Letter of comfort of ECL.

26.4.25 In December 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by United Bank Limited (UBL) for an amount up to Rs 1,500 million. Facility availed as at December 31, 2024 is of Rs 1,500 million (2023: Rs 1,500 million). 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 million. 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 UBL in terms of a letter of lien and right of set-off up to the sum of Rs 2,000 million.

26.4.26 April 2024, Enfrashare entered into a secured long term islamic financing facility extended by the Faysal Bank Limited (FBL) for an amount up to Rs 1,500 million. Facility availed as at December 31, 2024 is of Rs 1,500 million. The total tenor of loan is ten years from date of disbursement of flu ance 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 2,000 million.

(b) Lien and right to set-off over the Finance Payment Account in favour of FBL in terms of the letter of lien in the sum of Rs 2,000 million.

(c) Letter of comfort of ECL.

26.4.27 In June 2024, Enfrashare entered into a secured long term loan facility extended by the Habib Bank Limited (HBL) for an amount up to Rs 1,500 million. Facility availed as at December 31, 2024 is of Rs 1,500 million. The total tenor of loan is ten years from date of disbursement of finance with 4 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 2,000 million.

(b) Assignment or receivables in favor of the Security Trustee in the sum of Rs 2,000 million.

(c) Lien and right to set-off over the Collection Account, Debt Service Reserve Account, and the Debt Payment Account in favour of HBL in terms of the letter of lien amounting to Rs 2,000 million.

(d) Letter of comfort of the ECL.

26.4.28 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.

26.4.29 These borrowings have the same charge as the borrowings from other Senior Lenders of EFERT on operating assets (note 26.5.10). Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual instalment starting from January 2022.

In accordance with IFRS 9 Financial Instruments, EFERT has recognised these loans at their fair value and the differential markup as deferred government grant income, which will be amortised and set off against finance cost over the period of the facilities.

26.4.30 In 2018, EPCL had entered into a financing agreement with IFC for a total of USD 35.000 million the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the EPCL (excluding land and building) to the extent of USD 43.750 million which shall rank pari passu with the charges created in favour of the existing creditoRs During the year, the outstanding amount was repaid in entirety on the expiry of its contractual term and accordingly hypothecation charge on the EPCL's assets was released.

26.4.31 In 2021, EPCL had entered into an Ijarah agreement with IFC for a total of USD 15.000 million, the draw down of which was made during the year in November 2023. 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 million which shall rank pari passu with the charges created in favour of the existing creditoRs The agreement is covered under Islamic mode of financing.

(Amounts in thousand)

26.4.32 The ETPL's loans were secured by way of the following:

- First pari passu hypothecation charge over fixed asset (excluding land and building) of ETPL with 25% margin (disbursement of loan made on ranking charges which were subsequently upgraded to Pari Passu);

- First Pari passu mortgage charge over immovable assets (including land and building) of ETPL with 25% margin (This security was condition subsequent);

- Assignment of ETPL receivables / cashflows and any interests in the documents and contracts related to ETPL's operations; and

- Establishment and lien over debt payment account.

26.4.33 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 million 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, 2024, outstanding balance was USD 348.692 million (2023: USD 408.680 million).

During the year, NEPRA through its decisions dated December 5, 2024 and December 14, 2024 determines the transition from London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR). Therefore, the foreign currency facilities are subject to IBOR reforms which are not expected to significantly impact on EPTL's current risk management strategy and accounting for certain financial instruments. EPTL has entered into amendment relating to Amended and Restated Common Terms Agreement (CTA) dated December 31, 2015 and Amended and Restated USD Facility Agreement (USD FA) dated December 21, 2015 with the Habib Bank Limited (Intercreditor Agent) and China Development Bank (USD Facility agent) under 'Third Amendment and Restatement Agreement (CTA and USD FA) (the Amendment), the finalisation of which is subject to condition precedent as mentioned in Schedule 2 of the Amendment. Hence, the transition from LIBOR to SOFR is expected to be completed by quarter 2 of the year 2025.

26.4.34 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 amortised over the term of the respective borrowing.

(Amounts in thousand)

26.4.35 In respect of the above facilities as stated above for EPCL, EPCL is required to comply with certain financial covenants on its long term borrowings, after the end of each reporting year and on a quarterly basis in case of Ijarah facility from IFC. The details of such covenants are:

Type of Ratio	Minimum Requirement
Current Ratio	Minimum 0.6x - 1 .0x
Debt Service Coverage Ratio	Minimum 0.5x - 1 .2x
Debt to Equity Ratio	75:25
Interest Coverage Ratio	Minimum 0.6x - 3.0x
Debt to EBITDA Ratio	Maximum 2.5x - 4.0x
Liabilities to total tangible net worth	Maximum 2.0x - 2.5x
Gearing ratio	Maximum 2.5x
Security coverage ratio	Minimum 1 .25x

During the year, operating losses caused by subdued PVC demand and rising raw material costs led to increased short-term borrowing requirements as market conditions did not practically allow EPCL to pass additional costs to its customers through price increases in the short term. As a result, EPCL sought waivers and relaxations in the aforementioned requirements to mitigate the risk of non-compliance of covenants at reporting date and in the ensuing year, which were granted by lenders for the next twelve months. EPCL based on its projections remains confident that there are no indicators that EPCL will have difficulties in complying with the required financial covenants when these will be next tested.

26.4.36 In respect of the above facilities for EPPL, EPPL is required to comply with certain financial covenants on its long term borrowings, after the end of each reporting year. The details of such covenants are:

Type of Ratio	Minimum Requirement
Current Ratio	At least 1x
Debt Service Coverage Ratio	At least 1.5x
Debt to Equity Ratio	75:25
Interest Coverage Ratio	Maximum 3.0x

26.4.37 In respect of above facilities as stated above for EPTL, EPTL is required to comply with the certain financial covenants as per the Amended and Restated Accounts Agreement (AA) and the Rupees Facility Agreement (RFA) respectively, after the end of reporting periods i.e., June 30, 2024 and December 31, 2024:

(Amounts in thousand)

Financial Covenants	Requirement/Threshold
Finance Life Coverage Ratio	At least 1.25:1
Long Term Debt to Equity Ratio	At least 75:25
Leverage Ratio	At least 80:20
Current Ratio	At least 0.2:1
Historical Debt Service Cover Ratio	At least 1.10:1
Projected Debt Service Cover Ratio	At least 1.25:1
Historical Debt Service Cover Ratio	At least 1.30:1
Debt to Equity Ratio	At least 75:25

The above mentioned financial covenants are determined based on the amounts reported in unaudited condensed interim financial information, audited financial statements and projected amounts as included in the financial model of EPTL submitted to Intercreditor Agent of the Company for the period / year June 30, 2024 and December 31, 2024 respectively. EPTL based on it projections remains confident that there are no indicators that EPTL will have difficulties in complying with the required financial covenants when these will be next tested.

26.4.38 In accordance with the terms of the Inter-Creditor Agreement (ICA), EFERT is obligated to comply with certain covenants including Senior Finance Service Coverage Ratio, Finance to equity ratio, Total Finance to Equity Ratio, Current Ratio and Senior Finance to EBITDA. The details of such covenants are:

Type of Ratio	Minimum Requirement
Senior Finance Service Coverage Ratio	At least 1.25x
Finance to Equity Ratio	75:25
Total Finance to Equity Ratio	80:20
Current Ratio	At least 1.0x
Senior Finance to EBITDA	Maximum 4.0x

As of the reporting date, EFERT has not complied with one of its covenant, i.e. current ratio. However, EFERT has received a waiver from the respective banks for a period of 12 months from the reporting date. EFERT based on it projections remains confident that there are no indicators that EFERT will have difficulties in complying with the required financial covenants when these will be next tested.

26.4.39 In respect of the facilities as stated above for Enfrashare, Enfrashare is required to comply with the following financial covenants at the end of each annual reporting period.

(Amounts in thousand)

Type of Ratio	Minimum requirement	Type of Ratio	Minimum requirement
Current ratio	1:1	Total Debt to EBITDA	5.5:1
Debt Service Coverage ratio	1:1	Long Term Debt to Equity	1.86:1
Interest Coverage ratio (Using EBITDA)	1.25:1	Total Debt to Equity	1.86:1
Gearing ratio	2.3:1	Linkage ratio	2:1
Interest Coverage ratio (Using EBIT)	1.7:1		

As of the reporting date, Enfrashare had obtained waivers from the financial institutions in respect compliance with two financial covenants i.e. Debt Service Coverage ratio and Interest Coverage ratio.

26.5 Following are the changes in long term borrowings for which cash flows have been classified as financing activities in the consolidated statement of cash flows:

	2024	2023
	....Rupees....	
Balance as at January 1	193,124,853	185,699,193
Borrowings availed during the year	30,500,000	11,909,581
Exchange (gain) / loss	(1,478,402)	27,366,209
Amortisation of transaction cost (note 43)	831,060	857,541
Less: Repayment of borrowings	(28,602,062)	(32,707,671)
	1,250,596	7,425,660
	194,375,449	193,124,853
Less: Current portion shown under current liabilities	(7,440,812)	(28,580,236)
Less: Government grant (note 27)	(1,968,886)	(2,472,574)
Related to disposal group (note 23)	(109,610,749)	-
Balance as at December 31	75,355,002	162,072,043

27. government grant

	2024	2023
	....Rupees....	
Balance as at January 1	2,472,574	1,825,480
Add: Grant recognized on loan at below market interest rate	-	1,020,074
Less: Amortization of deferred income capitalized	(200,368)	(124,735)
Less: Amortization during the year charged to statement of profit or loss	(303,320)	(248,245)
	1,968,886	2,472,574
Less: Current portion of Government grant	(439,609)	(452,387)
	1,529,277	2,020,187

(Amounts in thousand)

27.1 The Group recognised government grant on loan received at below market interest rate in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance'.

28. lease liabilities

	2024	2023
	....Rupees....	
Balance at beginning of the year	77,422,363	71,460,224
Additions in lease	1,087,671	1,284,309
Add: Exchange (gain) / loss	(728,629)	14,432,865
Add: Finance cost	6,091,551	6,954,151
Less: Reversal of liability due to termination	(188,591)	(8,950)
Less: Lease rentals paid	(15,820,778)	(16,700,236)
Adjustment on reassessment of lease liability during the year (note 28.1)	(4,610,773)	-
	(14,169,549)	5,962,139
Total lease liabilities (notes 28.2 to 28.4)	63,252,814	77,422,363
Less: Current portion shown under current liabilities	(11,009,770)	(10,637,203)
Balance at end of the year	52,243,044	66,785,160

28.1 This represents adjustment in lease liabilities due to re-assessment of non cancellable lease term during current year on average from 20 years to 30 years. The leases were reassessed at the incremental borrowing rate prevailing on the date of the reassessment which was 22.83%.

28.2 This primarily includes liabilities aggregating to Rs 52,496.105 million (2023: Rs 61,012.786 million) relating to terminal business. Incremental borrowing rate of the business is 8.29% per annum and remaining term of the lease is 5 years and 3 months.

28.3 This represents lease liabilities pertaining to right of use on tenanted sites, offices and software and lease of FSRU.

28.4 Extension and termination options are included in a number of leases entered into by Enfrashare. These are used to maximise operational flexibility in terms of managing the assets used in Enfrashare's operations. The majority of extension and termination options held are exercisable only by Enfrashare and not by the respective lessor.

(Amounts in thousand)

29. deferred liabilities

	2024	2023
	....Rupees....	
Retirement and other service benefits obligations	556,458	485,659
Deferred incentive revenue (note 29.1)	73,168	231,295
Deferred liability on FSRU (note 29.2)	3,383,481	3,396,219
Provision for dismantling and restoration cost (note 29.3)	716,332	492,860
Consideration payable against asset purchase agreement (note 29.4)	219,939	436,248
	4,949,378	5,042,281
Less: Current portion shown under current liabilities	454,513	626,493
	4,494,865	4,415,788

29.1 This represents deferred incentive revenue of Rs 73.168 million (2023: Rs 231.294 million) 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.

29.1.1 ECPL entered into 'energy as a service' agreements with PMCL and Deodar (collectively 'the customers') on April 29, 2019 and April 30, 2019 respectively for provision of energy solutions and energy management services to the customers Under the said agreements, ECPL provided a discount against total amount of consideration to be charged to the customers for provision of such services. The related discount was provided against the discounted cash consideration under the asset sale and purchase agreements entered into by ECPL with PMCL and Deodar on April 29, 2019 and April 30, 2019 respectively. Present value of the discount provided to the customers under energy as a service agreements amounted to Rs 475 million. The said amount had been recognised as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue had been recognised in this respect. Deferred incentive revenue is amortised over a period of four and a half years on a systematic basis after accounting for the project completion date.

	2024	2023
	....Rupees....	
Balance as at January 1	231,295	367,522
Add: Unwinding of deferred incentive revenue - charged to the statement of profit or loss (note 43)	(5,608)	16,292
Less: Amortisation of deferred incentive revenue credited to finance lease receivable	(152,519)	(152,519)
Balance as at December 31	73,168	231,295
Less: Current portion Of deferred incentive revenue	(73,168)	(158,127)
	-	73,168

(Amounts in thousand)

29.2 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 amortised over the terms of LSA.

29.3 Provision for sites dismantling and restoration costs

	2024	2023
	....Rupees....	
Balance as at January 1	492,860	476,245
Provision made during the year	32,370	63,043
Unwinding of discount	69,602	59,587
Revision due to change in estimates	121,500	(106,015)
Balance as at December 31	716,332	492,860

29.3.1 The provision for site dismantling and restoration costs has been discounted at a real discount rate of 1.21% (2023: 1.28%) per annum.

29.4 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 million discounted at weighted average cost of capital of Enfrashare. Furthermore, during the year, further sites have been acquired at discount which has present value of Rs 59.000 million. The said amount has been recognised as assets under 'Property, plant and equipment' and a corresponding deferred liability has been recognised. Deferred liability is amortised over a twenty-seven month period from the effective date of the agreement.

30. long term provisions

	2024	2023
	....Rupees....	
Provision for Gas Infrastructure Development Cess (GIDC) (note 30.1)	25,151,242	25,179,332
Provision for gas price revision (note 30.2)	517,392	517,392
Others (note 30.3)	1,883,871	1,456,775
	27,552,505	27,153,499
Less: Current portion of provision for GIDC and gas price revision and others	27,552,505	27,153,499
	-	-

(Amounts in thousand)

30.1 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 GIDC 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 billion and this amount combined with the outstanding amount would be in the vicinity of Rs 700 billion. 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 GIDC 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 GIDC Act to recover from their consumers in twenty-four equal monthly instalments, 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 GIDC 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 1, 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 2, 2020, ("Review Decision"). However, the Review Decision (i) noted that the Government of Pakistan is agreeable to recover the unpaid arrears in 48 monthly instalments instead of 24 monthly instalments 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 GIDC Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the provision to Section 8(2) of the GIDC Act.

'Subsequent to the review decision, EFERT filed a rectification application before the SCP seeking a clarification regarding the increase in number of instalments.

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 instalments till the finalization of the matter.

(Amounts in thousand)

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 instalment 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, recognised remeasurement gain amounting to Rs 2,904.978 million in 2020 which has been fully unwinded last year.

30.2 In 2017, EPCL had filed a suit in the SHC, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regulatory Authority (OGRA) vide SRO No. (1) / 2016 dated December 30, 2016, whereby, EPCL cited the increase as illegal and unconstitutional. On September 6, 2024, the SHC disposed off the aforementioned suit in EPCL's favour, however, the same was subsequently challenged by OGRA in a high court appeal for which judgement has now been reserved. EPCL, therefore on account of prudence has continued to recognise a provision of Rs 517.392 million for the period from December 2017 to September 2018 in these consolidated financial statements.

30.3 Represents provision recognised 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.

30.3.1 The movement in provision during the year is as follows:

	2024	2023
	....Rupees....	
Balance at January 1	1,456,775	1,424,101
Recognized during the year (note 2.2.1.1)	431,070	-
Exchange differences	-	32,674
Paid / realization	(3,974)	-
As at December 31	1,883,871	1,456,775

(Amounts in thousand)

31. trade and other payables

	2024 ....Rupees....	2023 (Restated)
Creditors	21,521,669	29,027,781
Accrued liabilities (notes 31.1 to 31.5)	80,368,424	83,607,106
Provision against tax contingency contingency of EVTL (notes 9.1.1, 9.3 and 31.6)	160,520	602,606
Advances from customers (note 31.7)	6,909,714	20,754,627
Contractors' / suppliers' deposits and retention money (note 31.8)	459,496	1,385,031
Workers' welfare fund	3,990,504	2,660,100
Workers' profits participation fund	4,558,557	4,054,351
Sales tax payable	344,044	157,225
Payable to retirement benefit funds	301,795	318,824
Levy Payable	261,542	271,310
Withholding tax payable	467,342	478,724
Payable to:		
- Thar Power Company Limited	1,240,197	750,799
- Nimir Industrial Chemicals Limited	-	46,292
- FrieslandCampina Pakistan Holdings B.V (note 31.9)	929,088	929,088
- Sindh Engro Coal Mining Company	42,159,769	36,422,652
- Engro Vopak Terminal Limited	161,815	512,788
- The Dawood Foundation	10,578	16,119
- Engro Foundation	393,772	372,790
- FrieslandCampina Engro Pakistan Limited	362,384	275,990
Others (note 31.10)	522,903	399,288
Related to disposal group (note 23)	(62,420,930)	-
	102,703,183	183,043,491

31.1 This includes accrual in respect of gas charges amounting to Rs 665.886 million (2023: Rs 687.898 million).

31.2 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 December 28, 2006 as valid and declaring it within the competence of provincial legislature. EFERT and EPCL have filed Civil Petition Leave to Appeal (CPLA) before the Honorable Supreme Court of Pakistan (SCP) challenging the SHC judgement. In September 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. The Group maintained a provision for cess amounting to Rs 7,718.742 million (2023: Rs 6,070.280 million) in these consolidated financial statements.

31.3 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 granted an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Group, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs 21,219.869 million (2023: Rs 16,736.935 million) in these consolidated financial statements.

31.4 These include accruals recorded in respect of the following related parties:

	2024 ....Rupees....	2023
Thar Power Company Limited	198,576	170,401
The Dawood Foundation	517	21,200
Sindh Engro Coal Mining Company Limited	19,293,658	12,587,081
	19,492,751	12,778,682

31.5 In 2022, EFERT received a letter from one of its gas supplier, which indicated that the pricing of gas supplied to EFERT from the gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority (""OGRA"") for the fertilizer sector and such charge shall be applicable from the date of execution of the Gas Sale and Purchase Agreement (GSPA).

In this regard, 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 maintained an accrual amounting to Rs 2,380.450 million (2023: Rs 2,380.450 million) in these consolidated financial statements.

31.6 The movement in provision is as follows:

	2024 ....Rupees....	2023
Balance at the beginning of the year	602,606	682,028
Provision adjustment in respect of tax contingency (note 9.1)	(442,086)	(79,422)
	160,520	602,606

31.7 This represents advances received by the Group from customers and distributors for goods to be delivered. The advances outstanding as at January 1, 2024 have been fully recognised as revenue during the year.

(Amounts in thousand)

31.8 This includes Rs 438.840 million (2023 Rs 361.490 million) kept in separate term deposits account as per the terms of agreements and is not utilized for the purpose of the business of the Group.

31.9 This includes an amount of Rs 928.998 million (2023: Rs 928.998 million) equal to 51% of the sales tax receivable of FrieslandCampina Engro Pakistan Limited (FCEPL), an associated company, recognised in the financial years 2012 to 2016, which ECL 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 recognised. Accordingly, on prudence basis, ECL has recognised its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered.

31.10 Includes liability towards Long Term Incentive Plan (LTIP) amounting to Rs 48.011 million (2023: Rs 158.353 million). In 2022, the Board of Directors of ECL 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.

32. contract liabilities

	2024	2023
	....Rupees....	
Contract liability	9,335,960	14,427,927
Related to disposal group (note 23)	(9,335,960)	-
	-	14,427,927

32.1 This represents contract liability related to EPTL as explained in notes 38.1.2.

33. accrued interest / mark-up

	2024	2023
	....Rupees....	
Accrued interest / mark-up on:		
- long term borrowings	1,300,417	2,361,443
- short term borrowings	1,120,233	446,200
	2,420,650	2,807,643

34. short term borrowings

	2024	2023
Running finances utilized under mark-up arrangements (note 34.1)	40,462,146	25,232,254
Islamic running finance facility (note 34.1)	8,133,316	4,583,105
Conventional money market finance facility (note 34.2)	2,380,000	-
Islamic money market finance facility (note 34.2)	5,925,344	-
Shariah compliant short term finance	-	1,500,000
Export refinance facility	-	324,360
Related to disposal group (note 23)	(23,005,561)	-
	33,895,245	31,639,719

34.1 The short-term running finances available to the Group from various banks under mark-up arrangements amounted to Rs 129,705 million (2023: Rs 94,952 million). The rates of mark-up on these finances ranged from 2.0% to 1.5% (2023: 0.2% to 1.5%) per annum over 1-month, 3-month and 6-months KIBOR. 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 48,595.462 million (2023: Rs 29,815.359 million) as at the reporting date.

34.2 Represents money market loan facility carrying mark-up of 6, 3 and 1 month KIBOR plus a spread ranging from -2.0 % to 0.1% per annum. These facilities are secured through hypothecation charges against the current assets of EPCL.

35. dividend payable

This represents dividend payable to the members of the Holding Company amounting to Rs 225.819 million (2023: Rs 302.005 million), while the remaining relates to the NCI of the Group.

36. contingencies and commitments

36.1 Contingencies

36.1.1 The Holding Company

36.1.1.1 The Holding Company had previously pledged 15.131 million shares of ECL with Meezan Bank Limited (as agent) in favor of Fatima Fertilizer Company Limited (FFCL) as collateral against guarantees issued in favor of DH Fertilizer Limited (DHFL, now FFCL) relating to potential tax liabilities, WPPF liabilities, and WWF liabilities for periods ending on or prior to June 30, 2015. These pledged shares were to be released upon completion of two years from the filing date of the Income Tax Return for the year ended December 31, 2015, i.e., September 30, 2016, in the absence of any demand/notice from the relevant authorities.

During the year ended December 31, 2018, 4.639 million shares out of the total 15.131 million shares of ECL were released following the expiration of the specified period concerning WPPF liabilities.

In line with the previous arrangements, the Holding Company had issued a corporate guarantee which remained in effect for five years and would be released upon final settlement or disposal of the aforementioned tax liabilities.

During the year, the Holding Company has replaced all pledged shares of ECL, which were previously held as collateral for guarantees in favor of FFCL, with alternative security provided by Dawood Investments (Private) Limited (DIPL), an associated company. This replacement of collateral was carried out in accordance with the Scheme as disclosed in note 1.3 to these consolidated financial statements.

DIPL pledged 21.625 million shares of its investment in the Holding Company with Meezan Bank Limited as agent on behalf of FFCL. The Holding Company, DIPL and FFCL have agreed that the terms of the Share Pledge and Escrow Agreement, including provisions for the release of pledged shares, will apply mutatis mutandis to these alternative shares, i.e., shares of the Holding Company.

36.1.1.2 On July 29, 2024, the Holding Company received a notice from the Sindh Revenue Board (SRB) demanding Rs 392 million for the tax years 2022 and 2023 as contribution under the Sindh Workers Welfare Fund Act, 2014 (SWWF Act, 2014). The notice stated that industrial establishments in Sindh are required to contribute under SWWF Act, 2014.

A response dated September 10, 2024 to the above notice was submitted to SRB stating that (i) the Holding Company is a trans-provincial entity hence being subjected to laws promulgated by the Federal Government; and (ii) is engaged in investment activities having no workers. Accordingly, the Holding Company is not liable to pay the said contribution. No further correspondence has been received by the Holding Company after that.

However, based on an internal assessment, the Holding Company's management has decided to recognise provision amounting to Rs 733.351 million on account of the contribution under the SWWF Act, 2014 relating to the financial years 2022 to 2024.

Subsequent to the year end, the High Court of Sindh in its judgment dated January 21, 2025, has held that WWF contributions for trans-provincial entities should remain under federal control until a mutually agreed mechanism is established. However, the Holding Company's management has continued with its assessment to maintain the aforementioned provision based on the grounds that the Holding Company was not a petitioner in the case decided by the High Court of Sindh and the decision is subject to appeal / review at higher forums.

36.1.2 Engro Corporation Limited

In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance or ITO) through the Finance Act, 2022, a super tax at ten percent was imposed on the specified sectors (including the fertilizer and chemical sector) in case the income exceeded Rs 300 million for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. ECL and its subsidiaries filed petitions against the imposition of super tax before the High Court of Sindh (HCS) where through an interim order, relief was granted conditional on submission of equivalent bank guarantees. The HCS 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 HCS decision was challenged by FBR in the Supreme Court of Pakistan (SCP), where vide an interim order, the SCP directed the Nazir of HCS to encash the bank guarantees furnished by taxpayers upto the extent of four percent.

ECL and its subsidiaries has recorded provision of super tax for the year ended December 31, 2021 (tax year 2022), at the rate of four percent 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 million are remote and therefore no provision is recorded thereagainst.

36.1.3 Engro Fertilizers Limited and its subsidiary company

36.1.3.1 In 2015, EFERT received a sales tax order from the tax department for the tax periods January 1, 2013 to December 31, 2013, pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs 402.875 million 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 million. 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.

36.1.3.2 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 judgement 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.

36.1.3.3 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 out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to EFERT through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to 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. Further, 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.

36.1.3.4 In 2013, EFERT, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 (2010 Act) in relation to 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 million and Rs 5,500 million 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.

During the year, the petitions were disposed of with a direction to the CAT to decide EFERT's appeal and in the meantime CCP has been restrained from taking any adverse action against EFERT on the basis of the 2013 order.

36.1.3.5 In 2018, the LTU issued an order for the period June 2016 to July 2017 with a demand of Rs 1,006 million 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 good, hence, no provision has been made in this respect.

36.1.3.6 In 2023, EFERT received amendment orders in respect of TY 2021, creating disallowances having a tax impact of Rs 916.584 million. These mainly pertained to disallowance of provision for WPPF and on account of disallowance of minimum tax on opening stock-in-trade, provision for GIDC and others. EFERT had filed an appeal before the CIR(A) in respect of this order, which has been decided during the year, where most of the issue have been decided in favour of EFERT, while remaining issues have been remanded back. EFERT has filed a rectification application to address an error in the appellate order. Remand back proceedings are yet to be initiated by the department.

EFERT's management considers, based on the in-house tax personnel's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

36.1.4 Elengy Terminal Pakistan Limited and its subsidiary company

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 million 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 favourable outcome on the matter and accordingly, no provision has been made in this respect.

36.1.5 Engro Energy Limited and its subsidiary companies

On November 8, 2023, EEL received a show-cause notice from Sindh Revenue Board upon examination of audited accounts for financial years 2016 to 2021, with regard to clarification for non-payment of Sindh Sales Tax amounting to Rs 2,389.007 million on Project Management and Water System Works Services. EEL sought adjournment from Assistant Commissioner SRB against the notice dated November 8, 2023 pursuant to which the department issued an order on May 10, 2024 raising a demand (inclusive of default surcharge and penalty) of Rs 2,509.177 million. EEL appealed against the said order and was granted a conditional stay order upon payment of 10% of the adjudged demand, however, the appeal is pending for hearing.

Based on the views of in-house tax personnel and legal department of EEL, EEL's management believes that EEL has a good case on merits and expects a favorable outcome. Accordingly, no provision has been made in this respect.

36.1.6 Engro Eximp Agriproducts (Private) Limited (EEAPL)

36.1.6.1 In 2017, the tax department had raised a demand of sales tax of Rs 250 million 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 byproducts 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 filed 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 in-house tax personnel, 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.

36.1.6.2 The Assistant Commissioner Inland Revenue (ACIR) raised a demand of Rs 250 million 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. The EEAPL's management, based on the advice of the legal advisor believes that there are strong grounds to defend this matter, accordingly no provision is recognised.

36.1.7 Details relating to tax contingencies and other tax related matters are disclosed in note 46.

36.2 Commitments

Details of commitments as at December 31, 2024 entered by the Group are as follows:

36.2.1 Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs 59,862.202 million (2023: Rs 77,623.023 million).

36.2.2 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, amounted to Rs 64,623.814 million (2023: Rs 43,518.883 million).

36.2.3 In 2021, Engro Peroxide (Private) Limited (EPPL) a subsidiary of EPCL entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide Plant at a consideration of CNY 104.400 million. As at December 31, 2024, outstanding commitment for civil works and equipment procurement amounted to Nil (2023: CNY 12.547 million).

36.2.4 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 million and Rs 1,029.044 million respectively, on behalf of EEL, for its PSRA commitments related to EPTL in favour of their project lenders. These SBLCs are secured by pledging ECL's shares of EFERT, EPCL, FCEPL and EPQL of quantities 65,018,069, 135,717,882, 56,000,000 and 51,686,592 respectively.

36.2.5 In 2021, EPPL a subsidiary of EPCL entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide Plant at a consideration of Rs 927 million. During the year, additional price escalations were agreed with the contractor amounting to Rs 365 million. As at December 31, 2024, outstanding commitment amounted to Nil (2023: Rs 196.265 million).

36.2.6 In 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the Hydrogen Peroxide manufacturing plant for a consideration of Rs 470 million. As at December 31, 2024, outstanding commitment for equipment procurement amounted to Rs 15 million (2023: Rs 146.138 million).

36.2.7 During the year, EPPL entered into a contract with Descon Engineering Limited for engineering services in respect of Hydrogen Peroxide manufacturing plant at a consideration of Rs 270 million. As at December 31, 2024, outstanding commitment amounted to Rs 45 million.

36.2.8 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 million (2023: USD 22.500 million) to EE. This SBLC is valid till March 7, 2025 and is renewable annually. The aforementioned guarantee is secured against ECL's shares in EFERT and EPCL and a corporate guarantee and project assets of EETPL.

36.2.9 National Bank of Pakistan (NBP) has issued Standby Letter of Credit (Equity SBLC) worth USD 18.900 million (in Pak Rupee equivalent) on behalf of EEL for its equity commitments related to SECMC in favour of the Inter-creditor Agent (Habib Bank Limited) and SECMC. The Equity SBLC has been furnished for subscription and / or contribution of sponsor equity pursuant to the Sponsor Support Agreement (SSA) originally dated February 26, 2016 , and amended and restated from time to time. Equity SBLC will expire on earlier of (i) June 30, 2025; or (ii) fulfilment of sponsor obligations under Sponsor Supports Agreements. This has been secured against pledging of treasury bills held by ECL. As of December 31, 2024, the outstanding amount of SBLC was USD 2.606 million (2023: USD 2.606 million).

36.2.10 Allied Bank of Pakistan (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21.070 million on behalf of EEL relating to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) dated March 22, 2016 and expires on earlier of (i) June 30, 2025 or (ii) on payment of the Maximum Amount. This guarantee was secured by pledging ECL's 56,962,864 shares of EFERT and 61,970,588 shares of FCEPL.

36.2.11 EEL has provided sponsor support contractual commitment for cost overrun, among other commitments, in favour of Senior Lenders amounting to cumulative USD 6.300 million 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 million 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). In 2023, PCD for Phase I has been filed and concluded with the lenders. Whereas, PCD for Phase II is yet to be finalised. However, the cost overruns / commitments have not yet been released.

36.2.12 Commitments of EPCL in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 3.870 million (2023: USD 10.584 million) is valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 2.224 million (2023: USD 8.270 million) is valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 0.644 million (2023: USD 0.667 million) was valid till December 31, 2024.

(Amounts in thousand)

36.2.13 EFERT's commitment in respect of gas supply arrangement amounted to Nil (2023: Rs 7,776.485 million).

36.2.14 Following bank guarantees have been extended by the Group:

- EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to USD 5 million (2023: USD 5 million) and USD 10 million (2023: USD 10 million) 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 ECL's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2025 and are renewable annually.

- EETPL has provided bank guarantee amounting to Rs 733.961 million (2023: Rs 886.053 million) from MCB Bank Limited and Rs 1,536.743 million (2023: Rs 1,536.743 million) from Bank Alfalah Limited, in favor of Nazir of the court to comply with the interim orders of the court in relation to minimum tax. During the year, EETPL filed application to the court to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the court. These guarantees have been secured against bank balances and short term investments of EETPL.

- EFERT has issued bank guarantees amounting to Rs 9,984.004 million (2023: Rs 8,444.554 million) in favour of third parties.

- EPCL has aggregate facilities for issuance of performance guarantees by the banks on its behalf which as at December 31, 2024 amounted to Rs 12,271 million (2023: Rs 7,300 million). The amount utilised thereagainst as at December 31, 2024 was Rs 8,677.822 million (2023: Rs 6,391.001 million).

  The performance guarantees of Rs 102.180 million and Rs 286.682 million have been given in respect of Sindh Infrastructure Development Cess (SIDC) and greenfield application status of EPPL, respectively. With regard to greenfield status, the management of EPCL is of the view that if payment on account of sales tax and income tax amounting to Rs 149.620 million 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 recognised in this respect.

- Bank guarantees amounting to Rs 2,496.126 million (2023: Rs 2,496.126 million) have been given by EPQL to Sui Northern Gas Pipelines Limited (SNGPL) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between EPQL and SNGPL.

- National Bank Limited, Askari Bank Limited and Faysal Bank Limited have issued guarantees of Rs 1,500 million, Rs 1,000 million and Rs 3,505 million, respectively, expiring on June 30, 2026, December 28, 2025 and July 6, 2025, respectively. Further, Meezan Bank Limited has issued three guarantees of Rs 1,114.610 million, Rs 900 million and Rs 600 million each expiring on November 21, 2025, December 27, 2025 and August 10, 2025, 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.

- In the year 2016, ECL 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, ECL 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. ECL, based on the opinion of FCEPL's in-house tax personnel and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognised in this respect.

- Port Qasim Authority (PQA) on behalf of ECL through Soneri Bank Limited with facility amounting to Rs 500 million. This was secured by pledging ECL's 9,800,000 shares of FCEPL.

- Nazir of HC on behalf of ECL through Bank Alfalah Limited, Habib Bank Limited and United Bank Limited with facilities amounting to Rs 987.057 million, Rs 1,609.108 million and Rs 1,121.214 million respectively. These were secured by pledging ECL's shares of EFERT, EPCL and FCEPL of quantities 60,730,000, 83,000,000 and 5,387,269 respectively.

- EETPL has issued SBLCs amounting to US Dollars 22.500 million (2023: US Dollars 22.500 million). This has been secured by pledging ECL's shares of EFERT and EPCL of quantities 66,000,000 and 159,844,771 respectively.

36.2.15 Associated Companies and Joint Venture

36.2.15.1 Details of commitments which might affect share of profit from associates and joint venture are as follows:

(Amounts in thousand)

36.2.15.2 FCEPL has provided bank guarantees to the Government of Sindh (GoS), amounting to Rs 468.387 million (2023: Rs 403.387 million) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021, the 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. The SCP's order further stated that the petitioners (including FCEPL) shall keep the bank guarantees already submitted with the GoS and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

36.2.15.3 Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amounted to Rs 4,263.079 million (2023: Rs 3,706.665 million).

37. revenue

	2024	2023
	....Rupees....	
Own manufactured products (notes 37.1 and 37.2)	419,506,215	276,639,955
Less:		
- Sales tax	(30,105,422)	(29,066,295)
- Discounts	(2,617,187)	(3,088,312)
	(32,722,609)	(32,154,607)
	386,783,606	244,485,348
Purchased products	123,576,665	182,520,427
Services rendered (note 37.3)	43,847,879	66,431,687
Less: Sales tax	(14,031,376)	(10,948,560)
	153,393,168	238,003,554
Related to disposal group (note 23)	(134,009,689)	(125,747,359)
	406,167,085	356,741,543

37.1 These Includes revenue from sale of Energy which comprises of:

	2024	2023
	....Rupees....	
Capacity purchase price (note 37.1.1)	64,567,716	63,549,688
Energy purchase price	77,429,515	68,709,231
	141,997,231	132,258,919

(Amounts in thousand)

37.1.1 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 recognised 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 recognise 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 recognised its impact in the consolidated financial statements for the year ended December 31, 2022 amounting to Rs 2,338.389 million which pertains to prior periods i.e. from July 10, 2019 till December 31, 2021. Resultantly, the Group has also recognised contract liability in respect of these disallowances of Rs 6,752.583 million as at December 31, 2024.

37.2 This includes revenue from services rendered by EETPL which comprises of:

	2024	2023
	....Rupees....	
Operating lease rental income	1,431,690	1,563,427
Revenue from O&M services	5,695,603	5,667,134
Finance income on sublease	6,609,841	7,541,283
Revenue from utilization / regasification services	6,197,887	6,538,153
	19,935,021	21,309,997

37.3 The annual capacity of ETPL as a service provider to SSGCL is 4.5 MTPA and there has been no shortfall during the year. During the year, the total utilization was - 4.3 MTPA (2023: 4.4 MTPA). The utilization is based on the cargos of LNG handled during the year.

37.4 All revenue earned by the Group is Shariah compliant.

(Amounts in thousand)

38. cost of revenue

	2024	2023
	....Rupees....	
Cost of goods sold (note 38.1)	365,193,710	303,362,204
Cost of services rendered (note 38.2)	17,332,047	18,231,635
Finance cost on lease liabilities	4,552,090	5,259,214
Related to disposal group (note 23)	(78,585,989)	(77,384,323)
	308,491,858	249,468,730

38.1 Cost of goods sold

	2024	2023
	....Rupees....	
Raw and packing materials consumed including unprocessed rice (notes 38.1.2)	80,694,216	50,232,359
Salaries, wages and staff welfare (note 38.3)	7,226,874	6,907,031
Fuel and power	47,209,282	42,174,554
Operation and management	4,545,508	3,983,814
Repairs and maintenance	8,484,410	3,671,165
Depreciation - Right-of-use assets (note 7.3)	499,501	449,661
Depreciation (note 6.5)	7,333,728	14,582,634
Amortization (note 8.1)	63,067	42,200
Consumable stores	2,418,449	2,993,454
Staff recruitment, training, safety and other expenses	1,325,938	1,402,855
Purchased services	3,123,799	3,078,254
Storage and handling / product transportation	3,428,807	3,080,623
Travel	703,748	923,561
Communication, stationery and other office expense	356,718	264,644
Insurance	3,878,690	3,902,447
Rent, rates and taxes	200,004	686,229
Provision against slow moving spares (notes 15.1)	309,387	178,246
Write-off of stores and spares (note 15.2)	5,304	5,054
Provision / (reversal) against stock in trade (note 16.3)	176,784	(164,457)
Write-off of stock-in-trade (net of proceeds) (note 16.1.1)	348,640	52,038
Other expenses	237,277	353,636
Manufacturing cost	172,570,131	138,800,002
Add: Opening stock of work-in-process	711,227	133,161
Less: Closing stock of work-in-process (note 16)	371,488	711,227
	339,739	(578,066)
Cost of goods manufactured	172,909,870	138,221,936
Add: Opening stock of finished goods manufactured	6,643,218	9,469,340
Less: Closing stock of finished goods manufactured (note 16)	12,430,132	6,648,552
	(5,786,914)	2,820,788
Cost of goods sold		
- own manufactured product	167,122,956	141,042,724
- purchased product (note 38.1.1)	198,070,754	162,319,480
	365,193,710	303,362,204

(Amounts in thousand)

38.1.1 Cost of goods sold - purchased products

	2024	2023
	....Rupees....	
Opening stock	9,995,925	9,453,715
Add: Purchases	202,598,957	162,861,690
Less: Closing stock	14,524,128	9,995,925
	198,070,754	162,319,480

38.1.2 During the year, Thar Coal and Energy Board (TCEB) has notified Commercial Stage Operation Tariff (the Approved Tariff) for 7.6 MTPA capacity mine of SECMC Thar Coal Field at Block-Ii (Phase II COD) on June 28, 2024, as a result of which SECMC raised a differential invoice to EPTL from the start of Phase II COD i.e. from October 1, 2022 till March 31, 2024, amounting to Rs 9,254,785 (inclusive of sales tax) after taking the impact of Rs 16,846,103 (inclusive of sales tax) (Phase I) pertaining to Phase I already accounted as contract asset in prior years. Further, EPTL has recorded its cost of revenue and payable pertaining to Phase II amounting to Rs 1,660,616 pertaining to period April 1, 2024 to December 31, 2024 as a difference between amount already billed by SECMC and subsequent approved indexation by TCEB, among which last quarter indexation is pending for approval from TCEB, for which SECMC will raise a differential invoice subsequently. Resultantly, EPTL has also accounted for consequential adjustment in revenue, contract liability and contract asset by the same amount (notes 20, 32 and 38.2).

38.2 Cost of services rendered

	2024	2023
	....Rupees....	
Fixed expenses	3,602,522	3,813,809
Variable expenses (note 38.2.1)	3,950,856	4,431,354
Operational and maintenance services	366,315	1,342,420
Depreciation (note 6.5)	3,154,202	3,036,437
Depreciation - Right-of-use assets (note 7.3)	377,098	706,711
Amortization of intensible assets (note 8.1)	12,520	12,522
Amortization of direct cost on FSRU	86,516	86,516
Salaries, wages and staff welfare (note 38.3)	595,862	514,662
Fuel and power	3,196,829	2,729,117
Purchased services	-	21
Communication and other office expenses	-	2,685
Stores and spares consumed	-	157
Repairs and maintenance	848,512	706,634
Travelling and entertainment	90,696	54,283
Security and other expenses	743,485	636,398
Others	306,634	157,909
	17,332,047	18,231,635

38.2.1 This includes Rs 3,509.912 million (2023: Rs 2,947.483 million) in respect of royalty charges paid to Port Qasim Authorities as per the LSA.

38.3 This includes Rs 531.444 million (2023: Rs 491.727 million) in respect of staff retirement benefits.

(Amounts in thousand)

39. selling and distribution expenses

	2024	2023
	....Rupees....	
Salaries, wages and staff welfare (note 39.1)	1,583,914	1,742,835
Staff recruitment, training, safety and other expenses	204,306	181,638
Product transportation and handling	11,342,334	7,326,179
Repairs and maintenance	35,565	20,346
Advertising and sales promotion	763,445	786,475
Rent, rates and taxes	763,616	606,443
Communication, stationery and other office expenses	42,034	50,517
Travel	383,137	205,776
Depreciation (note 6.5)	168,991	147,138
Depreciation - Right-of-use assets (note 7.3)	27,272	25,392
Amortization of intensible assets (note 8.1)	17,377	11,316
Purchased services	167,453	138,694
Others	423,829	378,012
Related to disposal group (note 23)	(1,389)	(119,208)
	15,921,884	11,501,553

39.1 These include Rs 137.432 million (2023: Rs 122.465 million) in respect of staff retirement benefits.

40. administrative expenses

	2024	2023
	....Rupees....	
Salaries, wages, directors' remuneration and staff welfare (note 40.1)	5,771,815	6,579,567
Staff recruitment, training, safety and other expenses	264,637	261,294
Repairs and maintenance	66,050	134,051
Advertising	230,705	304,846
Rent, rates and taxes	743,118	859,951
Communication, stationery and other office expenses	627,542	633,495
Travel	806,873	1,224,888
Depreciation - Right-of-use Asset (note 7.3)	353,532	350,202
Depreciation (note 6.5)	1,147,452	769,580
Amortisation of intangible assets (note 8.1)	433,734	372,473
Purchased services	3,786,134	3,714,489
Donations (note 59)	1,987,353	1,454,702
Share based compensation expense (note 40.2)	312,914	24,360
Legal and professional charges	29,993	2,248
Insurance	4,767	2,587
Subscription and periodicals	63,076	53,097
Advisory and consultancy	133,380	359,072
Others	1,096,729	210,095
Related to disposal group (note 23)	(1,870,617)	(1,407,623)
	15,989,187	15,903,374

(Amounts in thousand)

40.1 These include Rs 475.753 million (2023: Rs 411.290 million) in respect of staff retirement benefits.

40.2 This represents expense recognised for cash settled share based payment transactions of Rs 312.914 million (2023: 24.360 million).

41. other income

	2024	2023
	....Rupees....	
Financial assets:		
Income on deposits / other financial assets	26,037,388	22,951,309
Interest on amount receivable from SSGCL	138,917	151,469
Delayed payment charges on overdue receivables	8,914,212	10,456,513
Exchange gain	405,575	-
Others	-	22,298
	35,496,092	33,581,589
Non financial assets:		
Insurance claims	59,049	239,655
Gain on disposal of property, plant and equipment	240	94,117
Income from sale of spares / scrap	378,801	230,136
Reversal of impairment of property, plant and equipment	16,793	-
Others	507,736	144,078
	962,619	707,986
Related to disposal group (note 23)	(14,825,834)	(17,351,186)
	21,632,877	16,938,389

42. other operating expenses

	2024	2023
	....Rupees....	
Workers' profits participation fund	2,358,934	2,826,885
Sindh Workers' welfare fund	1,844,277	1,270,039
Legal and professional charges	965,723	632,132
Human resources development	-	35,129
Research and development	4,535	2,402
Exchange loss	-	1,252,204
Remeasurement loss on provision for GIDC	-	678,192
Loss on disposal / write off of property, plant and equipment	191,454	60,785
Auditors' remuneration (note 42.1)	263,820	139,560
(Reversal) / Provision for doubtful debts (note 17.5)	(27,420)	91,554
Others	338,450	581,795
Related to disposal group (note 23)	(1,320,820)	(559,450)
	4,618,953	7,011,227

(Amounts in thousand)

42.1 Auditors' remuneration:

The aggregate amount charged in these consolidated financial statements in respect of auditors' remuneration, including remuneration of auditors' of foreign subsidiaries, is as follows:

	2024	2023
	....Rupees....	
Fee for:		
- audit of annual financial statements	22,572	17,853
- review of half yearly financial information	6,248	5,331
- special audits, certifications, review of compliance with the Code of Corporate Governance, secondments and other assurance and advisory services	137,981	47,310
- taxation services	85,295	62,605
Reimbursement of expenses	11,724	6,461
	263,820	139,560

43. finance cost

	2024	2023
	....Rupees....	
Interest / mark-up on conventional borrowings:		
- long-term	22,001,947	25,236,645
- short-term	6,640,644	4,770,080
Markup on Shariah compliant borrowings:		
- long-term	3,950,440	3,974,422
- short-term	3,065,600	252,956
Interest on lease liabilities	1,440,144	1,598,584
Unwinding of deferred incentive revenue (note 29)	(5,608)	16,292
Amortisation of transaction costs (note 26.5)	831,060	857,541
Delayed payment charges	6,802,743	5,565,775
Financial / bank charges	4,647,400	2,954,477
Reversal of provision for default surcharge on GIDC	-	(678,364)
Others	170,813	316,886
Related to disposal group (note 23)	(29,226,408)	(30,934,511)
	20,318,775	13,930,783

(Amounts in thousand)

44. share of income from joint venture and associates

	2024 ....Rupees....	2023
Joint venture:		
Share of profit before taxation	2,127,679	2,606,503
Less: Share of provision for taxation	(796,843)	(1,162,081)
	1,330,836	1,444,422
Associates:		
Share of profit from:		
- Sindh Engro Coal Mining Company Limited	1,183,166	3,195,433
- FrieslandCampina Engro Pakistan Limited	879,048	602,006
	2,062,214	3,797,439
Related to disposal group (note 23)	(1,183,166)	(3,195,433)
	2,209,884	2,046,428

45. minimum tax and final tax

This represents final and minimum taxes charged under section 5, section 8, section 153 and section 113 (in respect of non recoupable minimum tax) of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21 / IAS 37 as detailed in note 3.1.3 in these consolidated financial statements.

	2024 ....Rupees....	Restated 2023
Minimum tax	3,869,989	3,432,852
Final tax	319,331	686,637
	4,189,320	4,119,489

46. income tax

	2024 ....Rupees....	2023
Current		
- for the year	30,316,209	33,204,597
- for prior years	5,608,234	3,794,106
	35,924,443	36,998,703
Deferred	(11,528,915)	3,417,162
Related to disposal group (note 23)	(1,849,755)	(3,419,036)
	(13,378,670)	(1,874)
	22,545,773	36,996,829

Details of significant income tax matters are as follows:

46.1 The Holding Company

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

46.1.1 During the year ended December 31, 2017, the Holding Company's ex-subsidiary was served with an order dated May 2, 2017 from the Additional Commissioner of Inland Revenue (CIR) - Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.65 million.

The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, taxation of capital gain on sale of shares of ECL and HUBCO to the Holding Company and levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy CIR served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternate Corporate Tax) was worked out to be Rs 1,051.140 million.

Additionally, the CIR filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof. The appeal against the order of CIRA is still pending. Meanwhile, the ex-subsidiary has also obtained stay from the Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Holding Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect.

46.1.2 During the year ended December 31, 2017, the Holding Company received a show cause notice dated May 11, 2017 from the CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Holding Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders in respect of the aforementioned matters with the instructions to the taxation authorities to not finalise the proceedings until the cases were disposed off.

CIRA issued an order on December 13, 2021, wherein CIRA accepted management's contention with regard to super tax on intercorporate dividend. Accordingly, CIRA has directed CIR to adjust the order to the extent of Rs 547 million on account of super tax on intercorporate dividend.

On January 31, 2023, the High Court of Sindh disposed of the petition by directing the Holding Company to respond to the department against the show cause notice initially issued, within 60 days from the date of the court order. The department was directed to pass an order after hearing the Holding Company in accordance with the law. Both the Holding Company and department have to follow the tax appeals' procedure with respect to the above mentioned notice. Accordingly, the Holding Company submitted its response to the department against the show cause notice initially issued, however, the department has not yet passed an order as directed by the High Court of Sindh.

The management and the tax consultant of the Holding Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded.

46.1.3 During the years 2020 and 2021, in relation to tax years 2019 and 2020 tax demands amounting to Rs 109.196 million and Rs 159.66 million respectively were made to the Holding Company as the taxation authorities were of the view that the Holding Company's interest income did not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Holding Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Holding Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Holding Company and should be treated as 'income from business' and hence the common expenses incurred by the Holding Company can be allocated to such income.

In addition to this, during year 2023, the Holding Company has been asked by the tax authorities to reassess the income tax return filed by it for tax year 2021 in view of the above-mentioned matter.

In case of the Holding Company's appeals before the Commissioner Inland Revenue (Appeals) (CIRA) for the tax years i.e. 2019 and 2020, it was decided that these are 'income from other sources' rather than 'Income from business'. However, CIRA accepted management's contention with respect to apportionment of administrative expenses and finance cost to profit on debt and directed the tax officer to reassess the apportionment accordingly. The Holding Company has filed appeals for these tax years before the Appellate Tribunal Inland Revenue (ATIR), the adjudication of which is pending to date. The Holding Company's management is expecting a favorable outcome of these appeals. However, on a prudence basis, an amount of Rs 109 million against the demand raised for tax year 2019 (being the first of such demands) is being maintained by the Holding Company.

46.1.4 The Holding Company filed its annual tax return for the Tax Years 2023 and 2024 within the due date. However, with respect to super tax applicable under section 4C of the Income Tax Ordinance 2001, the Holding Company filed a petition before the Islamabad High Court on the grounds that tax on income falling under the Final Tax Regime is deducted at the time of receipt of income and is deemed full and final, therefore, no further tax should be applicable on such income. Stay order was granted by the Islamabad High Court. The department filed an appeal before the Supreme Court against the stay order. The case had been heard and decision is reserved.

The Holding Company on a prudent basis is continuing to carry a provision for super tax in these consolidated financial statements.

46.2 Engro Corporation Limited

46.2.1 In 2023, 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.

46.2.2 Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 had been further amended during the year 2023 through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs 500 million. This was retrospectively applicable from tax year 2023 onwards. Accordingly, the Group increased the super tax provision to 10% (previously recognised at 4%, based on the rate applicable at December 31, 2022) which has resulted in additional provision of Rs 4,106.686 million for prior tax year 2023. Further, this also includes super tax provision recognised at 10% for tax years 2024 and 2025 amounting to Rs 9,057.159 million and Rs 8,572.487 million respectively.

In 2023, ECL along with its subsidiary companies 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. During the year, IHC decided the matter in favour of ECL in respect of retrospective application of section 4C, as amended by Finance Act 2023, to tax year 2023. Additionally, the IHC also ruled that super tax under section 4C of the Ordinance is not applicable on incomes subject to final tax under other provisions of the Ordinance. The tax department has filled an intra court appeal against this matter, which is currently pending adjudication. Being prudent, the Group is carrying provision against the matter in these consolidated financial statements.

46.2.3 During the year, in respect of TY 2023, the ACIR, amended ECL and its subsidiaries group return by disallowing expenses amounting to Rs 217.049 million. The disallowances mainly pertained to expenses claimed on accrual basis disallowed by involving section 34(3) of the Ordinance, and taxation of gain on disposal of vehicles at enhanced values. ECL is in the process of filing an appeal against the said order.

The management of ECL is confident that these matters will be decided in its favour, hence, no provision has been made in this respect in these consolidated financial statements.

46.2.4 In 2023, in respect of tax year 2022, the ACIR has issued an amended order under section 4C of the Ordinance and has raised a demand of Rs 251.746 million mainly due to non-consideration of taxable loss while computing the 'income' for the purpose of super tax. ECL filed an appeal before the CIR(A), who has maintained the said demand. Subsequently, ECL filed an appeal with ATIR against the order of the CIR(A), which also upheld the decision of CIR(A). Being aggrieved, ECL filed an appeal before SHC, which has restrained the tax department from taking any measure against ECL. ECL's management is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect in these consolidated financial statements.

46.2.5 In 2023, the income tax department, in respect of the tax year 2017, determined income tax liability of Rs 20,573.135 million and raised a demand of Rs 19,687.430 million (including super tax) on account of tax levied on capital gains on disposal of shares of listed subsidiaries. However, based on an appeal by ECL, a rectification order was issued by the tax department amounting to Rs 14,960.022 million after deducting the tax determined u/s 5A tax on undistributed profits of the Ordinance amounting to Rs 4,727.409 million.

ECL filed an appeal before the CIR(A) which upheld the decision of ACIR. Being aggrieved of the decision of CIR(A), ECL has filed an appeal before the ATIR which is still pending. ECL's management is confident that these matters will be decided in its favour, accordingly, no provision has been made in this respect in these consolidated financial statements.

46.2.6 In 2020, the income tax department, in respect of the tax year 2014, amended the return by creating tax demand of Rs 401.240 million 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. ECL filed an appeal against the order of ACIR before the CIR(A). In 2022, Appellate Order has been framed by the 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.

In 2023, ECL received an appeal effect order dated June 26, 2023. The ACIR gave 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. ECL's management, based on the advice of in-house tax personnel, is confident that these matters will be decided in its favour.

46.2.7 During 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs 128.400 million 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 were remanded back. ECL has preferred an appeal before the ATIR on all issues adjudicated against it.

ECL is confident that these matters will be decided in its favour. However, on basis of prudence, ECL has recorded provision in these consolidated financial statements against super tax.

46.2.8 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 million 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 ECL'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 taxes have been linked to the pending decisions of the SHC (where the matter is separately being contested by ECL) 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, ECL had filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs 1,084.733 million. Through the said order, the ACIR accepted ECL’s contention relating to various matters except the issue of allocation of expenses to capital gains. ECL contested this matter in appeal before the CIR(A) who has maintained the order of ACIR, through order dated December 18, 2018. ECL filed an appeal before the ATIR against the CIR(A) order.

In 2020, ECL 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 million. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in ECL's favour as "income from business".

In 2022, Appellate Order was 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 million on account of capital gain tax on debt securities. The same has been discharged by ECL.

The management of ECL is confident that these matters will be decided in the favour of the ECL.

46.2.9 In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs 218.790 million and raised a demand of Rs 139.575 million whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit (DCIR-A) disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. ECL 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 million and revised the demand to Rs 104.976 million. ECL paid Rs 53.250 million there against and simultaneously filed an appeal against the CIR(A)'s decision with ATIR which granted a stay to ECL. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officers for de novo proceedings, thereby accepting ECL'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 million on similar grounds as above. ECL 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 de novo proceedings.

During 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, ECL received notices of demand amounting to Rs 105.955 million and Rs 250.773 million, 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. ECL 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 ECL'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, ECL reversed excess provision of Rs 168.896 million 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, ECL 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 de novo proceedings.

"During 2020, ECL received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs 75.308 million and Rs 112.681 million, 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(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 there against, had filed an appeal with the SHC, which is still pending.

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

The management of ECL is confident that these matters will be decided in favour of ECL.

46.3 Engro Fertilizers Limited (EFERT) and its subsidiary company

46.3.1 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 million (additions to taxable income of Rs 3,305.905 million). In addition, the tax department raised demand for Super tax amounting to Rs 476.629 million.

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 million. 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 million. 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 matter.

46.3.2 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, an associate, under section 59B of the Ordinance resulting in demand of Rs 1,231.201 million (additions to taxable income of Rs 3,191.963 million). 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 ATIR 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 matter.

46.3.3 In 2019, the income tax department amended the assessment filed by EFERT for the tax years 2015, 2016 and 2017. EFERT filed appeals before the CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from EEAPL, an associate, under section 59B of the Ordinance resulting in cumulative demand of Rs 1,980.698 million (cumulative additions of Rs 16,173.826 million to taxable income) for these tax years. Subsequently, the CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by the taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. EFERT, as well as the tax department, filed appeals against the CIR(A)'s order before the ATIR.

Through order dated February 26, 2020, ATIR decided the amendment orders for Tax year 2015 and 2016 mainly in favor of 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 1, 2020, the tax department filed reference application before the SHC for questions of law arising out of the ATIR order.

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

46.3.4 In 2022, in respect of tax year 2018, EFERT received an amendment order from the ACIR majorly pertaining to issues of amortisation on intangibles, claim of WPPF, allowance of minimum tax credit and others. EFERT filed an appeal before the CIR(A) against this order. During the year, an appellate order was passed by the CIR(A) confirming certain additions, certain issues were remanded back whereas certain issues were allowed. An appeal effect in this respect is still awaited. EFERT has filed an appeal before the ATIR against this order of CIR(A).

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

46.3.5 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 charge in respect of exchange gain and loss incurred for TY 2010 and TY 2011, and loss on derivative for TY 2011 raising a demand in respect of these years in aggregate of Rs 1,075.466 million. EFERT had challenged the said decision before the SHC. In the year 2020, the matter was heard, and is reserved for judgement.

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

46.3.6 In 2023, EFERT received an order from the ACIR creating a demand of Rs 494.108 million in respect of tax year 2017. EFERT filed an appeal before the CIR(A) against this order. During the year, hearing was held and appellate order was passed by the CIR(A) where certain issues were remanded back and certain issues were allowed. Subsequently, the tax department passed an appeal effect order based on CIR(A)'s favorable decision on the matter of amortisation on intangibles while appeal effect on remaining issues is yet to be issued. Remand back proceedings are also yet to be concluded.

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

46.3.7 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 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 million. EFERT filed appeals against the orders before the CIR(A).

On November 26, 2020, the SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including 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 million 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.

46.3.8 "In 2023, EFERT received an order from the DCIR, in respect of tax year 2022, amending the Group return filed along with the subsidiary company to make disallowances having a tax impact of Rs 3,718.104 million. EFERT filed an appeal before the CIR(A) against this order. During the year, hearing was held and appellate order was passed by the CIR(A). Subsequently, the tax department passed an appeal effect order based on CIR(A)'s decision, reducing the aggregate demand to Rs 3,173.104 million.

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

46.3.9 As a result of demerger in the year 2009, all pending tax issues of 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 years 2006 to 2008): Rs 1,500.847 million

- Inter-Corporate Dividend (Financial years 2007 to 2008): Rs 336.5 million

- G.P. Apportionment (Financial years 1995 to 2002): Rs 653 million

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

46.3.10 During the year, EFERT received an order from the ACIR, in respect of tax year 2023, amending ECL's and its subsidiaries group return filed along with the subsidiary company to make disallowances having a tax impact of Rs 4,815.451 million. These pertain to disallowance of provisions made for Sindh Infrastructure Development Cess accruals,

provision for gas pricing under the Gas Supply and Purchase Agreement, provision for impairment against trade debts, loss on disposal of operating assets and WPPF. EFERT filed an appeal before the CIR(A) which was heard and an appellate order was passed. Subsequently, the tax department passed an appeal effect order based on CIR(A)'s decision, reducing the aggregate demand to Rs 4,204.700 million.

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 million. 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 million. Appeal before CIR(A) had been filed against these appeal effect orders. In 2023, 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 in-house tax personnel and legal 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.

46.3.12 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 639.001 million. This disallowance had been made in the assessment orders relating to prior years as well which are pending in appeals. Certain errors have been made in relation to allowance of credits which EFERT believes that will be taken up in rectification.

EFERT's management considers, based on the in-house tax personnel's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

46.4 Engro Polymer & Chemicals Limited (EPCL) and its subsidiary companies

46.4.1 Through the notice dated January 20, 2020, the 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 million 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, the 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 30 days to enable EPCL to approach the SCP. EPCL has filed Civil Petition for Leave to Appeal against SHC order in the SCP, which was heard on March 18, 2020 and an interim stay has been granted to EPCL. EPCL, based on the advice of legal advisor, is confident of a favourable decision. Accordingly, no provision has been recognised in this respect in these consolidated financial statements.

46.4.2 Through 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 million. The levy was extended uptil tax year 2020 vide subsequent Finance Acts. On August 1, 2018, EPCL filed petition against the levy of super tax in the SHC, however, based on the opinion of its legal advisor, EPCL recognised provision for the full amount of super tax of Rs 328 million. 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 tax years 2017 to 2019. EPCL filed appeals against the said notices with the CIR(A) whereby the action of the tax officer has been confirmed by the CIR(A) for tax years 2017 to 2019. EPCL has filed an appeal thereagainst before the ATIR against the decision of the 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.

46.4.3 DCIR through his order dated November 30, 2010 raised a tax demand of Rs 163.206 million for tax year 2009. The demand arose as a result of disallowance of finance costs of Rs 452.665 million, additions to income of trading liabilities of Rs 21.859 million under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs 14.239 million, disallowance of provision against Special Excise Duty (SED) refundable of Rs 36.689 million, addition of imputed interest on loans to employees and executives of Rs 20.599 million and not considering net loss.

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 36.689 million and imputed interest on loans to employees and executives to the extent of Rs 0.218 million which were maintained. EPCL filed a reference in the SHC against the additions maintained by ATIR. Likewise, the tax department has also filed reference in SHC against the order passed by the ATIR in favour of EPCL. EPCL's management, based on the advice of its in-house tax personnel, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, no provision has been recognised in these consolidated financial statements.

46.4.4 In 2023, income tax department finalised the monitoring proceedings for tax years 2018 to 2022 against EPCL and raised a demand amounting to Rs 316.851 million on account of alleged non-withholding of taxes on payments made to various parties. The tax demand was paid by EPCL under protest and EPCL, subsequently preferred an appeal before the CIR(A) to contest the aforementioned monitoring proceedings.

During the year, the CIR(A) had passed an order in the favor of EPCL in this respect for tax years 2018, 2019, 2021 and 2022 in respect of demand of Rs 114.547 million raised on account of alleged non-withholding of taxes on payments made to various parties by remanding back the order to the Commissioner Inland Revenue. Being aggrieved the FBR has filed an appeal before the ATIR against the said decision of CIR(A). As at December 31, 2024, appeal for tax year 2020 in the above case is still pending before the ATIR. EPCL, based on the advice from its in-house tax personnel expects a favourable outcome in this respect and hence, no provision has been recognised in these consolidated financial statements.

46.4.5 In 2023, 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 million. EPCL had paid demand of Rs 200 million under protest. During the year, EPCL has further paid demand of Rs 200 million under protest. However, as EPCL based on the advice of its tax consultant is still confident of a favourable outcome, accordingly, no provision in this respect has been recognised in these consolidated financial statements.

46.4.6 During the year, the income tax department has amended the assessment filed by EPCL for tax year 2022. EPCL has preferred an appeal thereagainst before the CIR(A) related to the disallowances mainly pertaining to adjustment in respect of exchange gain / loss that resulted in excess demand of Rs 500.019 million, which has been paid by EPCL under protest. However, as EPCL based on the advice of its in-house tax personnel is confident of a favourable outcome, accordingly, no provision in this respect has been recognised in these consolidated financial statements.

46.5 Elengy Terminal Pakistan Limited and its subsidiary company

46.5.1 EETPL's tax exemption period ended on March 28, 2020. In the post exemption period, EETPL applied for issuance of nil deduction certificate on the premise that its income from terminal services falls under clause 42 of Part IV of Second Schedule. However, the Commissioner Inland Revenue rejected EETPL request. Thereafter, EETPL filed Revision Application with the Chief Commissioner Inland Revenue, who maintained the action of the Commissioner Inland Revenue. EETPL in consultation with the lawyer filed Constitution Petition before the SHC and through the interim orders the Court has directed SSGCL not to withhold tax on payments made to EETPL, however, this is subject to submission of Bank Guarantee (BG) of equal amount with the Nazir of the Court. EETPL in compliance with the Court directions is submitting BG and, based on assessment, is recognizing the minimum tax levy charge based on the withholding tax deductible considering this as a minimum tax liability of EETPL as per the applicable provisions of the Ordinance.

46.6 Engro Energy Limited and its subsidiary companies

46.6.1 In 2021, the ACIR under section 122 (5A) of the Ordinance, amended the tax return for tax year 2020 vide order dated September 28, 2021 (Rectified order dated November 8, 2021) and made certain additions and disallowances that primarily pertained to profit on debt on account of loans from ECL claimed as a deduction and receipts on account of project management services to be taxed under Normal Tax Regime / Minimum Tax Regime. EEL filed an appeal before the CIR(A) dated October 26, 2021, which was decided via order dated August 8, 2023 where certain issues were decided in favour of EEL. For issues decided against EEL, an appeal has been filed with ATIR.

46.6.2 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 million. Being aggrieved, EPTL filed an appeal before the CIR(A) dated September 8, 2021. During the year, CIR(A) via order dated January 8, 2024, decided the case against EPTL, for which EPTL has filed an appeal before ATIR. EPTL based on the advice of its in-house tax personnel, is confident that chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.

46.6.3 In 2020, the ACIR under section 122 (5A), amended the tax return for tax year 2017 vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertained 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 before the CIR(A) dated December 28, 2020, which was heard on December 31, 2021 and is pending adjudication.

(Amounts in thousand)

46.6.4 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 related to treating reimbursement from subsidiary as services, additions on account of apportionment of administrative expenses and receipts on account of the project management services to be taxed under NTR / MTR and resulted in tax demand of Rs 80.888 million. 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 in-house tax personnel and legal consultant of EEL, EEL's management believes that EEL has a good 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.

46.6.5 The ACIR through separate show cause notices dated December 11, 2017 and December 12, 2017, issued in respect of tax years 2012, 2013, 2015 and 2016, raised an issue with respect to the inter-corporate dividend claimed as exempt. 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 million has been raised by the DCIR. Being aggrieved EEL has filed as appeal before 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 EEL's favor, accordingly, no provision has been made in this respect in these consolidated financial statements.

46.6.6 EEL's income tax return for 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 million. EEL being aggrieved filed an appeal before the 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 in-house tax personnel and legal consultant of EEL, EEL's management believes that EEL has a good 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.

Associated Company and Joint Venture

46.7 FrieslandCampina Engro Pakistan Limited (FCEPL)

Following is the position of FCEPL's open tax assessments:

46.7.1 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 million, 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 million.

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. 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.

(Amounts in thousand)

Following the directions of LHC, on April 4, 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 4, 2023 was again challenged in LHC on the grounds that proper opportunity of being heard was not provided to petitioners. Subsequently, LHC converted these appeals into representations before the FBR and directed the FBR to decide the same within 15 days. FBR vide order dated September 20, 2023 has upheld the 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.

During the year, DCIR re-issued the show cause notices (SCNs) for the tax years 2013 to 2016 based on the FBR order dated September 20, 2023. These SCNs were challenged before the SHC. SHC has directed the DCIR to explain its position because the matter was already decided by SHC and upheld by the SCP. Subsequently, DCIR withdrew the SCNs and SHC has accordingly disposed off the case.

46.7.2 On January 29, 2009, the DCIR reduced tax loss from Rs 1,224.964 million to Rs 1,106.493 million for the tax year 2007. Being aggrieved with the impugned order, FCEPL filed appeal before the CIR(A) on March 11, 2009, which is pending adjudication. FCEPL, based on the opinion of its in-house tax personnel, is confident of a favorable outcome of the appeal, and hence no provision has been recognised in respect of this matter.

46.7.3 FCEPL in accordance with section 59B 'Group Relief' of the Ordinance had surrendered to ECL, its tax losses amounting to Rs 4,288.134 million out of the total tax losses of Rs 4,485.498 million 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 million, being equivalent to tax benefit / effect thereof.

FCEPL had been designated as part of the Group of ECL by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59B of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

The ATIR, in respect of surrender of aforementioned tax losses by the FCEPL to ECL for the financial years ended December 31, 2006 and 2007, decided the appeals on July 1, 2010 in favor of ECL, whereby, allowing the surrender of tax losses by FCEPL to ECL. 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 ECL for the year ended December 31, 2008 in favor of ECL. FCEPL based on the merits of the case expects a favorable outcome of the matter.

(Amounts in thousand)

46.7.4 On May 29, 2024, the Additional Commissioner raised a tax demand of Rs 348.855 million for the tax year 2022 by restricting adjustment of minimum tax credit brought forward from prior years against the tax liability. FCEPL has filed an appeal before the ATIR against the order which is pending adjudication. FCEPL has also obtained stay from the SHC against the demand. FCEPL, based on the opinion of its in-house tax personnel is confident of a favorable outcome of the appeal, and hence no provision has been recognised.

46.8 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:

	2024 ....Rupees....	2023 (Restated)
Profit before taxation	61,682,957	71,351,053
Tax calculated at the rate of 29% (2023: 29%)	17,888,058	20,691,805
Effect of exemption from tax on certain income	(1,108,768)	(1,462,847)
Effect of applicability of super tax, lower tax rate, FTR and other tax credits / debits	12,516,694	14,736,230
Impact of change in tax rate	-	1,684,337
Tax effect of expenses not allowed for tax purposes	257,770	1,299
Effect of prior year charges and deferred tax charge	(4,046,927)	4,763,659
Income taxed at reduced rate	(329,592)	(114,720)
Levy Being Separately Classified	1,473,323	1,400,774
Income on which levy is charged	(3,042,149)	(3,100,200)
Impact of Alternative Corporate Tax	-	332,982
Tax effect of minimum tax liability on imports, exports and local trading	-	119,114
Effect of surrender of tax losses	(1,556,930)	(1,943,048)
Others	494,294	(112,556)
Tax charge for the year	22,545,773	36,996,829

47. earnings per share - basic and diluted

47.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

As at December 31, 2024, there is no dilutive effect on the basic earnings per share of the Group. Earnings per share is based on following:

(Amounts in thousand)

	2024 ....Rupees....	2023
Profit for the year, attributable to:		
- continuing operations	11,666,049	8,019,047
- discontinued operations	1,224,430	1,931,404
	12,890,479	9,950,451
	....Numbers in thousand....	
Weighted average number of ordinary shares for determination of basic and diluted EPS	481,287	481,287
Earnings per share in rupees - Basic and Diluted		
- continuing operations	24.24	16.66
- discontinued operations	2.54	4.01
	26.78	20.67

48. 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:

	2024			2023		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	----Rupees----					
Managerial remuneration	18,368	-	9,100,203	15,656	-	7,311,781
Bonus	-		2,414	12,000		1,583
Staff retirement gratuity	1,530	-	1,022,625	1,304	-	935,044
Provident Fund	2,755	-	2,719	2,348	-	3,508
Housing and Utilities	10,103	-	9,970	8,611	-	12,877
Medical	1,530	-	1,510	1,304	-	1,948
Others	613	-	2,466,752	522	-	3,102,596
Total	34,899	-	12,606,193	41,745	-	11,369,337
Number of persons including those who worked part of the year	1	5	1,738	1	10	1,545

48.2 The chief executive officer is provided with Company owned and maintained car.

48.3 Meeting fees aggregating Rs 10.25 million (2023: Rs 11 million) were paid to 5 directors (2023: 10 directors).

(Amounts in thousand)

48.4 The Holding Company considers its chief executive officer and the directors as its key management personnel.

49. retirement benefits

49.1 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 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.

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.

49.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2024, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2024	2023	2024	2023
	Rupees			
49.1.2 Consolidated Statement of Financial Position reconciliation				
Present value of defined benefit obligation	561,430	541,696	53,398	57,602
Fair value of plan assets	(403,261)	(413,440)	(40,752)	(40,704)
Net liability recognized in the consolidated statement of financial position	158,169	128,256	12,646	16,898
49.1.3 Movement in net liability recognized in the Consolidated Statement of Financial Position				
Net liability at beginning of the year	128,256	197,442	16,898	-
Expense for the year	47,994	53,689	2,510	29,380
Net contribution by the Group	(16,906)	(90,438)	-	-
Remeasurement (gain) / loss recognised in Other Comprehensive Income	(1,175)	(32,437)	(6,762)	(12,482)
Net liability at end of the year	158,169	128,256	12,646	16,898
49.1.4 Movement in present value of defined benefit obligation				
As at beginning of the year	541,696	555,972	57,602	19,103
Current service cost	28,381	28,415	-	32,467
Interest cost	78,732	70,634	9,096	2,297
Benefits paid during the year	(115,623)	(111,762)	(5,180)	(5,540)
Remeasurement loss / (gain) to Other Comprehensive Income	28,244	(1,563)	(8,120)	9,275
As at December 31	561,430	541,696	53,398	57,602
49.1.5 Movement in fair value of plan assets				
As at beginning of the year	413,440	358,530	40,704	43,900
Expected return on plan assets	59,119	45,360	6,586	5,384
Contributions by the Group	16,906	90,438	-	-
Benefits paid during the year	(115,623)	(111,762)	(5,180)	(5,540)
Remeasurement gain / (loss)	29,419	30,874	(1,358)	(3,040)
As at December 31	403,261	413,440	40,752	40,704

(Amounts in thousand)

49.1.6 Charge for the year	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2024	2023	2024	2023
	----------Rupees----------			
Current service cost	28,381	28,415	-	32,467
Net Interest cost	19,613	25,274	2,510	(3,087)
	47,994	53,689	2,510	29,380

49.1.7 Principal actuarial assumptions used in the actuarial valuation

	2024	2023	2024	2023
Discount rate	12.25%	15.5% - 16%	12.25%	16.00%
Expected rate of return on plan assets - per annum	12.25%	16.00%	12.25%	16.00%
Expected rate of increase in future salaries - per annum	11.25% to12.25%	14% to 16%	-	-

49.1.8 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	Light - Heavy	-

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2024	2023	2024	2023
	----------Rupees----------			
49.1.9 Actual return on plan assets	88,538	76,234	5,228	2,344

49.1.10 Plan assets comprise of the following	2024		2023	
	Rupees	%	Rupees	%
Defined Benefit Gratuity Plans				
Debt	316,232	78%	326,618	79%
Mutual fund units (quoted)	14,763	4%	4,134	1%
Equity	38,412	10%	49,613	12%
Others (including cash)	33,854	8%	33,075	8%
	403,261	100%	413,440	100%
Defined Benefit Pension Plan				
Debt	-	0%	30,000	74%
Others	40,752	100%	10,704	26%
	40,752	100%	40,704	100%

(Amounts in thousand)

49.1.11 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 reporting date.

49.1.12 Expected contribution for the year ending December 31, 2025 is as follows:

	(Rupees in '000)
Defined benefit gratuity	48,267
Defined benefit pension plan	1,462

49.1.13 Remeasurement recognized in Consolidated Other Comprehensive Income	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2024	2023	2024	2023
	----------Rupees----------			
Gain / (loss) from change in experience adjustments	(28,357)	2,440	8,120	2,741
Gain / (loss) from change in financial assumptions	113	(877)	-	(12,016)
Remeasurement (loss) / gain of obligation	(28,244)	1,563	8,120	(9,275)
Actual return on plan assets	88,538	76,234	5,228	2,344
Expected return on plan assets	(59,119)	(45,360)	(6,586)	(5,384)
Difference in opening fair value of plan assets	-	-	-	-
Remeasurement (loss) / gain of plan assets	29,419	30,874	(1,358)	(3,040)
Effect of asset ceiling	-	-	-	24,797
	1,175	32,437	6,762	12,482

(Amounts in thousand)

49.1.14 Sensitivity analysis

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

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	(42,322)	48,096	(3,290)	3,691
Long term salary increases	48,126	(43,063)	-	-
Long term pension increases	-	-	3,657	(3,318)

49.1.15 Maturity Profile

Time in years	Gratuity Plans	Pension Plan
	...............Rupees...............	
1	24,033	4,713
2	62,248	4,262
3	57,788	3,823
4	40,169	3,399
5-10	499,888	12,792
11-15	810,421	3,816
16-20	838,640	1,080
20+	2,519,956	429
Weighted average duration	7.99	6.16

49.2 Defined contribution plans

An amount of Rs. 818,368 (2023: Rs. 735,349) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

(Amounts in thousand)

50. cash generated from operations

	2024	Restated 2023
	....Rupees....	
Profit before taxation from	61,682,957	71,351,053
Add: Profit attributable to discontinuing operations	5,957,466	5,938,552
	67,640,423	77,289,605
Adjustment for non-cash and other items:		
Depreciation (note 6.5)	11,804,373	18,535,789
Depreciation on right-of-use assets (note 7.3)	1,257,403	1,531,966
Amortisation of intangible assets (note 8.1)	526,698	438,511
Amortisation of direct cost on FSRU (note 38.2)	86,516	86,516
Amortisation of deferred income	-	(129,802)
(Gain on disposal) / write-off of property, plant and equipment	191,214	(33,332)
Remeasurement loss on provision for GIDC	-	678,192
Adjustment in respect of carrying value of thermal assets (note 2.2.1)	33,076,628	29,950,311
Charge in respect of defined benefit liabilities	642,374	244,738
Financial charges	42,627,700	37,679,483
Unwinding of deferred incentive revenue (note 43)	(5,608)	51,641
Amortisation of transaction costs (note 43)	831,060	857,541
Minimum tax and final tax	4,189,320	4,119,489
(Reversal of provision for) / provision for default surcharge on GIDC (note 43)	-	(678,364)
Finance income on sub-lease (note 37.2)	(6,609,841)	(7,541,283)
Finance cost on lease liabilities	6,091,551	6,954,151
Return on investments	(35,090,517)	(23,125,076)
Capital work-in-progress written off	-	1,921
Loss allowance on subsidy receivable from GoP	(1,203,088)	2,440,151
Gain on disposal of right-to-use asset	(10,847)	-
Share of income from joint venture and associated companies (note 44)	(3,393,051)	(5,241,861)
Exchange loss / (gain) (note 41 & 42)	(405,575)	1,252,204
Working capital changes (note 50.1)	(25,958,113)	26,828,559
	96,288,620	172,191,050

(Amounts in thousand)

50.1 Working capital changes	2024	2023
	....Rupees....	
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(1,157,250)	(3,104,544)
- Stock-in-trade	(8,752,841)	(3,493,978)
- Trade debts	9,690,760	(7,058,013)
- Loans, advances, deposits and prepayments	(2,801,067)	(2,678,189)
- Other receivables - net	(382,244)	(16,832,941)
	(3,402,642)	(33,167,665)
Increase in current liabilities		
- Trade and other payables and provisions	(22,555,471)	59,996,224
	(25,958,113)	26,828,559

51. cash and cash equivalents

	2024	2023
	....Rupees....	
Attributable to continued operations		
Cash and bank balances (note 22)	13,061,440	67,128,803
Short-term investments (note 21)	17,892,545	11,748,960
Short-term borrowings (note 34)	(10,873,069)	(29,512,634)
Bank balances held under lien (note 51.1 & 51.2)	(754,581)	(1,673,148)
Short-term investments under lien	-	(931,000)
Attributable to discontinued operations		
Cash and bank balances	17,243,831	-
Short term investments (with original maturity less than 3 month)	14,318,691	-
Short-term borrowings	(23,005,561)	-
	27,883,296	46,760,981

51.1 Includes balance of Rs 24 million (2023: Rs 19 million) held against bank guarantee in favor of custom authorities to comply with interim orders of the Court and Rs 71.593 million (2023: Rs 98.931 million) 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.

51.2 Includes bank balance amounting to Rs 658.988 million (2023: Rs 1,555.217 million) under lien in favour of the banks against next due interest and principal repayments of loans by Enfrashare.

(Amounts in thousand)

52. financial instruments by category

	2024	2023
	....Rupees....	
52.1 Financial assets		
- Financial assets measured at amortized cost		
Long-term investments	4,268,249	1,051,611
Net investment in leases	56,284,295	64,848,798
Loans, advances and deposits	9,699,241	4,214,717
Trade debts	78,671,064	75,497,556
Other receivables	35,545,008	16,408,285
Accrued income	272,079	4,396,241
Short-term investments	37,109,752	27,508,662
Cash and bank balances	30,305,271	67,128,803
	252,154,959	261,054,673
- Financial assets measured at fair value through other comprehensive income		
Pakistan Investments Bonds	14,305,192	10,572,006
Derivative financial instruments	226,087	963,207
Other investments	90,330	70,580
Special Sharikah Certificates	-	969,712
	14,621,609	12,575,505
- Financial assets measured at fair value through profit or loss		
Mutual fund units	28,429,608	31,665,215
Quoted shares	16,546,268	7,914,529
	44,975,876	39,579,744
52.2 Financial liabilities		
- Financial liabilities measured at amortized cost		
Long-term borrowings	192,406,563	190,652,279
Lease liabilities	63,252,814	77,422,363
Trade and other payables	148,130,095	153,745,724
Short-term borrowings	56,900,806	31,639,719
Unclaimed dividend	1,989,413	13,738,490
Accrued interest / mark-up	2,420,650	2,807,643
	465,100,341	470,006,218

53. financial risk management objectives and policies

53.1 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.

The Board has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Risk managed and measured by the Group are explained below:

a) Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuers or the instruments, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Holding Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price 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, 2024, 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 530.881 million (2023: Rs 134.363 million).

(Amounts in thousand)

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from 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.

Fair value risk - Presently, fair value risk to the Group arises from 'balances with banks' and T-bills which are based on fixed interest rates. As at December 31, 2024, the impact of increase / decrease in fixed interest rates by 100 basis points would not have a material impact on the profit after tax of the Group.

Future cash flow risk - Presently, future cash flow risk to the Group arises from long-term financings and short-term investments (PIBs and TDRs) which are based on floating interest rates. As at December 31, 2024, 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 1,203.89 million (2023: Rs 805.412 million), mainly as a result of interest rate exposure on variable rate borrowings.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

iii) Price risk

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

As at December 31, 2024, 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 173.241 million (2023: Rs 251.594 million).

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.

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:

	2024	2023
	....Rupees....	
Loans, advances and deposits	10,490,824	4,214,717
Trade debts	18,827,227	29,033,792
Contract assets	4,015,945	16,880,213
Other receivables	15,772,729	9,998,270
Short-term investments	82,072,129	52,592,831
Bank balances	30,299,917	67,114,069
Accrued income	272,079	4,396,241
	161,750,850	184,230,133

(Amounts in thousand)

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	Rating Long term
Conventional			
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
The Bank of Punjab	PACRA	A1+	AA+
Citibank N.A.	Moody's	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-
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	PACRA	A1	AA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Silk Bank Limited	JCR-VIS	-	B
Mobilink Microfinance Bank Limited	PACRA	A1	A
Telenor Microfinance Bank Limited	PACRA	A1	A
United Bank Limited	JCR-VIS	A1+	AAA
UBL Fund Managers Limited	JCR-VIS	-	AM1
ABL Asset Management Company Limited	PACRA	-	AM1
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	A+
Bank of China	FITCH	F1+	A
MCB Bank Limited	PACRA	A1+	AAA
Bank Makramah Limited (Formerly: Summit Bank Limited)	JCR-VIS	A3	BBB-
U Microfinance Bank Limited	JCR-VIS	A1	A+
Commercial Bank of Dubai	Moody's	A3	Baa1
Commercial Bank International	FITCH	F2	BBB+
First Abu Dhabi Bank	Moody's	P-1	Aa3
Mashreq Bank	Moody's	P-1	A3
National Bank of Fujairah	Moody's	P-2	Baa1
Habib Bank AG Zurich	Moody's	P-1	A1
HBL Asset management Limited	JCR-VIS	-	AM1
National Investment Trust Limited	JCR-VIS	-	AM1

(Amounts in thousand)

	Rating agency	Rating Long term	Rating Short term
Faysal Asset Management Limited	JCR-VIS	-	AM1
Alfalah Asset Management Limited	JCR-VIS	-	AM1
MCB Asset Management Limited	PACRA	-	AM1
Islamic			
Meezan Bank Limited	JCR-VIS	A1+	AAA
UBL Fund Managers Limited	JCR-VIS	-	AM1
ABL Asset Management Company Limited	PACRA	-	AM1
Allied Bank Limited (Islamic)	PACRA	A1+	AAA
Bank Alfalah Limited (Islamic)	PACRA	A1+	AAA
Bank Al Habib Limited (Islamic)	PACRA	A1+	AAA
Pak Oman Investment Company	JCR-VIS	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A1+	AA
MCB Islamic Bank Limited	PACRA	A1+	A+
Bank of Khyber	PACRA	A1+	AA-
Al Ameen Islamic Cash Fund	JCR-VIS	-	AA+
Askari Bank Limited	PACRA	A1+	AA+
Pak Kuwait Investment Company (Private) Limited	PACRA	A1+	AAA
Pak Brunei Investment Company Limited	JCR-VIS	A1+	AA+
Pak China Investment Company Limited	JCR-VIS	A1+	AAA
Faysal Asset Management Limited	JCR-VIS	-	AM1
United Bank Limited Ameen	JCR-VIS	A1+	AAA

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(Amounts in thousand)

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.

	2024			2023		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-----	-----	-----	Rupees	-----	-----
Financial liabilities						
Borrowings	41,336,057	75,355,002	116,691,059	36,162,511	198,856,023	235,018,534
Lease liabilities	11,009,770	52,243,044	63,252,814	15,743,751	110,270,517	126,014,268
Trade and other payables	148,130,095	-	148,130,095	154,432,436	-	154,432,436
Unclaimed Dividend	1,989,413	-	1,989,413	13,738,490	-	13,738,490
Accrued interest / mark-up	2,420,650	-	2,420,650	2,807,643	-	2,807,643
	204,885,985	127,598,046	332,484,031	222,884,831	309,126,540	532,011,371

54. 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:

(Amounts in thousand)

	2024	....Rupees.... 2023
Long-term borrowings - net (note 26)	196,344,335	190,652,279
Lease liabilities (note 28)	63,252,814	77,422,363
Total borrowings	259,597,149	268,074,642
Equity	232,118,979	232,897,272
	491,716,128	500,971,914
Gearing ratio	52.79%	53.51%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

55. 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 (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

(Amounts in thousand)

	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
As at December 31, 2024				
Fair value through profit or loss				
- Mutual funds	-	28,429,608	-	28,429,608
- Quoted shares	16,546,268	-	-	16,546,268
- Special Sharikah Certificates	-	-	-	-
	16,546,268	28,429,608	-	44,975,876
Fair value through other comprehensive income				
- Derivative financial instruments	-	226,087	-	226,087
- Pakistan Investment Bonds (PIBs)	-	14,305,192	-	14,305,192
- Other Investments	65,580	5,000	-	70,580
	65,580	14,536,279	-	14,601,859
As at December 31, 2023				
Fair value through profit or loss				
- Mutual funds	-	31,665,215	-	31,665,215
- Treasury bills (T-Bills)	7,914,529	-	-	7,914,529
- Quoted shares	-	969,712	-	969,712
	7,914,529	32,634,927	-	40,549,456
Fair value through other comprehensive income				
- Derivative financial statements	-	963,207	-	963,207
- Pakistan Investment Bonds (PIBs)	-	10,572,006	-	10,572,006
- Other Investments	65,580	5,000	-	70,580
	65,580	11,540,213	-	11,605,793

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.

56. segment reporting

56.1 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.

Type of segments	Nature of business
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals 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 management of investments in associates and joint ventures by ECL. It also includes investments made in foods and dairy segment.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and 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)

56.2 The following information presents operating results regarding operating segments for the year ended December 31, 2024 and asset information regarding operating segments as at December 31, 2023:

	Fertilizer		Polymer		Terminal	
				Restated		Restated
	2024	2023	2024	2023	2024	2023
Revenue from external customers (note 37)						
At a point in time	256,675,163	223,704,592	75,707,941	81,269,534	-	-
Over time	-	-	-	-	19,935,021	21,309,997
	256,675,163	223,704,592	75,707,941	81,269,534	19,935,021	21,309,997
Segment gross profit / (loss)	72,284,646	72,297,228	6,590,711	20,733,922	6,989,717	7,038,661
Segment expenses - net off other income	(26,701,271)	(21,598,718)	(2,728,130)	(3,946,877)	(233,960)	(352,956)
Income on deposits / other						
Income from financial assets	2,498,036	3,345,739	523,819	1,183,635	1,360,779	1,242,207
Finance cost (note 43)	(4,128,579)	(1,910,830)	(7,531,973)	(4,214,708)	(196,905)	(890,760)
Loss allowance on subsidy receivable from GoP	1,203,088	(2,440,151)	-	-	-	-
Share of income from						
joint venture and associates (note 44)	-	-	-	-	1,330,836	1,444,422
Adjustment in respect of carrying value of						
thermal assets (note 2.1.1)	-	-	-	-	-	-
Reversal of impairment of property, plant and equipment	-	-	-	-	-	-
Minimum and final tax (note 45)	-	-	39,717	(225,085)	(2,926,729)	(2,850,093)
Income tax (charge) / credit (note 46)	(16,895,682)	(23,502,166)	2,945,273	(4,598,593)	(725,627)	(23,527)
Segment profit / (loss) after tax - continuing operations	28,260,238	-	26,191,102	-	(160,583)	-
	8,932,294	-	5,598,111	-	5,607,954	
Segment profit / (loss) - discontinued operations	28,260,238	26,191,102	(160,583)	8,932,294	5,598,111	5,607,954
Segment assets	170,602,110	160,842,670	100,851,437	90,597,810	75,827,172	83,026,306
Investment in joint venture / associates	-	-	-	-	-	-
Total segment assets	170,602,110	160,842,670	100,851,437	-	75,827,172	83,026,306
Total segment liabilities	123,143,566	112,939,915	73,529,858	62,005,725	63,205,118	71,477,402
Capital expenditure	9,227,357	6,174,436	9,174,643	11,366,384	673,695	646,236
Depreciation	4,218,498	3,883,411	2,632,272	3,433,012	528,974	441,281
Amortisation of intangible assets (note 8.1)	240,685	203,700	106,642	104,545	12,126	12,126

56.3 Revenue derived from CPPA-G which is in excess of 10% or more of the Group's revenue amounting to Rs. 133,372,958 (2023: Rs. 122,005,078), attributable to power and mining segment.

	Power and mining		Connectivity and telecom		Other operations		Elimination - net		Consolidated	
						Restated				Restated
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue from external customers (note 37)										
At a point in time	-	-	-	-	167,191,828	138,429,183	(130,301,421)	(121,907,731)	369,273,511	321,495,578
Over time	369,012	705,730	16,589,541	13,230,238	-	-	-	-	36,893,574	35,245,965
	369,012	705,730	16,589,541	13,230,238	167,191,828	138,429,183	(130,301,421)	(121,907,731)	406,167,085	356,741,543
Segment gross profit / (loss)	(7,131)	(108,095)	7,996,214	5,369,868	28,340,718	25,732,936	(24,519,648)	(23,791,707)	97,675,227	107,272,813
Segment expenses - net off other income	(381,762)	(895,585)	(1,298,663)	(1,108,586)	(7,812,640)	(6,918,337)	4,677,511	1,520,993	(34,478,915)	(33,300,066)
Income on deposits / other										
Income from financial assets	885,238	455,626	746,644	347,416	20,389,464	21,427,324	(6,819,369)	(12,179,646)	19,584,611	15,822,301
Finance cost (note 43)	(864,821)	(1,189,846)	(7,251,602)	(6,678,490)	(1,212,782)	(1,258,906)	867,887	2,212,757	(20,318,775)	(13,930,783)
Loss allowance on subsidy receivable from GoP	-	-	-	-	-	-	-	-	1,203,088	(2,440,151)
Share of income from										
joint venture and associates (note 44)	-	-	-	-	879,048	602,006	-	-	2,209,884	2,046,428
Adjustment in respect of carrying value of										
thermal assets (note 2.1.1)	-	-	-	-	-	-	-	-	-	-
Reversal of impairment of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Minimum and final tax (note 45)	-	-	(965,071)	(638,687)	(337,237)	(405,624)	-	-	(4,189,320)	(4,119,489)
Income tax (charge) / credit (note 46)	386,277	(28,388)	628,850	877,040	(8,657,080)	(9,981,797)	(227,784)	260,602	(22,545,773)	(36,996,829)
Segment profit / (loss) after tax - continuing operations	17,801	(1,766,288)	(143,628)	(1,831,439)	31,589,491	29,197,602	(26,021,403)	(31,977,001) 3	9,140,027	34,354,224
	4,471,648	2,427,780	-	71	(331,356)	91,736	(32,581)	(71)	4,107,711	2,519,516
Segment profit / (loss) - discontinued operations	4,489,449	661,492	(143,628)	(1,831,368)	31,258,135	29,289,338	(26,053,984)	(21,896,991)	43,247,738	36,873,740
Segment assets	260,163,723	326,479,973	66,772,440	69,539,952	173,701,537	126,105,787	(114,376,035)	(75,285,599)	733,542,384	781,306,899
Investment in joint venture / associates	5,374,884	4,996,840	-	-	30,422,677	29,488,482	-	-	35,797,561	34,485,322
Total segment assets	265,538,607	331,476,813	66,772,440	69,539,952	204,124,214	155,594,269	(114,376,035)	(75,285,599)	769,339,945	815,792,221
Total segment liabilities	213,898,542	263,093,522	46,059,407	51,431,574	57,797,831	48,363,965	(247,415,725)	(28,473,871)	330,218,597	580,838,232
Capital expenditure	1,438,890	3,536,315	4,939,514	7,927,473	960,285	1,090,751	259,111	624,109	26,673,495	31,365,704
Depreciation	1,769,775	8,029,418	3,122,391	3,388,571	949,834	882,532	(159,968)	9,530	13,061,776	20,067,755
Amortisation of intangible assets (note 8.1)	69,199	67,022	12,442	12,442	85,606	38,673	(2)	3	526,698	438,511

(Amounts in thousand)

57. related parties transactions and balances

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
1	Engro Corporation Limited	N/A	Subsidiary Company
2	DH Partners Limited	N/A	Subsidiary Company
3	ATS Synthetic (Private) Limited	N/A	Associated Company
4	Baidstack Solutions (Private) Limited	N/A	Common directorship
5	China East Resources Import & Export Corporation	N/A	Associated Company
6	China Machiery Engineering Corporation	N/A	Associated Company
7	Colgate-Palmolive Pakistan Limited	N/A	Associated Company
8	Cyan Limited	N/A	Common directorship
9	Dawood Corporation (Private) Limited	N/A	Common directorship
10	Dawood Investments (Private) Limited	9.86%	Common directorship
11	Dawood Lawrencepur Limited	16.19%	Common directorship
12	Al Meezan Investment Management Limited	N/A	Associated Company
13	EmpricAI (Private) Limited	N/A	Associated Company
14	Endeavor Pakistan	N/A	Common directorship
15	Engro Corporation Limited	N/A	Common directorship
16	Engro Corporation Limited - MPT Employees Pension Fund	0.02%	Post Employement Benefits
17	Engro Corporation Limited DB Gratuity Fund	0.00%	Post Employement Benefits
18	Engro Corporation Limited DB Pension Fund	N/A	Post Employment Benefits
19	Engro Corporation Limited DC Gratuity Fund	0.02%	Post Employement Benefits
20	Engro Corporation Limited DC Pension Fund	0.00%	Post Employement Benefits
21	Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employment Benefits
22	Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employment Benefits
23	Engro Corporation Provident Fund	0.03%	Post Employement Benefits
24	Engro Fertilizers Limited	N/A	Common directorship
25	Engro Foundation	N/A	Associated Company
26	Tenaga Generasi Limited	N/A	Common directorship
27	Abrax (Private) Limited	N/A	Common directorship
28	Engro Vopak Terminal Limited	50.00%	Joint Venture Company
29	FrieslandCampina Engro Pakistan Limited	39.90%	Associated Company
30	Mr. Abdul Samad Dawood	0.37%	Director of Group Company
31	FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	N/A	Associated Company
32	GEL Utility Limited	N/A	Associated Company
33	Greengo (Private) Limited	N/A	Common directorship
34	Habib Bank Limited	N/A	Associated Company
35	Hajiani Hanifa Bail Memorial Society	N/A	Common Directorship
36	Hajiani Hanifabai Memorial Society	N/A	Common directorship
37	Inbox Business Technologies (Private) Limited	N/A	Common Directorship
38	Inbox Business Technologies Limited	N/A	Common directorship
39	International Packaging Films Limited	N/A	Common directorship
40	Javed Akbar Associates (Private) Limited	N/A	Associated Company
41	Karachi Education Initiative	N/A	Common directorship
42	Karachi School for Business & Leadership	N/A	Common Directorship
43	Karachi School of Business & Leadership	N/A	Common directorship
44	Khaadi Corporation (Private) Limited	N/A	Common directorship
45	KSB Pumps Company Limited	N/A	Associated Company

(Amounts in thousand)

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
46	Mitsubishi Corporation (Incorporated in Japan)	N/A	Associated Company
47	Mozart (Private) Limited	N/A	Common directorship
48	Ms. Azmeh Dawood	1.230%	Daughter of Director
49	Mr. Hussain Dawood	1.250%	Director of Group Company
50	Mr. Ahsan Zafar Syed	0.010%	Key Management Personnel / Director
51	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
52	Mr. Farooq Nazim Shah	N/A	Key Management Personnel
53	Mr. Ghias Khan	0.140%	Ex - Key Management Personnel / Ex - Director
54	Ms. Sabrina Dawood	0.210%	Director of Group Company
55	The Dawood Foundation	3.950%	Common directorship
56	Mr. Isfandiyar Shaheen	N/A	Key Management Personnel
57	Mr. Ismail Mahmud	N/A	Ex - Key Management Personnel
58	Mr. Jahangir Piracha	N/A	Ex - Key Management Personnel
59	Mr. Kaiser Bengali	N/A	Key Management Personnel
60	Mr. Kamran Hanif	N/A	Key Management Personnel
61	Mr. Khawaja Bilal Hussain	N/A	Ex - Key Management Personnel
62	Mr. Khawaja Iqbal Hassan	0.010%	Director
63	Mr. Mazhar Hasnani Abbas	N/A	Ex - Key Management Personnel
64	Mr. Mohammad Abdul Aleem	0.000%	Director
65	Mr. Muhammad Amin	N/A	Key Management Personnel
66	Mr. Muhammad Bilal Ahmed	N/A	Key Management Personnel
67	Mr. Nadir Salar Qureshi	N/A	Ex - Key Management Personnel
68	Mr. Nausheen Ahmed	N/A	Key Management Personnel
69	Mr. Rizwan Diwan	0.000%	Director
70	Mr. Samar Masood	0.000%	Director
71	Mr. Sami Aziz	N/A	Key Management Personnel
72	Mr. Sardar Muhammad Aly Osman	N/A	Key Management Personnel
73	Mr. Shabbir Hussain Hashmi	0.020%	Director
74	Mr. Shamoon Chaudry	N/A	Key Management Personnel
75	Mr. Sultan Mohammad Parvez Ghias	0.000%	Director
76	Mr. Tomoya Kondo	N/A	Ex - Key Management Personnel
77	Mr. Usman Hassan	N/A	Key Management Personnel
78	Mr. Wang Pu	N/A	Key Management Personnel
79	Mr. Yusuf Jamil Siddiqui	N/A	Key Management Personnel
80	Mr. Zamin Zaidi	N/A	N/A
81	Mr. Zeshan Taj Khan	N/A	Key Management Personnel
82	Mr. Zhao Wenke	N/A	Key Management Personnel
83	Mr. Zheng Tianchen	N/A	Key Management Personnel
84	Mrs. Ayesha Dawood	0.00%	Spouse of Director
85	Mrs. Kulsum Dawood	0.62%	Spouse of Director
86	Ms. Ayesha Zeba Gias	0.00%	Spouse of Director
87	Ms. Ekta Sitani	N/A	Key Management Personnel
88	Ms. Henna Inam	0.00%	Director
89	Ms. Humera Aleem	0.00%	Spouse of Director
90	Ms. Maryam Aziz	N/A	Key Management Personnel
91	Ms. Nida Fatima Hashmi	N/A	Ex - Key Management Personnel
92	Ms. Semeen Akhtar	N/A	Ex - Key Management Personnel
93	NED International Alumni Network Association	N/A	Associated Company
94	Nimir Industrial Chemicals Limited	N/A	Associated Company
95	Overseas Investors Chamber of Commerce & Industry	N/A	Associated Company
96	Overseas Investors Chambers of Commerce and Industry	N/A	Common directorship
97	Oxford and Cambridge Society Karachi Educational Trust	N/A	Common directorship

(Amounts in thousand)

S. No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
98	Pakistan Business Council	N/A	Common directorship
99	Pakistan Oxygen Limited	N/A	Associated Company
100	Pakistan Vinyl Industries	N/A	Associated Company
101	Pebbles (Private) Limited	N/A	Common directorship
102	Reon Alpha (Private) Limited	N/A	Common directorship
103	Reon Energy Limited	N/A	Associated Company
104	Sach International (Private) Limited	0.001%	Common directorship
105	Siddiqsons Energy Limited	N/A	Associated Company
106	Signify Pakistan Limited	N/A	Associated Company
107	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
108	Sindh Petroleum (Pvt) Limited	N/A	Associated Company
109	Staff Gratuity Fund	N/A	Employees' Retirement Fund
110	Staff Provident Fund	N/A	Employees' Retirement Fund
111	Thar Foundation	N/A	Associated Company
112	Thar Power Company Limited	N/A	Associated Company
113	The Karachi Education Initiative	N/A	Common Directorship
114	Unilever Pakistan Foods Limited	N/A	Associated Company
115	Universal Coating Films (Private) Limited	N/A	Common directorship
116	Value Advisors (Private) Limited	N/A	Common directorship
117	Value Team (Private) Limited	N/A	Common directorship
118	Vopak LNG Holding B.V., incorporated in the Netherlands	N/A	Associated Company

57.1 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:

	2024	2023
	....Rupees....	
Associated Companies		
Purchases and services	62,473,940	51,376,156
Donations	1,003,024	1,282,156
Sale of goods and rendering of services	5,373,541	4,861,260
Reimbursement of expenses made to associated companies	190,096	332,857
Reimbursement of expenses made by associated companies	605,883	310,331
Dividends paid / payable	21,276,537	7,076,923
Loans repaid	3,737,854	130,306
Finance costs	5,870,350	5,870,350
Investment made	-	104,938
Divestment	-	104,938

(Amounts in thousand)

	2024	2023
	....Rupees....	
Joint Ventures		
Purchase of services	1,706,519	4,378,161
Services rendered	-	5,706
Reimbursements	53,765	146,709
Dividend received	888,750	1,365,000
Expenses paid on behalf of joint venture company	693,093	450,634
Late payment charges	-	19,025
Retirement funds		
Contribution to retirement benefit and contribution funds	1,232,193	1,242,904
Key management personnel		
Dividend paid	188,821	336,573
Directors' fees	10,250	11,000
Remuneration and other benefits paid	164,624	150,780
Sale of vehicle to key management personnel	72	965
Reimbursement to key management personnel	148	371
Remuneration of key management personnel	2,187,448	1,711,311

57.2 Details of balances with related parties are stated in respective notes to these consolidated financial statements.

57.3 Details of related parties incorporated outside Pakistan with whom the Group had transactions or arrangements in place during the year 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
Country of Incorporation	Nigeria	People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates	United Arab Emirates
% of holding	45%	N/A	N/A	100%	100%	100%	100%	100%	100%
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)

(Amounts in thousand)

58. contributory retirement funds

The employees of the Group participate in the Provident Fund maintained by the Holding Company, ECL and it's subsidiaries. Monthly contributions are made both by the companies in the Group and the employees to the 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.

59. donations

59.1 Donations include the following in which the Directors of the Holding Company or Group companies are interested:

Director	Interest in Donee	Name of donee	2024 (Rupees in '000)
Ghias Khan	Trustee	Engro Foundation	726,490
Hussain Dawood	Chairman		
Ghias Khan	Trustee		
Sabrina Dawood	Trustee		
Abdul Samad Dawood	Trustee	The Dawood Foundation	460

Director	Interest in Donee	Name of donee	2023 (Rupees in '000)
Ghias Khan	Director	Engro Foundation	1,027,909
Hussain Dawood	Chairman		
Ghias Khan	Trustee		
Sabrina Dawood	Trustee		
Abdul Samad Dawood	Trustee	The Dawood Foundation	576

59.2 In addition to the details stated in note 57.1, during the year the Group made / accrued the following donations which are above Rs. 1 million or 10% of Group's total amount of donation:

	....Rupees....
Engro Foundation	726,490
Thar Foundation	276,074
The Dawood Foundation	460

(Amounts in thousand)

60. production capacity

		Designed Annual Capacity 2024	Designed Annual Capacity 2023`	Actual Production 2024	Actual Production 2023
Urea (note 60.1)	Metric Tons	2,275,000	2,275,000	2,147,025	2,313,448
NPK (note 60.1)	Metric Tons	100,000	100,000	105,296	96,328
PVC Resin (note 60.1)	Metric Tons	295,000	295,000	212,000	230,000
EDC (note 60.1)	Metric Tons	127,000	127,000	100,000	100,000
Caustic soda (note 60.1)	Metric Tons	106,000	106,000	95,000	96,000
Caustic flakes (note 60.1)	Metric Tons	20,000	20,000	14,000	13,000
VCM (note 60.1)	Metric Tons	245,000	245,000	216,000	224,000
Power (note 60.2)	Mega Watt Hours	7,182,358	7,166,294	4,440,184	4,493,430
Power	Mega Watt	66	66	42	45
Integrated rice processing					
- Milling	Metric Tons	144,000	144,000	-	12,713
- Drying (note 60.3)	Metric Tons	270,000	270,000	-	282

60.1 Production planned as per market demand and in house consumption needs.

60.2 Output produced by the plants of EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

60.3 Three months season design capacity and production is dependent on availability of rice paddy.

60.4 The annual regassification capacity of EETPL as service provider to SSGCL is 4.5 MTPA and there has been no shortfall during the year.

61. number of employees of the group

	Number of employees as at December 31, 2024	Number of employees as at December 31, 2023	Average number of employees during the year December 31, 2024	Average number of employees during the year December 31, 2023
Number of employees	2,621	2,763	2,677	2,738
	2,621	2,763	2,677	2,738

(Amounts in thousand)

62. 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.

63. 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 recognise its share of jointly held asset in these consolidated financial statements.

(Amounts in thousand)

64. shariah compliance disclosure

		2024			2023		
	Note	Coventional	Shariah Compliant	Total	Coventional	Shariah Compliant	Total
		Rupees					
Consolidated Statement of Financial Position							
Borrowings	26 & 23	129,142,395	65,233,054	194,375,449	145,376,019	47,748,834	193,124,853
Lease liabilities	28	63,252,814	-	63,252,814	77,422,363	-	77,422,363
Short-term borrowings	34 & 23	42,842,146	14,058,660	56,900,806	25,556,614	6,083,105	31,639,719
Accrued interest / mark-up	33 & 23	1,912,013	882,285	2,794,298	1,264,353	1,543,290	2,807,643
Long-term investments	9	1,000	53,731,604	30,422,677	-	34,485,322	34,485,322
Financial assets at amortised cost	11	4,268,249	-	4,268,249	1,051,611	-	1,051,611
Short-term investments	21 & 23	83,289,593	13,101,227	96,390,820	60,717,908	10,508,105	71,226,013
Accrued income		271,969	110	272,079	4,393,755	-	4,393,755
Cash and bank balances	22 & 23	26,585,081	3,719,196	30,304,277	63,844,051	3,284,752	67,128,803
Consolidated Statement of Profit or Loss							
Net sales	37 & 23	-	540,176,774	540,176,774	-	482,488,902	482,488,902
Delayed payment charges	43	6,802,743	-	6,802,743	5,565,775	-	5,565,775
Share of income from							
joint ventures and associates	44 & 23	-	3,393,050	3,393,050	-	5,241,861	5,241,861
Interest expense on financing	43	30,083,214	7,016,040	37,099,254	31,606,151	4,227,378	35,833,529
Other income							
- Delayed payment charges							
on overdue Receivables	41	8,914,212	-	8,914,212	10,456,513	-	10,456,513
- Interest on Amount receivable from SSGCL	41	138,917	-	138,917	151,469	-	151,469
- Exchange gain	41	26,564	379,011	405,575	-	-	-
- Income on deposits / other financial assets	41	20,092,065	11,521,538	31,613,603	21,007,728	1,943,581	22,951,309
- Insurance claims	41	59,049	-	59,049	239,655	-	239,655
- Gain on disposal of							
Property, Plant and Equipment	41	-	-	-	-	92,778	92,778
- Income from sale of spares / scrap	41	-	378,801	378,801	-	230,136	230,136
- Reversal of impairment of							
Property, Plant and Equipment	41	-	16,793	16,793	-	-	-
- Others	41	-	502,528	502,528	-	158,184	158,184

65. non-adjusting event after reporting date

65.1 The Board of Directors of the Holding Company in its meeting held on February 28, 2025 has proposed a final cash dividend of Rs Nil per share for the year ended December 31, 2024 amounting to Rs Nil for approval of the members at the Annual General Meeting to be held on April 25, 2025.

65.2 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on February 11, 2025 has proposed a final cash dividend of Rs 5 per share for the year ended December 31, 2024, amounting to Rs 450 million of which the proportionate share of ECL amounts to Rs 225 million.

65.3 The Board of Directors of FrieslandCampina Engro Pakistan Limited, an associated undertaking, in its meeting held on February 13, 2025, has proposed a final cash dividend of Rs 2.8 per share for the year ended December 31, 2024, amounting to Rs 2,146.469 million of which the proportionate share of ECL amounts to Rs 857.013 million.

65.4 The consolidated financial statements for the year ended December 31, 2024 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, 2025.

66. listing of subsidiary companies, associated companies and joint venture

Name of Subsidiary	**Financial year end**
DH Partners Limited (DHPL)	December 31
Engro Corporation Limited (ECL)	December 31
Name of subsidiaries of ECL	
Engro Fertilizers Limited (EFert)	December 31
EFERT Agritrade (Private) Limited (EAPL)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Think PVC (Private) Limited	December 31
Engro Peroxide (Private) Limited	December 31
Engro Plasticizer (Private) Limited	December 31
Engro Energy Limited (EEL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTPL)	December 31
Elengy Terminal Pakistan Limited (ETPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Eximp FZE (FZE)	December 31
Engro LNG FZE (ELNG)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Connect (Private) Limited	December 31
Name of subsidiaries of ECL	
Engro Technical Solutions (Private) Limited	December 31
Engro Enfrashare (Private) Limited	December 31
Engro Energy Services Limited (EESL)	December 31
EngroTech Ventures - FZCO (E-FZCO)	December 31

	Financial year end
Name of Joint Venture of ECL	
Engro Vopak Terminal Limited (EVTL)	December 31
Name of Associates of ECL	
FrieslandCampina Engro Pakistan Limited (FCEPL)	December 31
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
Gel Utility Limited (GEL)	December 31
Thar Power Company Limited (TPCL)	December 31

66.1 Set out blow is summarised financial information of ECL which has Non-Controlling interests (NCI). The amounts disclosed are before inter-company elimination:

	2024 **ECL** **(Rupees in '000)**
Total Assets	749,612,423
Total Liabilities	532,054,282
Total Comprehensive Income	39,587,042
Total Comprehensive Income allocated to NCI	17,331,278

	2024 **ECL** **(Rupees in '000)**
Accumulated NCI	68,464,661
Cash and cash equivalents	27,621,529
Cash generated from / (utilised in)	
- operating activities	18,109,580
- investing activities	14,255,554
- financing activities	(51,645,697)
Dividend paid / payable to NCI	33,265,961
Interest of NCI	60.03%

(Amounts in thousand)

67. 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.

68. date of authorisation for issue

These consolidated financial statements were authorised for issue on February 28, 2025 by the Board of Directors of the Holding Company.

Farooq Barkat Ali	**Abdul Samad Dawood**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

annexures

proxy form

I/We________________________________,of_____________________________________, being member of Engro Holdings Limited and holder of ____________ Ordinary Shares, as per:

Share Register Folio No. _________ and/or

CDC Participant ID No. __________ Sub A/c No. __________

hereby appoint____ of ____________________ as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Friday, April 25, 2025 at 10:00 AM at the **Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, opposite Liaquat National Hospital, Karachi - 74800** and via video link facility, 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.

نمائندگی کا فارم

میں/ہم ________________ ساکن ________________

بحیثیت ممبر اینگرو ہولڈنگز لمٹیڈ کے رکن وحامل ________________ عام حصص بمطابق شیئر رجسٹرڈ فولیونمبر ________________

اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر ________________ اور ذیلی کھاتہ نمبر ________________ محترم/محترمہ ________________

ساکن ________________ یا بصورتِ دیگر محترم/محترمہ ________________

ساکن ________________ کو بروز جمعہ مورخہ ۲۵ اپریل ۲۰۲۵ بوقت ۱۰:۰۰ بجے صبح بمقام کراچی اسکول آف بزنس اینڈ لیڈرشپ (KSBL) نیشنل اسٹیڈیم روڈ، بالمقابل لیاقت نیشنل ہسپتال، کراچی-74800 میں وڈیو لنک کی سہولت کے ساتھ منعقد یا ملتوی ہونے والے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا/ کرتی ہوں۔

دستخط ________________ بروز ________________ ۲۰۲۵

گواہ (۱)

دستخط گواہ: ________________

نام: ________________

پتہ: ________________

قومی شناختی کارڈ نمبر یا: ________________

پاسپورٹ نمبر: ________________

مطلوبہ (پانچ روپے کا) ریونیو ٹکٹ چسپاں کریں اور دستخط کریں

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔

گواہ (۲)

دستخط گواہ: ________________

نام: ________________

پتہ: ________________

قومی شناختی کارڈ نمبر یا: ________________

پاسپورٹ نمبر: ________________

نوٹ:

- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، نمائندگی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔
- تمام پراکسی ہولڈرز اپنی شناخت کے لئے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔

نوٹس

۱۔ شیئر ہولڈرز کو تحائف دینے پر پابندی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (''SECP'') نے اپنے 2018 کے سرکلر 2 کے ذریعے، مورخہ 9 فروری 2018، کمپنیوں کو شیئر ہولڈرز کے لیے عام اجلاسوں میں یا متعلقہ سلسلے میں تحائف یا مراعات (ٹوکن / کوپن / لنچ / ٹیک اوے پیکیج) کسی بھی شکل یا انداز میں دینے سے سختی سے منع کیا ہے۔
ایکٹ کے سیکشن 185 کے تحت، اس ہدایت کی کسی بھی خلاف ورزی کو جرم تصور کیا جاتا ہے اور خلاف ورزی کرنے والی کمپنیوں کو جرمانے کا سامنا کرنا پڑ سکتا ہے۔

۲۔ ویڈیو کانفرنس سہولت کے ذریعے اجلاس عام کی کارروائی میں شرکت

ممبران کی حوصلہ افزائی کی جاتی ہے کہ ویڈیو کانفرنس کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت فرمائیں، جس کا انتظام کمپنی کی جانب سے کیا جائے گا۔

اجلاس میں فزیکل یا ویڈیو کانفرنس کی سہولت کے ذریعے شرکت کرنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنا نام، موبائل نمبر، سی این آئی سی / پاسپورٹ نمبرhttps://forms.office.com/r/sBaaCZBBV پر رجسٹر کروائیں۔ فزیکل میٹنگ یا ویڈیو لنک کی تصدیق اور لاگ ان سے متعلق معلومات ان شیئر ہولڈرز سے شیئر کی جائے گی جن کی رجسٹریشن تفصیلات سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل موصول ہوگی۔

شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈا آئٹمز پر اپنے تاثرات اور سوالات بھی ای میل ایڈریس agm.ehl@engro.com پر فراہم کر سکتے ہیں۔

۳۔ سالانہ رپورٹ 2024 کی الیکٹرانک ترسیل

کمپنیز ایکٹ 2017 کے سیکشن (6)223 کی تعمیل میں کمپنی نے ان شیئر ہولڈرز کو سالانہ رپورٹ 2024 کی ای میل کے ذریعے الیکٹرانک ترسیل انجام دی ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس موجود ہیں۔ تاہم ایسے کیس جن میں کمپنی کے شیئر رجسٹرار کے پاس ای میل ایڈریس موجود نہیں ہیں انہیں سالانہ اجلاس عام کی اطلاع کے نوٹس کی پرنٹ شدہ کاپیاں بشمول سالانہ رپورٹ 2024 (جس میں مالیاتی گوشوارے درج ہیں) ڈاؤن لوڈ کرنے کے لیے QR کا حامل کوڈ / ویب لنک بھی بھیج دیئے گئے ہیں۔ اس کے باوجود کمپنی سالانہ رپورٹ کی ہارڈ کاپی، کسی بھی ممبر کی جانب سے درخواست بھیجنے پر، ان کے رجسٹرڈ ایڈریس پر ایسی درخواست موصول ہونے کے ایک ہفتے کے اندر مفت میں فراہم کرے گی۔

مزید براں فزیکل فارم میں شیئرز رکھنے والے ممبران سے گزارش کی جاتی ہے کہ براہ مہربانی اپنا موثر ای میل ایڈریس (اپنے موثر CNIC کی کاپی کے ہمراہ) کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو جمع فراہم کریں جبکہ بک انٹری فارم میں شیئرز رکھنے والے ممبران اپنے متعلقہ پارٹیسپنٹ / انویسٹر اکاؤنٹ سروسز کو فراہم کریں۔

۴۔ ممبران کے رجسٹر اور شیئر ٹرانسفر کتب کی بندش:

کمپنی کے ممبران کی رجسٹر اور شیئر ٹرانسفر بک 19 اپریل 2025 سے 25 اپریل 2025 (بشمول دونوں دن) تک بند رہیں گی۔ کمپنی کے شیئر رجسٹرار FAMCO شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، F-8، نزد ہوٹل فاران، بلاک-6 P.E.C.H.S، شاہراہ فیصل، کراچی، (PABX نمبر 021-3438010) اور ای میل info.shares@famcosrs.com.pk پر موصول ہونے والی منتقلی، 18 اپریل 2025 کو کاروبار کے اختتام تک، ممبران کے سالانہ اجلاس عام میں شرکت، تقرر اور ووٹ دینے کے لیے بروقت تصور کی جائیں گی۔

۵۔ پراکسی کے تقرر کے تقاضے

اجلاس میں شرکت اور ووٹ دینے کے اہل ممبر اجلاس میں شرکت اور ووٹ دینے کے لیے کسی کو بطور نمائندہ (پراکسی) مقرر کرنے کا حق حاصل ہوگا؛ اور مقرر کردہ پراکسی کو اجلاس میں شرکت، اظہار رائے اور ووٹ دینے کے وہی حقوق حاصل ہوں گے جو خود ممبر کو حاصل ہیں۔ پراکسی فارم موثر ہونے کے لیے ان کی دستاویزات کمپنی کو اجلاس سے 48 گھنٹے پہلے موصول ہونا ضروری ہیں۔ پراکسی کے لیے کمپنی کا ممبر ہونا لازمی نہیں ہے۔

(I) افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات ضابطے کے مطابق سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں اپ لوڈ ہو چکی ہیں، مندرجہ بالا ہدایات کے مطابق پراکسی فارم جمع کرائیں۔

(II) پراکسی فارم کے لیے 2 گواہ ضروری ہیں، جن کے نام ایڈریس اور سی این آئی سی نمبر فارم پر درج ہوں۔

(III) بینفیشل مالکان اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ جمع کرانا ہوں گی۔

(IV) پراکسی اپنا اصل سی این آئی سی یا فعال پاسپورٹ سالانہ اجلاس عام کے وقت ہمراہ لائیں۔

(V) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی منتخب فرد کے دستخط کے نمونہ کے ساتھ کمپنی کو فراہم کرنے ہوں گے (اگر پہلے فراہم نہ کیا گیا ہو)۔

۶۔ غیر دعویٰ شدہ ڈیویڈنڈ

ایکٹ کے سیکشن 244 کی ہدایات کے مطابق، کمپنی کی جانب سے جاری کردہ شیئرز یا اعلان کردہ ڈیویڈنڈ اجرا کی تاریخ سے تین سالہ مدت کے دوران غیر دعویٰ شدہ یا غیر ادا شدہ کلیم فائل کرنے سے متعلق نوٹس جاری کرنے کے بعد ایسے شیئرز یا ڈیویڈنڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو وفاقی حکومت کے اکاؤنٹ میں جمع کرائے جائیں گے۔ تین سالہ مدت یا زائد سے غیر دعویٰ شدہ کمپنی کے جاری شدہ شیئرز کی تفصیلات اور اعلان کردہ منافع منقسمہ کی تفصیل شیئر ہولڈرز کو بھیجی گئی ہے۔

شیئر ہولڈرز کو گزارش کی جاتی ہے کہ ان کے غیر دعویٰ شدہ ڈیویڈنڈ کے کلیم اور شیئرز کا فوری طور پر دعویٰ داخل کریں۔ مذکورہ مدت میں کمپنی کو کلیم کا دعویٰ بھیجنے میں ناکامی کی صورت میں، کمپنی اخبار میں نوٹس بھیجنے کے بعد، ایکٹ کے سیکشن (2)244 کی تعمیل میں غیر دعویٰ شدہ کلیم یا غیر ادا شدہ رقم وفاقی حکومت کے حوالے کر دے گی۔

۷۔ فزیکل شیئرز کی CDC اکاؤنٹ میں تبدیلی

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے خط CSD/ED/Misc/2016-639-640 بتاریخ 26 مئی 2021 میں لسٹڈ کمپنیز کو مشورہ دیا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں۔ اس کی ضروریات کے پیش نظر تمام کمپنیز کو ایکٹ کے نفاذ سے 4 سال کے اندر فزیکل فارم والے شیئرز بک انٹری فارم میں تبدیل کرنے ہوں گے۔

کمپنی کے تمام فزیکل فولیوز / شیئر سرٹیفکیٹ رکھنے والے شیئر ہولڈرز سے گزارش کی جاتی ہے کہ جلد سے جلد اپنے فزیکل فارم والے شیئرز کو بک انٹری فارم میں تبدیل کرائیں۔ اس ضمن میں شیئر ہولڈرز اپنے PSX ممبر، سی ڈی سی پارٹیسپنٹ یا سی ڈی سی انویسٹر اکاؤنٹ سروس پرووائیڈر سے سی ڈی ایس اکاؤنٹ کھولنے اور فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرانے کے لیے مدد لے سکتے ہیں۔ بک انٹری فارم سے شیئر ہولڈرز کو شیئرز کی محفوظ حوالگی سمیت کئی طریقوں سے سہولت ہوگی جبکہ ڈپلیکیٹ شیئرز وغیرہ کے اجراء کے لیے مطلوبہ لوازمات سے بھی محفوظ رہیں گے۔ کمپنی کے شیئر ہولڈرز فزیکل شیئرز کی بک انٹری فارم میں تبدیلی کے لیے کمپنی کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ بنام میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ سے رابطہ کر سکتے ہیں۔

اعتراف

بورڈ تمام شیئر ہولڈرز کے اعتماد اور تعاون کے لیے ان کا شکریہ ادا کرتا ہے۔ ہم تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہیں گے، جس میں مالیاتی اداروں کی حمایت اور تعاون شامل ہے اور ہم انہیں متعلقہ مفادات کا خیال رکھنے کے اپنے عزم کا یقین دلانا چاہتے ہیں۔

اینگرو ہولڈنگز کی ترقی اور خوشحالی کے لیے ہم انتظامیہ اور ملازمین کا بھی شکریہ ادا کرنا چاہتے ہیں۔

محمد امین
ڈائریکٹر

عبدالصمد داؤد
چیف ایگزیکٹو آفیسر

سالانہ اجلاس عام کی اطلاع

بذریعہ ہٰذا مطلع کیا جاتا ہے کہ اینگرو ہولڈنگز لمیٹڈ (''کمپنی'') کا 57واں سالانہ اجلاسِ عام بروز جمعہ 25 اپریل 2025 صبح 10 بجے، کراچی اسکول آف بزنس اینڈ لیڈرشپ (KSBL) واقع نیشنل اسٹیڈیم روڈ بالمقابل لیاقت نیشنل ہسپتال، کراچی 74800 میں درجِ ذیل کاروبار کی انجام دہی کے لیے منعقد ہوگا:

ممبران کی حوصلہ افزائی کی جاتی ہے کہ کمپنی کے زیر اہتمام ویڈیو کانفرنس کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت فرمائیں
(تفصیلات کے لئے نوٹس سیکشن ملاحضہ کریں)۔

الف) عمومی کاروبار

1۔ 31 دسمبر 2024 کو ختم شدہ سال کے لیے کمپنی کے انفرادی اور مجموعی آڈٹ شدہ مالیاتی گوشواروں بشمول ڈائریکٹرز اور آڈیٹرز، اور چیئرمین کی جائزہ رپورٹ کی وصولی، غور وخوص اور منظوری دینا۔

کمپنیز ایکٹ 2017 کے سیکشن (6)223 کے تحت اور ایس ای سی پی کے ایس آر او نمبر (I)389 بتاریخ 21 مارچ 2023 کی روشنی میں، کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کئے جا چکے ہیں جس کی رسائی درج ذیل ویب لنک اور QR کے حامل کوڈ کے ذریعے حاصل کی جا سکتی ہے:

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

2۔ آڈیٹرز کی تعیناتی اور ان کے معاوضے کا تعین۔ ممبران کو مطلع کیا جاتا ہے کہ بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کو کمپنی کے آڈیٹرز کے طور پر دوبارہ تعیناتی کی تجویز دی ہے۔

کراچی:
4 اپریل 2025

حسب الحکم بورڈ

محمد امین
کمپنی سیکریٹری

رسک مینجمنٹ

اینگرو ہولڈنگز کے کاروباری اموراسے متعدد مالیاتی خطرات سے دوچار کرتے ہیں، ان میں مارکیٹ رسک (بشمول شرح سود کا خطرہ، کرنسی کا خطرہ اور قیمت کا خطرہ)، کریڈٹ رسک اور لیکویڈیٹی رسک شامل ہیں۔ اینگرو ہولڈنگز کا مجموعی رسک مینجمنٹ فنانشل مارکیٹس کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالیاتی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

اس ضمن میں اینگرو ہولڈنگز کو درپیش خطرات سے نمٹنے، خطرے کی لمٹس اور کنٹرول کے قیام اور حدود کی پابندی کی نگرانی کے لیے رسک مینجمنٹ پالیسیاں قائم کی جاتی ہیں۔ مارکیٹ کے حالات اور سرگرمیوں کو نظر میں رکھتے ہوئے رسک مینجمنٹ کی پالیسیوں اور سسٹمز کا باقاعدگی سے جائزہ لیا جاتا ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آٹھ ڈائریکٹرز پر مشتمل ہے۔ بورڈ ممبران کی تشکیل حسب ذیل ہے:

- آزاد ڈائریکٹرز 02

نان ایگزیکٹو ڈائریکٹرز:

- مرد 04
- خاتون 01
- ایگزیکٹو ڈائریکٹر 01

بورڈ کے اجلاس

31 دسمبر 2024 کو ختم ہونے والے سال کے دوران بورڈ کے چھ (6) اجلاس، بورڈ آڈٹ کمیٹی کے پانچ (5) اجلاس، ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا ایک (1) اجلاس منعقد ہوا جبکہ بورڈ انویسٹمنٹ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

موجودہ ڈائریکٹرز

ڈائریکٹر کا نام	اجلاسوں میں شرکت			
	بورڈ کے اجلاس	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونریشن کمیٹی	بورڈ انویسٹمنٹ کمیٹی
جناب حسین داؤد	5/6	-	-	-
جناب عبدالصمد داؤد	6/6	-	1/1	-
محترمہ سبرینا داؤد	6/6	-	1/1	-
جناب محمد امین	5/6	5/5	-	-
جناب اسفندیار شاہین	6/6	5/5	1/1	-
جناب ضامن زیدی	5/6	-	-	-
جناب محمد بلال احمد	6/6	5/5	-	-
جناب محمد شمعون چوہدری	6/6	-	-	-

ڈائریکٹرز کا معاوضہ

اینگرو ہولڈنگز کمپنی کے آرٹیکلز آف ایسوسی ایشن اور کمپنیز ایکٹ 2017 کے مطابق ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ اور شفاف پالیسی رکھتی ہے۔

بورڈ یا بورڈ کمیٹی کے اجلاس میں شرکت کے لیے ڈائریکٹرز کی فیس، جو ڈائریکٹرز اور سی ای او کو ادا کی جاتی ہے، اس کی تفصیل غیر متفقہ مالیاتی گوشواروں کے نوٹ 26 پر دی گئی ہے۔

ڈائریکٹرز کی ذمہ داری کا بیان

ڈائریکٹرز PSX کے لسٹڈ ریگولیشنز کے مطابق کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کر رہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی 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 میں کی گئی 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۔
- گزشتہ 6 سالوں کے اہم انتظامی اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

ڈائریکٹرز کا تربیتی پروگرام

کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تحت ڈائریکٹرز کی سرٹیفکیشن کے عمل کی تعمیل کرتی ہے۔

متعلقہ پارٹی لین دین

کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق، اینگرو ہولڈنگز نے تمام متعلقہ پارٹی ٹرانزیکشنز کو بالترتیب آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیا۔

بعد کے واقعات کی وجہ سے مادی تبدیلیاں

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان ہماری مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

فی شیئر آمدنی

سال 2024 کے لیے غیر متفقہ آمدنی 20.48 روپے ہے جبکہ سال 2023 میں 21.50 روپے تھی۔ سال کے لیے فی شیئر مجموعی آمدنی 26.78 روپے (2023: 20.67 روپے) تھی۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔ آڈٹ کمیٹی نے 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو اینگرو ہولڈنگز کے آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی ہے اور بورڈ نے اس سفارش کی توثیق کر دی ہے۔

حصص کی تجارت، اوسط قیمتیں اور پاکستان اسٹاک ایکسچینج

سال کے دوران PSX پر اینگرو ہولڈنگز (DAWH) کے 24 ملین شیئرز کا کاروبار ہوا۔ روزانہ کلوزنگ ریٹ کی بنیاد پر کمپنی کے شیئر کی اوسط قیمت 149.1 روپے، جبکہ 2024 کے دوران 52 ہفتوں کی کم ترین شرح 108.1 روپے اور زیادہ سے زیادہ شرح 259.8 فی شیئر رہی۔

شیئر ہولڈنگ کا طریقہ

31 دسمبر 2024 تک اینگرو ہولڈنگز کے شیئر ہولڈنگ کا پیٹرن، دیگر ضروری معلومات کے ساتھ، پراکسی فارم کے ساتھ اس رپورٹ کے آخر میں دستیاب ہے۔

مارکیٹ کیپٹلائزیشن اور بک ویلیو

سال کے اختتام پر، اینگرو ہولڈنگز کی مارکیٹ کیپٹلائزیشن 125,043 ملین (2023: 51,806 ملین روپے) تھی جس کی مارکیٹ ویلیو 259.8 فی شیئر (2023: 107.6 روپے) اور بریک اپ ویلیو 69.34 روپے فی شیئر (2023: 59.37 روپے) رہی۔

تخصیص

سال کے لیے منسوب کل ڈیویڈنڈ 10.50 فی شیئر (105%) سال کے دوران ادا کیا جا چکا ہے۔

کمپنی ریٹنگ

2024 کے دوران PACRA نے اپنے سالانہ جائزے میں اینگرو ہولڈنگز کی مختصر مدت اور طویل مدتی کریڈٹ ریٹنگ کی تصدیق کی ہے۔

یہ کریڈٹ ریٹنگ ادارے کی مالی اور انتظامی طاقت کے ساتھ ساتھ سازگار کریڈٹ صورتحال کی بھی عکاسی کرتی ہیں اور یہ ہماری مضبوط بیلنس شیٹ اور مستقل ڈیویڈنڈ کی ادائیگی کے ساتھ مضبوط کارکردگی کا ثبوت ہے۔

پرووڈینٹ اور گریجویٹی فنڈز

اینگرو ہولڈنگز کے ملازمین کے فنڈڈ ریٹائرمنٹ فوائد کا سال میں ایک بار آڈٹ کیا جاتا ہے اور مناسب سرمایہ کاری کے ذریعے ان کا احاطہ کیا جاتا ہے۔ پرووڈینٹ فنڈ کی سرمایہ کاری کی مالیت غیر آڈٹ شدہ اکاؤنٹس کے مطابق 4.13 ملین (2023: 1.5 ملین روپے) ہے۔

31 دسمبر 2024 کو فنڈڈ ڈیفائنڈ بینیفٹ گریجویٹی پلان کے اثاثوں کی قیمت 18.81 ملین روپے (2023: 13.95 ملین روپے) تھی۔

کارپوریٹ گورننس

اینگرو ہولڈنگز کارپوریٹ گورننس کے اعلیٰ معیاروں کے لیے پرعزم ہے، اپنے کاروبار کو کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں اور PSX کے لسٹنگ ریگولیشنز کے مطابق چلاتا ہے، جس میں بورڈ آف ڈائریکٹرز اور اینگرو ہولڈنگز کی انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت ہے۔ مزید تفصیلات کے لیے، براہ کرم لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اسٹیٹمنٹ آف کمپلائنس ملاحظہ کریں۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری (CSR) کمپنی کی اقدار اور پالیسی کا ایک بنیادی پہلو ہے جو لگن اور جہد مسلسل کو فروغ دیتی ہے۔ کمپنی نے رضاکارانہ CSR سرگرمیوں میں مسلسل رہنمائی کی ہے۔ ان کوششوں کو مزید منظّم کرنے کے لیے، ہم نے SECP کے 2013 کے CSR گائیڈ لائنز اور 2017 کے کمپنیز ایکٹ کے مطابق، پائیداری اور کارپوریٹ سماجی ذمہ داری پر مبنی ایک موثر پالیسی تیار کی ہے۔

پائیداری سے متعلق خطرات

پائیداری سے متعلق خطرات میں موسمیاتی تبدیلی، نان رینوایبل وسائل کی کمی اور عمومی طور پر ماحولیاتی انحطاط شامل ہیں۔ آپریشنل طریقوں کو اپناتے ہوئے، قابل تجدید توانائی کی پالیسیوں کو اپناتے ہوئے اور ماحول دوست اقدامات کے ذریعے، کمپنی کا مقصد ایک پائیدار مستقبل میں اپنا حصہ ڈالنا ہے۔ انتظامیہ نے مخصوص اور قابل پیمائش ESG اہداف مقرر کیے ہیں جو زیادہ پائیدار لچک اور مثبت سماجی اثرات کو حاصل کرنے کے لیے کمپنی کے اسٹریٹجک مقاصد کے عین مطابق ہیں۔ ہم کنزرویشن، کمیونٹی اور سرکلر اکانومی کے تین ''C'' کو اپنا کر ان اہداف کو حاصل کرنے کی کوشش کر رہے ہیں۔

تنوع، مساوات اور شمولیت (DE&I)

اپنی متنوع افرادی قوت اور کمیونٹیز کے ساتھ، کمپنی تنوع، مساوات اور شمولیت (DE&I) کو فروغ دینے کے لیے پرعزم ہے۔ DE&I کو فروغ دینا کمپنی کے لیے ایک اہم ترجیح ہے اور یہ پائیدار اور اخلاقی کاروباری طریقوں کے لیے لازمی ہے۔ اس عزم کے حصے کے طور پر، کمپنی نے ایک جامع DE&I پالیسی قائم کی ہے جو پورے ادارے میں صنفی اور نسلی تنوع کو بڑھانے کے لیے ہماری کوششوں کی رہنمائی کرتی ہے۔ اس میں بھرتی کے جامع طریقوں کو نافذ کرنا، متنوع جاب بورڈز کا استعمال اور متنوع انٹرویو پینلز کو یقینی بنانا شامل ہے۔

ٹرمینلز بزنس نے ایل پی جی اور کیمیکلز کی زیادہ مقدار کو ہینڈل کرتے ہوئے مضبوط کارکردگی دکھائی۔ ایل این جی ٹرمینل پاکستان کے توانائی کے بنیادی ڈھانچے کا ایک اہم ستون رہا اور گیس کی مستحکم فراہمی کو یقینی بنایا۔ یہ ایک عظیم کاروبار کی ایک اور مثال ہے جو مقررہ ڈالرائزڈ ریٹرن فراہم کرتا ہے اور رسک ڈائیورسفیکیشن کے لحاظ سے پورٹ فولیو میں ایک اہم مقام رکھتا ہے۔

توانائی کے میدان میں، اینگرو کی کان کنی اور توانائی کے آپریشنز مستحکم رہے، توانائی کی متوقع طلب کو پورا کرنے کے لیے فیز III کی توسیع کی تیاری کے ساتھ بجلی کے اثاثوں کو کوئلے کی فراہمی جاری رکھی۔ کمپنی کے آئی پی پیز نے حکومتی اصلاحات اور موثر وصولی کے انتظام سے فائدہ اٹھاتے ہوئے کیش وصولی میں حاصل کی۔

اینگرو Eximp FZE نے 40 سے زائد ممالک اور 30 سے زائد پروڈکٹ کیٹگریز میں اپنی بین الاقوامی تجارتی رسائی کو بڑھایا، جس سے تیسرے فریق کی آمدنی میں نمایاں اضافہ ہوا اور اینگرو Eximp FZE کو عالمی تجارتی رسائی میں ایک ابھرتے ہوئے کھلاڑی کے طور پر کردار ادا کرنے کا موقع ملا۔

اینگرو کارپوریشن نے انگرو ایگزمپ ایگری پروڈکٹس (پرائیویٹ) لمیٹڈ کو ایک مکمل طور پر ملکیتی ذیلی کمپنی کے طور پر قائم کیا تھا تاکہ ایک جدید اور مربوط چاول پروسیسنگ پلانٹ بنایا اور چلایا جاسکے۔ یہ بزنس اینگرو کی سب سے کم منافع کمانے والی سرمایہ کاریوں میں سے ایک رہا ہے اور 2025 میں ہم نے اس کو فروخت کرنے کا اسٹریٹجک فیصلہ کیا۔ حالانکہ اس منصوبے نے وہ مالی منافع نہیں دیا جس کی ہم نے توقع کی تھی، لیکن اس نے ہمیں ایسی قیمتی بصیرت فراہم کی جو ہمارے آئندہ کی سرمایہ کاریوں کے طریقہ کار کو تشکیل دے گی۔ سب سے اہم سبق یہ تھا کہ ہمیں صنعت کے معیار اور طریقوں کے مطابق چلنا چاہئے، نہ کہ ترقی کیلئے اپنی سوچ کو اپنانا چاہئے۔ اس تجربے نے یہ بھی ثابت کیا کہ گورننس کی اہمیت اس بات پر ہے کہ وہ شعبہ کے ماہرین پر مبنی ہو اور مالی نظم وضبط کو برقرار رکھتے ہوئے، خاص طور پر ایسے منصوبوں میں جو نقصان میں جا رہے ہوں جہاں منافع کو بہتر بنانے کی امید معقول فیصلے کرنے میں رکاوٹ بن سکتی ہے۔ جب ہم اس بزنس کو بند کرتے ہیں تو ہم کاروباری بصیرت کو آگے بڑھاتے ہیں، یہ یقینی بناتے ہوئے کہ ہمارا سرمایہ اس جگہ پر لگایا جائے جہاں ہم پائیدار اور طویل مدتی منافع پیدا کرسکیں۔

یہ کارکردگی متنوع پورٹ فولیو کی بڑھوتری کو ظاہر کرتی ہے اور مستقبل میں، ہم سرمایہ کاری کا ایک اور بھی زیادہ موثر پورٹ فولیو بنانے کے خواہاں ہیں جو ہمیں ہر قسم کی معاشی صورتحال سے مقابلہ کرنے کے قابل بنانے کے ساتھ پائیدار ترقی پیدا کرتا رہے۔ تاہم، ایک بڑا چیلنج جواب بھی موجود ہے، انٹر کارپوریٹ ڈیویڈنڈ (ICD) ٹیکس ریلیف کا خاتمہ ہے جس نے سرمایہ کی موثر تعلیم اور شیئر ہولڈر کے منافع کو شدید متاثر کیا ہے۔ اینگرو اس ریلیف کو بحال کرنے کے لیے پالیسی سازوں اور کاروباری فورمز پر سرگرم عمل ہے اور عالمی بہترین طریقوں اور پاکستان میں سرمایہ کاری اور کارپوریٹائزیشن کے لیے طویل مدتی فوائد کو اجاگر کیا جا رہا ہے۔

مستقبل میں منافع کی تقسیم کی حکمت عملی:

کمپنی کی ترقی کے اقدامات اور مختلف پورٹ فولیو امور میں سرمائے کی ضروریات کی بنیاد پر، ہم اپنی ڈیویڈنڈ کی تقسیم کی حکمت عملی کا ازسرنو جائزہ لینے کے عمل میں ہیں۔ اس ضمن میں 10,600 سے زائد ٹاورز کے لیے PMCL/VEON کے ساتھ انتظامات سمیت اسٹریٹجک سرمایہ کاری کے لئے ہمیں ڈیویڈنڈ کی جزوی رسک ضروری ہوگی تاکہ تمام ایسی سرمایہ کاریوں کے لئے مطلوبہ سرمایہ دستیاب رہے۔ ہمیں پختہ یقین ہے کہ یہ سرمایہ کاری جو ہم آج شروع کر رہے ہیں وہ طویل مدتی قدر پیدا کریں گی اور بالآخر ہمارے شیئر ہولڈرز کو بہتر منافع کا سبب بنیں گی۔

مستقبل کیسا لگتا ہے؟

اگرچہ حکومت نے اسٹرکچرل ریفارمز پر حقیقی پیش رفت کی ہے لیکن اس رفتار کو برقرار رکھنا بہت ضروری ہے کیونکہ زیادہ تر کمزور مواقع کا پہلے ہی فائدہ اٹھایا جا چکا ہے۔ ان اصلاحات کے ظاہر ہونے والے فوائد مستقبل کے طویل مدتی استحکام کو متاثر نہ کریں، اس کے لیے اہم SOEs کی نجکاری، صنعتوں میں ڈی ریگولیشن، عوامی اشیا کی مارکیٹ پر مبنی قیمتوں کا تعین اور مضبوط مالیاتی نظم وضبط پر مسلسل توجہ دینے کی ضرورت ہے۔

مالیاتی میدان میں، ہم مزید نرمی کی توقع رکھتے ہیں، جس سے طلب کو فروغ دینا، لاگت کے دباؤ کو کم کرنا اور سرمایہ کاری کی حوصلہ افزائی میں مدد دے گی۔ تاہم، یہ بیرونی اکاؤنٹس پر دباؤ ڈال سکتا ہے جو ممکنہ طور پر کرنسی کی قدر میں کمی کا باعث بن سکتا ہے۔ جب تک پالیسی اقدامات منظّم اور متوازن رہیں، معیشت پر مثبت اثرات مرتب ہونے کی توقع ہے۔

گزشتہ برسوں کے برعکس، جہاں بنیادی خطرہ تیل کی قیمتوں میں اضافے سے پیدا ہوا، موجودہ رجحانات اس حوالے سے ریلیف کے زیادہ امکانات پیش کرتے ہیں۔ اس سے مختصر مدت کے فوائد کا پیچھا کرنے کے بجائے بیرونی اکاؤنٹ کو مضبوط کرنے کا موقع فراہم ہوتا ہے۔

اس ابھرتے ہوئے میکرو اکنامک پس منظر میں، اینگرو ہولڈنگز نئے مواقع سے فائدہ اٹھانے کے لیے اچھی پوزیشن میں ہے۔ اس کے نئے اسٹرکچر کے مکمل طور پر فعال ہونے کے ساتھ، ہم سرمایہ کی پیداواری صلاحیت میں بہتری کی توقع کرتے ہیں اور درمیانی سے طویل مدت میں، شیئر ہولڈرز کو اس تبدیلی سے نمایاں طور پر فائدہ پہنچنے کی امید ہے۔

مالیاتی رپورٹ

مالی کارکردگی

کمپنی کی مجموعی آمدنی 2023 کے 356,742 ملین روپے سے 406,167 ملین روپے تک پہنچ کر 14% بڑھ گئی۔ 2023 میں 36,874 ملین روپے (شیئر ہولڈرز سے منسوب بعداز ٹیکس منافع: 8,607 ملین) کے مقابلے میں مشترکہ بعداز ٹیکس منافع 43,245 ملین (شیئر ہولڈرز سے منسوب بعداز ٹیکس منافع: 12,890 ملین) رہا۔

انفرادی طور پر، 2023 میں 14,788 ملین کے مقابلے میں سرمایہ کاری پر منافع 14,415 ملین روپے رہا، جو بنیادی طور پر مارکیٹ کی بہتر کارکردگی کی وجہ سے زیادہ غیر حقیقی سرمائے سے حاصل ہونے والی کم منافع کی آمدنی کی وجہ سے ہے۔ مزید، 2024 کے لیے بعداز ٹیکس منافع 9,854 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 10,350 ملین روپے تھا۔

26 جون 2024 کو شیئر ہولڈرز کے اجلاس میں منظور کردہ اسکیم آف ارینجمنٹ کے آرٹیکل 7 کے مطابق، (یکم جنوری 2025 سے نافذ العمل) اینگرو کارپوریشن لمیٹڈ کے شیئرز کے ساتھ تمام اثاثے، جن کی قیمت 16,941 ملین روپے ہے اور داؤد ہرکولس کارپوریشن لمیٹڈ (اس وقت اینگرو ہولڈنگز لمیٹڈ) کے واجبات 6,890 ملین روپے DH پارٹنرز لمیٹڈ کو منتقل کر دیئے گئے۔

مقامی محاذ پر بھی استحکام اور حقیقی پائیداری محسوس کی گئی ہے۔ مہنگائی میں کمی کا رجحان جاری رہا، جنوری 2025 میں کنزیومر پرائس انڈیکس 2.4 فیصد ریکارڈ کیا گیا۔ اس نے مالیاتی نرمی کی گنجائش پیدا کی ہے، پالیسی کی شرح 12 فیصد تک نیچے آئی، اس میں مزید کمی کی توقعات کے ساتھ معمولی کمی کی توقع ہے۔ تاہم، ایک اہم تشویش ٹیکس کی وصولی ہے جو کہ بجٹ سے کم ہے، جس سے مالیاتی استحکام کی کوششوں کو خطرات لاحق ہو سکتے ہیں۔ اس سلسلے میں کوئی بھی غلط فیصلہ یا سست روی معاشی استحکام کے لیے تشویشناک ثابت ہوگا اور وقتاً فوقتاً آئی ایم ایف کے جائزے ملک کے لیے اہم چیک ان اور کورس کی اصلاح ہوں گے۔ حکومت نے کئی اسٹرکچرل اصلاحات نافذ کی ہیں جس میں زرعی آمدنی پر ٹیکس لگانا اور جائزے کے کامیاب نتائج سے مقامی اور بین الاقوامی سرمایہ کاروں کے اعتماد کو تقویت ملے گی جب کہ ممکنہ خود مختار ریٹنگز میں اضافے کی راہ بھی ہموار ہوگی۔

ہمارا پورٹ فولیو

ایکوئٹیز

ہمیں آپ کو اس پورٹ فولیو کی کارکردگی کے ایک اور مضبوط سال کی اطلاع دیتے ہوئے خوشی ہو رہی ہے، جس نے KSE-100 انڈیکس %84.3 کے منافع کو پیچھے چھوڑتے ہوئے %113.2 کا شاندار منافع حاصل کیا۔ ہم نے سرمایہ کاری کا ایسا پورٹ فولیو بنایا ہے جو مضبوط منافع پیدا کر رہا ہے، جس سے ہماری حکمت عملی میں ہمارے پختہ یقین کو تقویت بھی حاصل ہوتی ہے۔

ہماری ٹاپ ہولڈنگز بینکنگ سیکٹر میں اہم منافع کما رہی ہیں، جس میں UBL بہترین کارکردگی کا مظاہرہ کرنے والے اسٹاکس میں سے ایک ہے۔ کم شرح سود کی طلب کے ساتھ، UBL نے اس کمی سے کافی فائدہ اٹھایا ہے اور ہمیں یقین ہے کہ اس نے کم شرح والے ماحول کو مؤثر طریقے سے نیویگیٹ کرنے کے لیے خود کو اچھی طرح سے تیار رکھا ہے۔ اسی طرح، میزان بینک کو گرتی ہوئی شرح سود کی وجہ سے کچھ مشکلات کا سامنا کرنا پڑ سکتا ہے، لیکن ہمیں اس کی انتظامیہ پر اعتماد ہے کہ وہ کمپنی کو قدر پیدا کرنے کی طرف لے جائے گی، جیسا وہ ماضی میں ایسا کرتی رہی ہے۔ اس شعبے میں ایک اہم پیشرفت ADR پر مبنی ٹیکس کا خاتمہ اور کم از کم ڈپازٹ ریٹ (MDR) نظام میں اصلاحات تھی، جس کے بارے میں ہمیں یقین ہے کہ اس سے بینکنگ مارکیٹ کو وسعت ملے گی اور اس مارکیٹ کی طویل مدتی ترقی میں مدد حاصل ہوگی۔

کلیکشن ریٹ میں بنیادی بہتری کے ساتھ OGDCL اور PPL کے لیے مضبوط کیش فلو کی بدولت ہمارے E&P سیکٹر ہولڈنگز بھی مستحکم رہیں۔ ان کی بیلنس شیٹ پر واضح طور پر نمایاں صورتحال سے سرمایہ کاروں کے اعتماد اور قدر میں اضافہ ہوتا ہے۔ قابل ذکر بات یہ ہے کہ OGDCL نے مارکیٹ کیپٹلائزیشن میں 1 کھرب روپے سے تجاوز کرتے ہوئے ایک تاریخی سنگ میل عبور کیا، پاکستان اسٹاک ایکسچینج کی تاریخ میں ایسی کامیابی حاصل کرنے والی واحد کمپنی ہے۔ مزید برآں، حالیہ حکومتی اصلاحات کے مطابق E&P کمپنیوں کو اپنی گیس کی پیداوار کا %35 تک براہ راست نجی خریداروں کو فروخت کرنے کی اجازت دی گئی ہے، ایک خوش آئند قدم ہے جو کیش فلو کو بہتر بنائے گا اور اس شعبے میں نئی سرمایہ کاری کو ترغیب دے گا۔

ہم نے پاکستان کی معروف آئی ٹی کمپنی سسٹمز لمیٹڈ میں اپنی پوزیشن برقرار رکھی جو ایک زبردست منافع بخش شعبہ ہے۔ ڈالر پر مبنی اپنے آمدنی کے ماڈل کے ساتھ، سسٹمز ان چند پاکستانی فرمز میں شامل ہے جو USD سے مشروط بہتر ترقی کی پیشکش کرتی ہیں اور حالیہ ہفتوں میں کمپنی کے لیے مضبوط منافع کے آثار دیکھے گئے۔ سسٹمز کی طویل مدتی صلاحیت میں ہمارا یقین پختہ ہے۔

مزید برآں، ہم نے امیج پاکستان میں ایک چھوٹی لیکن اسٹریٹجک پوزیشن بنائی ہے، یہ ایک ابھرتی ہوئی زبردست کمپنی ہے جو کنزیومر فیشن کے شعبے پر براہ راست کردار ادا کرتی ہے۔ ایک زبردست برانڈ پیشکش کے ساتھ، امیج نے پچھلے کچھ سالوں میں متاثر کن ترقی کی ہے اور فی الحال ایک پرکشش قیمت پر ٹریڈ کر رہی ہے۔ کمپنی کی انتظامیہ نے پائیدار شیئر ہولڈر منافع اور کیش فلو جنریشن پر توجہ مرکوز رکھی ہے، جو اسے ایک زبردست طویل مدتی سرمایہ کاری بناتی ہے۔ ہم امیج کی پیشکش کے امکانات کے بارے میں پرعزم ہیں اور اس کی پائیدار ترقی کے منتظر ہیں۔

اینگرو کارپوریشن

ہماری سرمایہ کاری کا بڑا حصہ اینگرو کارپوریشن میں لگا ہوا ہے جس نے تنوع کیساتھ ثابت قدمی کا مظاہرہ کیا۔ میکرو اکنامک مسائل نے اینگرو کے پولیمر بزنس کو نمایاں طور پر متاثر کیا ہے لیکن اینگرو کے پورٹ فولیو میں موجود دیگر بزنسز نے اجتماعی طور پر بہتر کارکردگی کے ساتھ اس منفی اثر کو زائل کیا، جس سے کارپوریشن (بشمول معطل آپریشنز) کی آمدنی میں 12 فیصد اضافہ حاصل ہوا اور 2024 میں بعد از ٹیکس منافع میں 7 فیصد اضافہ ہوا ہے۔ یہ کامیابی عملی کارکردگی میں بہتری، پیداواری صلاحیت میں اضافہ اور قیمتوں کے موثر انتظام کے ذریعے حاصل کی گئی۔

ہمارے فرٹیلائزر بزنس کو 2024 میں کچھ چیلنجز کا سامنا کرنا پڑا لیکن آخر میں بہتری کی صورتحال پیدا ہوئی۔ 2024 کی پہلی ششماہی میں EnVen پلانٹ اپنے طویل مدتی پائیداری کو بڑھانے کے لیے اپنے اب تک کے سب سے بڑے ٹرن اراؤنڈ سے گزرا – یہ 57 روز کے ریکارڈ وقت میں حاصل کیا گیا جو ایک قابل ذکر کارنامہ ہے۔ اس ٹرن اراؤنڈ کے نتیجے میں کم سپلائی کے ساتھ تبدیلی آئی لیکن اس کے ساتھ ہی کئی میکرو وائنٹس نے اس شعبہ کے نئے مسائل کو جنم دیا۔ سب سے پہلے، موسمیاتی تبدیلی؛ شدید گرمی نے فصل کی نشوونما کو شدید متاثر کیا، جبکہ بے وقت بارشوں نے فصل کی کاشت میں تاخیر اور کیڑے مار ادویات اور کھادوں کے استعمال میں رکاوٹ ڈالی، جس کے نتیجے میں یوریا کی طلب کم ہوگئی۔ دوم، ملک میں گندم کے بحران نے یوریا اور اسپیشلٹی فرٹیلائزر کے لیے کسانوں کی قوت خرید کو متاثر کر دیا۔ اینگرو فرٹیلائزرز کے لیے گیس کی زیادہ قیمتوں کے نتیجے میں یوریا کی قیمت کے فرق نے بھی ان حالات کو مزید بڑھا دیا۔ ان چیلنجز کی وجہ سے بزنس نے فروخت بڑھانے اور انوینٹری کو ختم کرنے کے لیے رعایت دینے کا اعلان کیا۔ ان سب کے باوجود، سال 2023 میں 224 بلین روپے کے مقابلے 269 بلین روپے کی آمدنی اور 2023 میں 26 بلین روپے کے مقابلے میں 28.3 بلین روپے کے بعد از ٹیکس منافع کے ساتھ سال کا اختتام ہوا۔

دوسری جانب بین الاقوامی قیمتوں میں کمی کی وجہ سے پولیمر بزنس مشکلات کا شکار رہا۔ جبکہ معاشی حالات میں بتدریج بہتری اور مالیاتی نرمی کی مدد سے مقامی طلب میں 7 فیصد اضافہ ہوا۔ کاروبار کی مارکیٹ کی ترقی کی کوششوں کے خاطر خواہ نتائج نہیں ملے، نتیجے میں مقامی فروخت میں صرف 4 فیصد اضافہ ہوا اور مارکیٹ شیئر میں معمولی نقصان ہوا۔ پولیمر بزنس نے PVC کی برآمدات اور قیمتوں میں کمی کی وجہ سے گزشتہ سال 81 بلین کے مقابلے 76 بلین روپے کی آمدنی ریکارڈ کی۔ کمپنی کا بعد از ٹیکس نقصان گزشتہ سال 9 بلین کے بعد از ٹیکس منافع کے مقابلے میں 0.2 بلین روپے تھا، جس کی بنیادی وجہ کموڈٹی سائیکل ریورسل اور درآمد شدہ PVC کی زیادہ مقدار میں دستیابی ہے۔

اینگرو انفراشیئر نے انڈیپنڈنٹ ٹاور کمپنی (ITC) سیکٹر میں اپنی نمایاں پوزیشن برقرار رکھی۔ کمپنی نے کرایہ داری کے مجموعی تناسب کو 1.26 گنا تک بڑھاتے ہوئے اپنی وسعت کو 4,215 ٹاور سائٹس تک پہنچا دیا۔ یہ کمرشل کے ساتھ کسٹمر سے متعلق بزنس کی ایک مثال ہے جو مارکیٹ پر مبنی ہے اور سرمایہ کاروں کو مستحکم منافع فراہم کرنے کی صلاحیت رکھتی ہے۔ اسی ضمن میں، ہم اینگرو کارپوریشن کی VEON's Jazz کے ساتھ ان کے ٹیلی کام انفراسٹرکچر (منظوریوں سے مشروط) حاصل کرنے کے لیے کاروباری پارٹنرشپ کے بارے میں پرعزم ہیں۔ یہ معاہدہ اینگرو کے پورٹ فولیو میں ایک زبردست تبدیلی کی نشاندہی کرے گا جہاں ایک بزنس پر اس کا انحصار نئے بزنس ماڈل کی طرف تقسیم کیا جا رہا ہے جس میں مختلف خصوصیات اور رسک ریٹرن پروفائلز ہیں۔ اس قسم کی وسعت طویل مدتی قدر کے تحفظ کے لیے ضروری ہے۔

اینگرو ہولڈنگز لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے اختتام سال 31 دسمبر 2024

اینگرو ہولڈنگز لمیٹڈ (''کمپنی'') کے ڈائریکٹرز 31 دسمبر 2024 کو اختتام تک پہنچنے والے مالیاتی سال کے لئے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرّت محسوس کر رہے ہیں۔

ریٹائر ہونے والی شناخت کو خراج تحسین

18 جولائی 2024 کو اسلام آباد ہائی کورٹ کی جانب سے اسکیم آف ارینجمنٹ کی منظوری اور یکم جنوری 2025 سے اس کے نفاذ کے ساتھ، داؤد ہرکولیس کارپوریشن جواب اینگرو ہولڈنگز بن چکی ہے۔ اسکیم کے ذریعے نافذ ہونے والی اس تبدیلی نے اینگرو کارپوریشن کو اینگرو ہولڈنگز کے مکمل ملکیتی ذیلی ادارے کے طور پر مضبوط کر دیا ہے، کچھ اثاثہ جات کو ڈی ایچ پارٹنرز لمیٹڈ میں الگ کر دیا ہے، اور سٹریٹجک کیپٹل کی تقسیم پر نئے سرے سے غور کرنے کا مرحلہ طے کیا ہے۔ لیکن اس سے پہلے کہ ہم آگے بڑھیں، ہم اپنی تاریخ پر ایک نظر ڈالنا چاہیں گے۔

''داؤد ہرکولیس'' نام کی ابتدا 1968 میں داؤد گروپ اور ہرکولیس کیمیکلز Inc، (ایک امریکی کمپنی) کے درمیان مشترکہ منصوبے کے طور پر ہوئی۔ یہ پہلا پاکستانی پرائیویٹ سیکٹر پروجیکٹ تھا جسے ورلڈ بینک سے فنڈنگ حاصل ہوئی اور نتیجتاً، داؤد ہرکولس کیمیکلز نے یوریا کے مشہور برانڈ 'ببر شیر' کی تیاری کے لیے اس وقت کا پاکستان کا سب سے بڑا فرٹیلائزر پلانٹ لگایا۔

کئی سالوں تک، داؤد ہرکولس کیمیکلز کا بنیادی کاروبار یوریا کی پیداوار رہا لیکن 2000 کی دہائی میں، کمپنی نئی چیزوں کو آزمانے اور دنیا کو کچھ نیا پیش کرنے کے لیے مشہور ہوئی۔ داؤد ہرکولس کیمیکلز نے اپنے بزنسز کے پورٹ فولیو میں توانائی کے منصوبوں، ٹیکنالوجی کمپنیوں، اینگرو کیمیکلز میں اس کی ملکیت اور متعدد دیگر پائلٹ پروجیکٹ شامل کرنے کے لیے اپنے پورٹ فولیو میں اضافہ کیا اور اپنے مینڈیٹ کے بہتر اظہار کے لیے 2011 میں اپنی شناخت کو داؤد ہرکولس کارپوریشن میں تبدیل کرنے کا فیصلہ کیا۔ کارپوریشن نے پبلک ایکوئٹی میں بھی سرمایہ کاری شروع کی اور جلد ہی ایک انویسٹمنٹ کمپنی کے طور پر مشہور ہونے لگی جو متعدد بزنسز میں سرمایہ مختص کرنے کی ذمہ دار ہے۔

ہماری کمپنی کا نام قانونی طور پر داؤد ہرکولس کارپوریشن سے بدل کر اینگرو ہولڈنگز کر دیا گیا ہے جو ہماری میراث کا ایک نیا باب ہے۔ DH پارٹنرز ہمارے نام اور تاریخ کو زندہ رکھیں گی لیکن اس کے باوجود ہم (بطور اینگرو ہولڈنگز) اس کے جذبے کو آگے بڑھائیں گے جس میں قائد بننے کی دلیری، جدت سے مزین چستی اور استحکام پیدا کرنے کا عزم پیوست ہے۔ مستقبل کے بارے میں بات کرنے سے پہلے اپنی تاریخ اور اس راستے پر غور کرنا مناسب تھا جس سے ہم آئے تھے۔

ہمارے کام کا ماحول

پچھلے سالوں سے ایک خوش آئند تبدیلی میں، عالمی معاشی صورتحال 2024 کے دوران بڑی حد تک مستحکم رہی، سال کے آخر میں جناب ڈونلڈ ٹرمپ کی امریکہ کے صدر کے طور پر واپسی ایک اہم پیشرفت بن کر سامنے آئی۔ امریکی صدر کے پالیسی موقف میں سب سے بڑے امریکی ٹریڈنگ پارٹنرز پر ٹیرف رکاوٹیں عائد کرنا، عالمی ٹیرف کی جنگ کو شروع کرنے اور امریکی ڈالر کو مضبوط کرنے کی توقع ہے۔ مزید برآں، فوسل فیول سے متعلق ٹرمپ کی حمایت نے ان کے ایجنڈے میں مقامی توانائی کی توسیع کو فروغ دیا ہے جو آنے والے مہینوں میں تیل کی قیمتوں میں کمی کا باعث بن سکتا ہے۔