

ANNUAL REPORT 2022

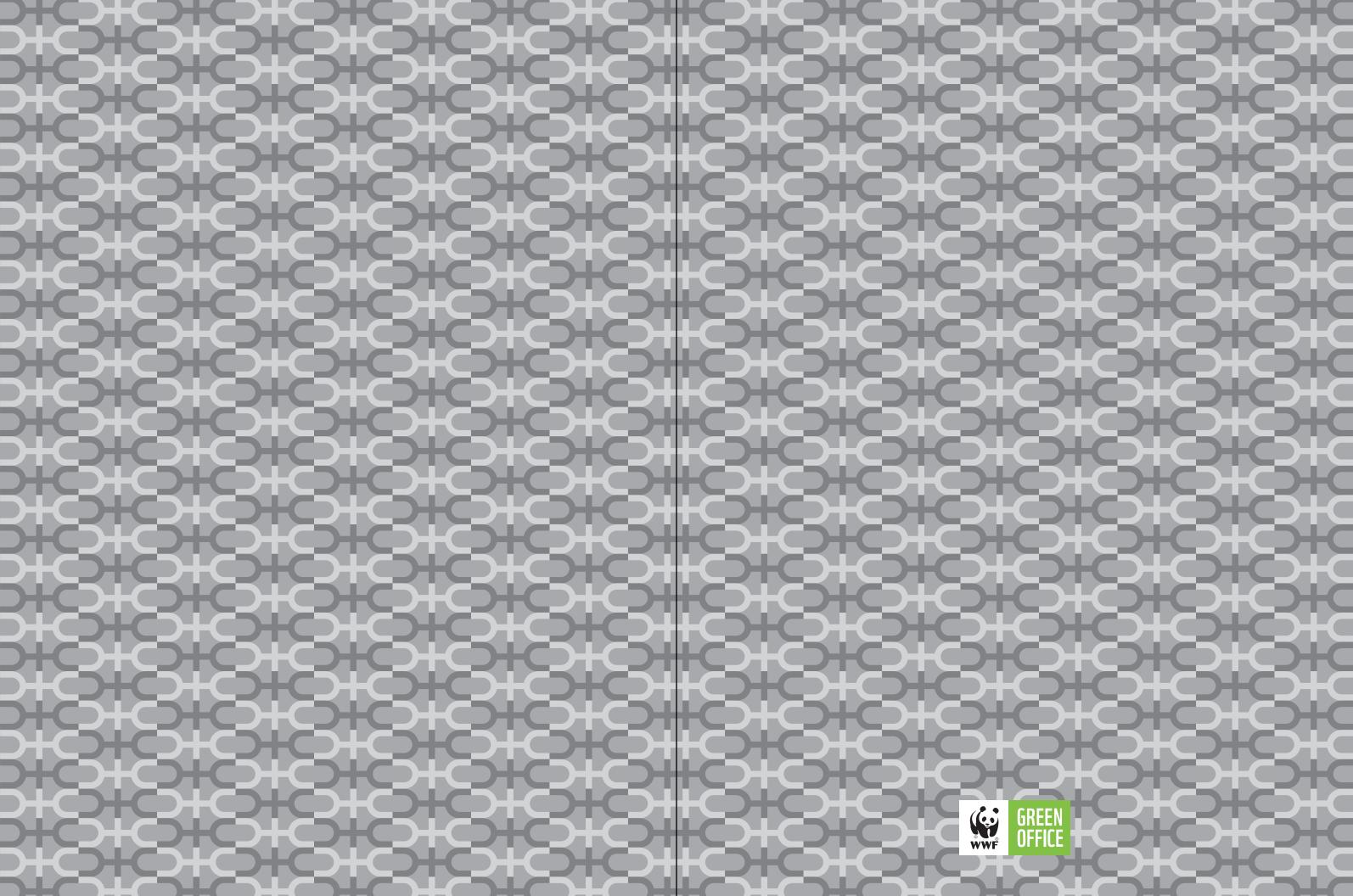


TABLE OF CONTENTS

Vision	4
Core Values	5
Company Information	6
Committees	8
Board of Directors	10
Operating Highlights (Six Years at a Glance)	24
Horizontal Analysis (Balance Sheet)	26
Vertical Analysis (Balance Sheet)	28
Horizontal Analysis (Profit & Loss)	30
Vertical Analysis (Profit & Loss)	30
Statement of Value Addition	32
Notice of Annual General Meeting	35
Chairman's and Vice Chairman's Review	41
Directors' Report	44
Review Report on Statement of Compliance with CCG	55
Statement of Compliance with Listed Companies CCG	56
Auditor's Report Unconsolidated Financial Statements	61
Unconsolidated Financial Statements	65
Notes to the Financial Statements	70
Auditor's Report Consolidated Financial Statements	108
Consolidated Financial Statements	113
Notes to the Consolidated Financial Statements	120
Pattern of Shareholding	238
Directors' Report (Urdu)	252
Form of Proxy	253
Miscellaneous Forms	257

VISION

The leading investor & wealth creator of value driven business.





COURAGE

We will keep raising the bar for ourselves. We will move out of our comfort zone and take on challenges. We will be agile, learning from our mistakes and embracing change positively. We will speak up when things are not right and play our part in making them better.



CURIOSITY

We will stay curious and keep seeking opportunities to learn and explore. We will apply this ability to develop our entrepreneurial thinking, increase global perspective, make sound decisions and continuously improve.



ACCOUNTABILITY

We will take ownership for execution, problem-solving, and achieving results. We will honour our commitments and comply with the law and policies. We will hold ourselves accountable.



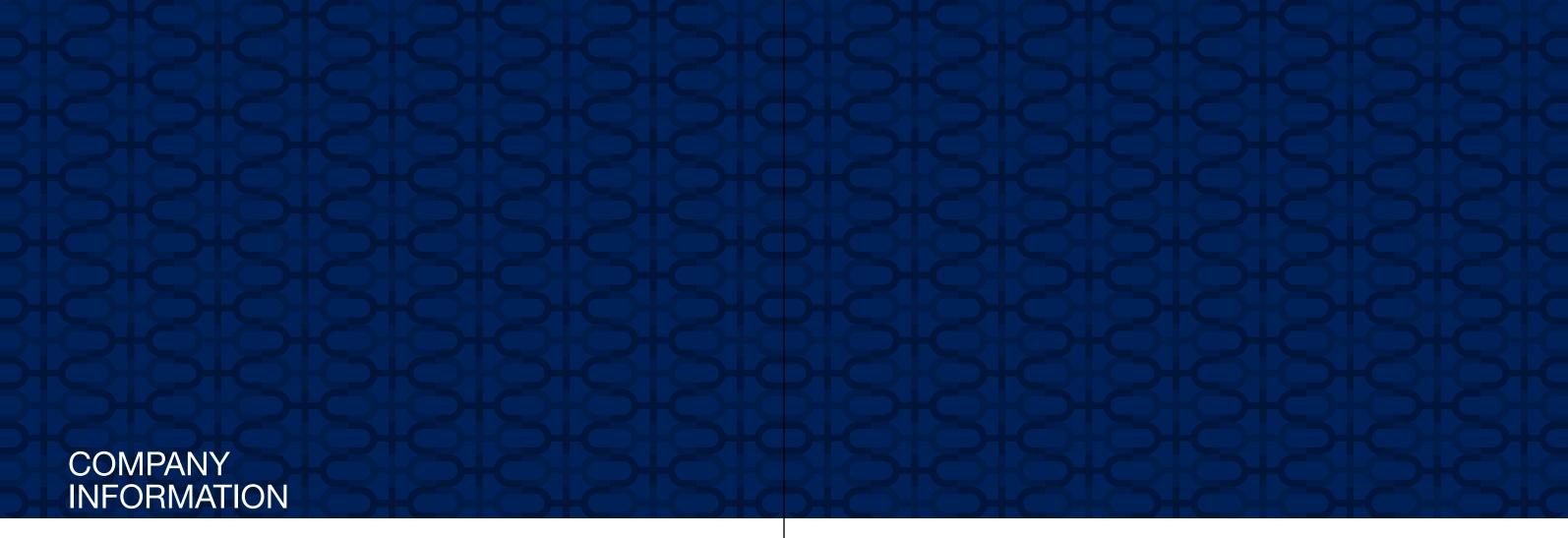
INCLUSION

We will foster collaboration and teamwork. We will build a diverse and inclusive environment together where we all feel valued, respected, heard, and supported.



FAIRNESS

We will put people first and we will be fair and just in all our decisions and actions.



Board of Directors

Mr. Hussain Dawood - Chairman

Mr. Abdul Samad Dawood - Vice Chairman

Mr. Shahzada Dawood - Director

Ms. Sabrina Dawood - Director

Mr. Parvez Ghias - Director

Mr. Shabbir Hussain Hashmi - Director

Mr. Kamran Nishat - Director

Mr. Hasan Reza Ur Rahim - Director

Mr. Zamin Zaidi - Director

Mr. Mohammad Shamoon Chaudry - Chief Executive Officer Mr. Imran Chagani

Board Audit Committee

Mr. Shabbir Hussain Hashmi - Chairman

Mr. Kamran Nishat - Member

Mr. Hasan Reza Ur Rahim - Member

Human Resource & Remuneration Committee

Mr. Hasan Reza Ur Rahim - Chairman

Mr. Abdul Samad Dawood - Member

Ms. Sabrina Dawood - Member

Mr. Parvez Ghias - Member

06

Board Investment Committee

Mr. Abdul Samad Dawood - Chairman

Mr. Shabbir Hussain Hashmi - Member

Mr. Kamran Nishat - Member

Mr. Hasan Reza Ur Rahim - Member

Chief Financial Officer

Mr. Kamran Hanif Jangda

Company Secretary

Registered Office

Dawood Centre, M.T. Khan Road Karachi-75530

Tel: +92 (21) 35686001

Fax: +92 (21) 35644147

Email: shareholders@dawoodhercules.com

Website: www.dawoodhercules.com

Auditors

A.F. Ferguson & Co.

Chartered Accountants

State Life Building No 1-C, I.I. Chundrigar Road

P.O. Box 4716, Karachi- 74000

Tel: +92 (21) 32426682-6

Fax: +92 (21) 32415007, 32427938

Shares Registrar

FAMCO Associates (Private) Limited 8-F, Near Hotel Faran, Nursery, Block 6

P.E.C.H.S. Shahrah-e-Faisal, Karachi

Tel: +92 (21) 34380101-2 Fax: +92 (21) 34380106

Tax Consultants

A.F. Ferguson & Co.

Chartered Accountants

State Life Building No 1-C, I.I. Chundrigar Road

P.O. Box 4716, Karachi- 74000

Tel: +92 (21) 32426682-6

Fax: +92 (21) 32415007, 32427938

Legal Advisors

Haidermota & Co.

(Barristers at law)

Plot No.101, Almurtaza Lane 1,

DHA Phase VIII, Karachi

Tel: +92 (021) 111 520 000, 35879097

Fax: +92 (21) 35862329, 35871054

Bankers

Allied Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

Habib Bank Limited

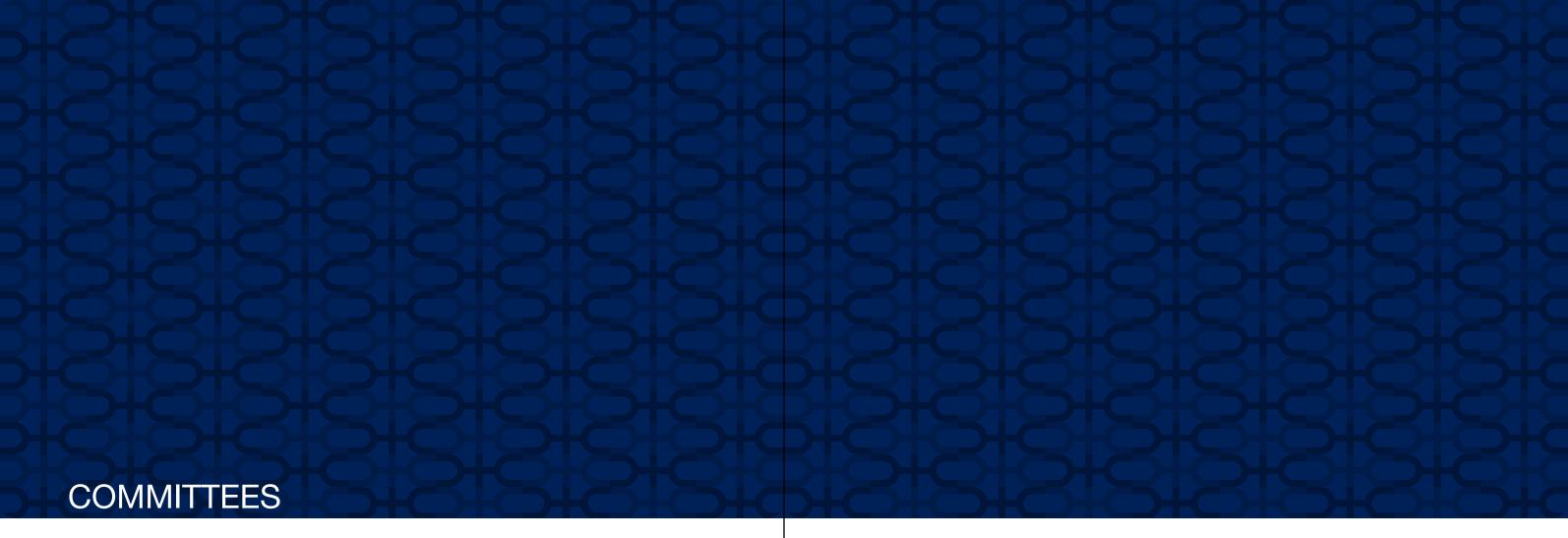
Habib Metropolitan Bank Limited

JS Bank Limited

MCB Limited

United Bank Limited

MCB Islamic Bank Limited



Board Audit Committee:

The Board has set up an audit committee comprising of three directors. All of them are independent.

Mr. Shabbir Hussain Hashmi Chairman Mr. Kamran Nishat Member Mr. Hasan Reza Ur Rahim Member

The Committee meets at least once in a quarter or as often as it considers necessary, to review and discuss all matters specified in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Head of Internal Audit acts as Secretary of the Committee.

Human Resource & Remuneration Committee:

The Human Resource & Remuneration Committee consists of four directors. Presently one of whom is an independent director and three are non-executive directors. The Chairman of the Committee is an Independent director.

Mr. Hasan Reza Ur Rahim Chairman Mr. Abdul Samad Dawood Member Ms. Sabrina Dawood Member Mr. Parvez Ghias Member

The Chief Executive Officer attends the meetings by invitation.

Human Resource & Remuneration Committee is responsible for reviewing and approving the company's executive compensation, overall compensation strategy, human resources management policies, performance evaluation and succession plans including career planning for employees with high potential.

The Head of HR acts as Secretary of the Committee.

Board Investment Committee:

The Board has set up a Board Investment Committee comprising of four directors. Presently, three of whom are independent directors and one is a non-executive director. The Chairman of the Committee is a non-executive director.

Mr. Abdul Samad Dawood Chairman
Mr. Shabbir Hussain Hashmi Member
Mr. Kamran Nishat Member
Mr. Hasan Reza Ur Rahim Member

The Chief Financial Officer acts as Secretary of the Committee.

Annual Report 2022 09



HUSSAIN DAWOOD



ABDUL SAMAD DAWOOD



SHAHZADA DAWOOD



SABRINA DAWOOD



PARVEZ GHIAS



SHABBIR HUSSAIN HASHMI



KAMRAN NISHAT



HASAN REZA UR RAHIM



ZAMIN ZAIDI



MOHAMMAD SHAMOON CHAUDRY



HUSSAIN DAWOOD

CHAIRMAN

Mr. Hussain Dawood serves as the Chairman of the Board of Dawood Hercules Corporation. As an entrepreneur, businessman, and philanthropist he has driven the Group and its investments since 2002 into new fields of business and achieved new levels of growth in revenues. His vision is to make contributions to sectors that are drivers of the economy and society. He also serves as the Chairman of Engro Corporation.

Mr. Dawood is enthusiastic about human development based on Character and Good Manners (CGM). Under his stewardship, the Group is now focused on continuously investing in the growth potential of both its people and businesses. This entails competency in leadership development, upskilling and reskilling, and international partnerships, ultimately contributing to the growth of Pakistan.

Mr. Dawood is the Chair of the Board of Trustees for The Dawood Foundation (TDF), which focuses on Education Inspiring Social Change. The Magnifiscience Centre, Pakistan's first interactive science museum was conceptualized and developed by TDF. He is the Founder & Chairman of the Board of Governors of Karachi School of Business & Leadership (KSBL), a graduate management school focused on inspiring effective leaders. Within KSBL, the Engro Leadership Academy strives to embody the principles of CGM for all who pass through its doors.

Mr. Dawood is also a member of the Board of Governors of the Islamabad Policy Research Institute. He has been leading the Group's engagement with the World Economic Forum since 1992.

Mr. Dawood holds an MBA from the Kellogg School of Management, Northwestern University, USA, and is a graduate in Metallurgy from Sheffield University, UK.



ABDUL SAMAD DAWOOD

VICE CHAIRMAN

Mr. Abdul Samad Dawood is Vice Chair of the Board of Dawood Hercules Corporation. Prior to this role, he served as the Vice Chair of the Board of Engro Corporation which remains one of Dawood Hercules Corporation's largest investments to date.

Mr. Abdul Samad Dawood's experience of management and governance spans over 20 vears with a special interest in mergers and acquisitions. He has led more than US\$ 4 billion of M&A deals, including the Dawood group's acquisition of HUBCO from National Power International Holdings in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company in 2015. Mr. Dawood was also entrusted with the responsibility of leading the merger of Engro Foods (a subsidiary of Engro Corporation) into global dairy giant Royal FrieslandCampina based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges; he has since served as the Chair of the Board of FrieslandCampina Engro Pakistan.

In addition to these responsibilities, Mr. Dawood is an active director on the Board of Pakistan Business Council, a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. His corporate governance journey spans various sectors including financial investments, energy, and education; in line with his interests, he is a Director on the Boards of The Dawood Foundation, KSBL, Dawood Lawrencepur Ltd, Cyan Ltd and Reon Energy Ltd. In addition to governance, Mr. Dawood has served as Chief Executive Officer for Dawood Hercules Corporation Ltd and Cyan Ltd, and is an active member of the Young Presidents Organization.

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

SHAHZADA DAWOOD

DIRECTOR

Mr. Shahzada Dawood became a member of the Board of Dawood Hercules Corporation in May 1996. He has more than 20 years of experience in corporate governance and industrial transformation. He has been involved in mergers and acquisitions of various public-listed companies in textiles, fertilizers, foods, and energy. He is also the driving force for cultivating and institutionalizing international networks for the Group.

Mr. Dawood believes in promoting sustainable development through inclusive business models that benefit low-income communities. He serves as a trustee on the Boards of Engro Foundation and The Dawood Foundation. He also joined the Board of Trustees of the SETI Institute in December 2020. In addition to his various directorial roles across multiple industries, Mr. Dawood serves as the Vice Chairman of Engro Corporation.

He holds an MSc in Global Textile Marketing from Philadelphia University, USA, and an LLB from Buckingham University, UK.





Ms. Sabrina Dawood is the Vice Chair of Board of The Dawood Foundation (TDF), a philanthropic organisation working for the development of communities through education and informal learning spaces and opportunities. Prominent projects of TDF have been the TDF Ghar (a safe space for youth engagement in a manner which preserves Karachi's heritage and culture), TDF Nature Series (a documentation of Pakistan's biodiversity and ecosystems to create awareness regarding conservation), and Dawood Public School (an institution for primary and secondary level education for girls in Karachi). One of the most high-impact projects of the Dawood Foundation has been the MagnifiScience Center, a first-of-its-kind science museum in Pakistan which promotes science literacy and critical thinking in children and young adults through experiential learning.

Ms. Sabrina Dawood is a Director of the Boards of Engro Corporation Ltd., Dawood Hercules Corporation Ltd., Dawood Lawrencepur Ltd., Cyan Ltd., Karachi Education Initiative, and a Trustee at Engro Foundation. She is also a member of the Board of Governors of the National Management Foundation of Lahore University of Management Sciences and on the Board of WWF — Pakistan. She also chaired the Hussain Dawood Pledge (also known as HD Pledge), which is a corporate PKR 1 billion Rupee pledge for the mitigation and/or relief of COVID-19 and its ramifications.

Ms. Sabrina Dawood holds an MSc in Medical Anthropology from University College London and a BA from London School of Economics in Anthropology and Law.

PARVEZ GHIAS

DIRECTOR

Mr. Parvez Ghias was Chief Executive Officer at Habib University Foundation, a not-for-profit organization engaged in promotion of higher education through its flagship project the Habib University from 2017 to 2022. He also concurrently served as Vice Chairman - Automotive for the House of Habib between 2017 to 2019.

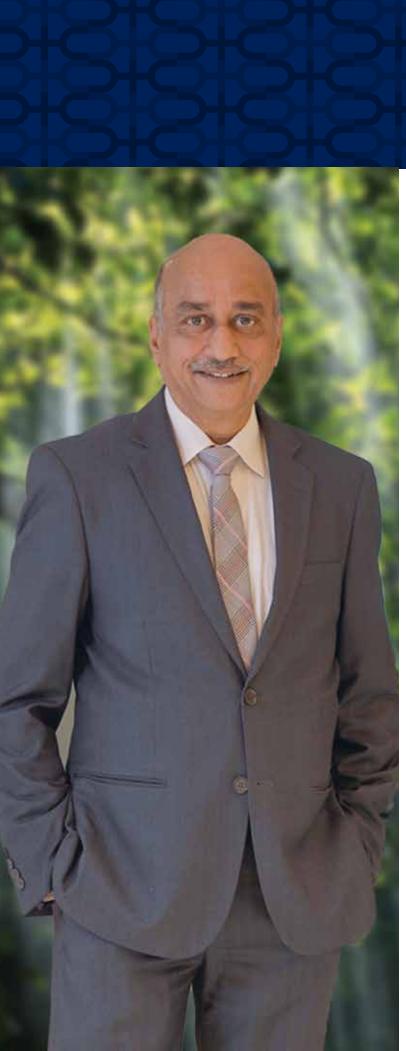
Prior to that Mr. Parvez Ghias was the Chief Executive Officer at Indus Motor Company from 2005 to 2016, a joint venture between the House of Habib, Toyota Motor and Toyota Tsusho Corporations engaged in the manufacturing and marketing of Toyota brand automobiles.

His earlier career spanning 25+ years was at Engro Corporation (formerly Exxon Chemical Pakistan, an Exxon Mobil affiliate), where he undertook various assignments in Pakistan, Hong Kong and Canada, including CFO and Vice President Corporate Affairs and served as a board member of the Company and its subsidiaries.

He currently serves the boards of Shell Pakistan, Ravi Autos Sundar and HRSG as an independent director and at Dawood Hercules Corporation as a non-executive director. He is also a member of the advisory board at Al Karam Textile Mills Ltd. Earlier he served as an independent director at the Standard Chartered Bank and was twice member of the PICG Committee tasked by the SECP to revamp the Code of Corporate Governance. His initiatives in the social development areas are well recognised at both the domestic and at UN level internationally.

Mr. Parvez Ghias is a fellow of the Institute of Chartered Accountants from England & Wales and holds a bachelors degree in Economics and Statistics.





SHABBIR HUSSAIN HASHMI

DIRECTOR

Mr. Shabbir Hashmi joined the Board in September 2015 and is the Chairman of its Audit Committee and a member of its Investment Committee. He serves on the Boards of Engro Powergen Qadirpur Limited, Dawood Hercules Corporation Ltd., OJ Engineering Ltd. and FINCA Microfinance Bank Limited.

He is also on the Board of Governors of The Help Care Society that operates K-12 schools in Lahore for underprivileged children. His career spans over 36 years of project finance and private equity experience.

In prior corporate governance experience, Mr. Hashmi has held more than 24 Board directorships as a nominee of CDC/Actis and 12 directorships as an Independent.

In executive roles, he has directed the Pakistan operations at Actis Capital, one of the largest private equity investors in emerging markets. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan and Bangladesh. He had a long stint with USAID and also briefly with the World Bank in Pakistan, with a focus on planning and development of the energy sector. Mr. Hashmi is an engineer from Dawood College of Engineering and Technology, Pakistan, and holds an MBA degree from J.F. Kennedy University, USA.

KAMRAN NISHAT

DIRECTOR

Mr. Kamran Nishat is currently the Managing Director & Chief Executive Officer of Muller & Phipps Pakistan (Private) Limited. He is also serving in the capacity of Chief Executive Officer at M&P Express Logistic (Private) Limited, M&P Logistic (Private) Limited, Logex (Private) Limited, Tech Sirat (Private) Limited, Veribest Brands Pakistan (Private) Limited and Tech Sirat Technology (Private) Limited. He holds rich professional experience in different sectors for more than 35 years.

He is serving as an Independent Director on the Boards of Dawood Hercules Corporation Limited and Cyan Limited. He is also a Director on the Boards of AGP Limited, OBS AGP (Pvt.) Limited and Briogene (Private) Limited. He is currently a member of the Executive Committee and Chairman of the Industry, Trade & Logistics subcommittee at the American Business Council. He has served as past president of the American Business Council as well. Recently, he is serving his contributions at the National Skills University Islamabad as a member of the Advisory Council. He is on The Board of Trustees of Developments in Literacy (DIL). In the past, he has served as a Member of the Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan (ICAP), and the Information Technology Committee (South) of the ICAP and Management Association of Pakistan. He is a Chartered Accountant and a fellow member of ICAP.





HASAN REZA UR RAHIM

DIRECTOR

Mr. Hasan Reza Ur Rahim joined the Board of Dawood Hercules Corporation Limited in April 2014. He also serves on the Boards of Atlas Insurance Limited and Dawood Hercules Corporation Limited. Mr. Rahim is an accomplished professional who has over 35 years of local and international experience in the Banking & Financial Services industry. Previously, he was the Executive Director of the Chairman's Corporate Office at the Dawood Hercules Group.

Mr. Rahim spent 15 years at J.P. Morgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing & heading the Global Corporate Bank in Bahrain, Qatar & Saudi Arabia. He served as a Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has initiated, led & executed large complex M&A transactions and privatizations totaling USD 5 billion, and Sovereign Debt & Bond issues of over USD 2 billion in the Telecom, Airlines, Banking, Oil and Gas and the Petrochemical industries. Earlier in his career Mr. Rahim was also with Mashreg Bank PSC, and ANZ Grindlays Bank Plc with whom he was transferred to. He received his bachelor's degree from the University of Delaware in USA.

ZAMIN ZAIDI

DIRECTOR

Mr. Zamin Zaidi joined the Dawood Group in 2016 and is currently serving as the Chief Executive Officer of Dawood Investments (Pvt) Ltd, an investment company of the Group. Before joining the Dawood Group, he had amassed over 15 years of leadership experience in the pharmaceutical sector where he worked as the Executive Director of Novins International, a leading producer and distributor of essential medicines. Mr. Zaidi has also worked on data storage and management software platforms at EMC Corporation in Boston, USA. He possesses extensive experience in renewable energy, pharmaceuticals, healthcare and technology startups, and has previously served as interim CEO of Engro Enfrashare (Pvt) Ltd.

Mr. Zaidi is a certified director from the Pakistan Institute of Corporate Governance and is currently a member of the Board of Directors at Dawood Lawrencepur Ltd, Engro Enfrashare (Pvt) Ltd, Inbox Business Technologies Ltd, and Pebbles (Pvt) Ltd. He holds a BS in Computer Science from Northeastern University in Boston, MA and his areas of interest include innovation in information technology, business strategy, and entrepreneurship.











Mohammad Shamoon Chaudry is the Chief Executive Officer of Dawood Hercules Corporation Limited since 1st January 2022. Mr. Chaudry joined the company as the CFO in 2018. He currently serves on the Boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, Cyan Limited, Inbox Business Technologies Limited, Pebbles (Private) Limited and Tenega Generasi Limited. Mr. Chaudry has more than 28, years of progressive and diverse experience in the financial sector, including financial control and governance. Mr. Chaudry started his career in investment banking within corporate finance and advisory in Pakistan. He then moved to New York selling listed equities to funds investing in emerging markets. Subsequently he shifted to development finance, and focused on Small and Medium Enterprises (SMEs). During this time, Mr. Chaudry worked at the government and policy level, in the industrial sector, and with individual enterprises. He was in the GCC region for twelve years, working in the Islamic Finance sector primarily in investments, asset management, and financial control.

Mr. Chaudry has extensive experience managing private equity and real estate investments globally and notable expertise in structuring and developing investment products and asset management. Mr. Chaudry has successfully managed investments in the UK, USA, EU, South East Asia, and GCC region.

Mr. Chaudry was an adjunct faculty at LUMS and has a master's in Finance from London Business School and an MBA from Lahore University of Management Sciences (LUMS).



Keeping up with our annual tradition and to give our valued employees a break from everyday routine, we went on a day trip to Dreamworld Resort, where employees indulged in different indoor and outdoor sporting and recreational activities.

OPERATING HIGHLIGHTS

SIX YEARS AT A GLANCE

24

Sr.#	PARTICULARS	UNIT	2017		2018	2019	2020	2021	2022
A)	INCOME STATEMENT								
1	Sales Value	Rs. in Million	128,592		171,568	225,765	248,950	311,781	356,643
2	Gross Profit	Rs. in Million	34,806		51,108	68,599	76,081	99,391	104,682
3	Operating Profit	Rs. in Million	31,289		53,572	62,096	71,555	85,009	94,469
3	EBITDA	Rs. in Million	41,523		61,368	74,685	88,620 –	101,528	110,976
4	Profit Before Taxation					47,068			
5		Rs. in Million	28,354		47,365	47,008	52,859	70,259	66,597
6	Profit After Taxation	Rs. in Million	16,246		33,149	29,787	42,351	50,735	42,920
B)	DIVIDEND		40						450
1	Cash Dividend		40		100	130	90	95	150
2	Stock Dividend					<u> </u>	_		-
C)	BALANCE SHEET								
_1	Fixed assets	Rs. in Million	162,265		209,364	258,927	267,623	289,163	329,990
2	Long term investments	Rs. in Million	32,196		31,590	37,274	32,350	34,217	36,521
3	Current Assets	Rs. in Million	134,240		176,182	223,416	242,123	277,905	317,979
4	Current Liabilities	Rs. in Million	65,312		80,600	152,896	151,623	187,333	276,846
5	Paid Up Capital	Rs. in Million	4,813		4,813	4,814	4,814	4,813	4,813
6	Reserves	Rs. in Million	50,504		62,073	59,208	62,489	66,572	65,349
7	Non Controlling Interest	Rs. in Million	122,148		134,857	144,024	164,360	182,606	178,498
8	No. of Ordinary Shares	Million	481.29		481.29	481.29	481.29	481.29	481.29
D)	RATIO ANALYSIS								
1	Gross Profit		27.07		29.79	30.38	30.56	31.88	29.35
2	Net Profit to Sales		12.63		19.32	13.33	17.12	16.27	12.03
3	Operating Profit Margin		24.33		31.22	27.50	28.74	27.27	26.49
1	EBITDA margin		32.29		35.77	33.08	35.60	32.56	31.12
	Earnings Per Share		7.19		29.60	11.75	15.76	17.71	17.71
0		Rs.	7.19						
6	Inventory Turnover	Time	7.89		7.95	8.46	9.13	8.59	8.16
	Age of Inventory	Days	46.25		45.90	43.13	39.96	42.49	44.73
8	Debtors Turnover	Time	9.39		10.63	6.41	4.85	5.65	5.45
9	Average Collection Period	Days	38.85		34.33	56.95	75.19	64.59	66.93
_10	Operating Cycle	Days	85.11		80.22	100.07	115.15	107.08	111.66
11	Total Assets Turnover	Time	0.39		0.41	0.43	0.46	0.47	0.47
12	Fixed Assets Turnover	Time	0.79		0.82	0.87	0.93	1.08	1.08
13	Break-up Value of Share	Rs.	114.93		138.97	133.02	139.84	148.32	145.78
14	Dividend Yield	%	3.58		9.00	8.43	7.40	9.95	15.87
15	Dividend Payout Ratio	%	11.85		14.52	20.80	10.16	9.01	16.82
16	Return on Equity	%	29.37		49.56	46.99	63.34	71.07	61.17
17	Debt Equity Ratio	Time	0.61		0.77	0.91	0.85	0.64	0.67
18	Current Ratio	Time	2.06		2.19	1.46	1.60	1.48	1.15
19	Quick Ratio		1.86		1.97	1.33	1.48	1.32	1.04
20	Total Debt Ratio	Time	0.47		0.52	0.64	0.61	0.62	0.68
21	Interest Cover Ratio	Time	6.04		8.48	3.91	3.46	5.07	3.32
22	Dividend Cover Ratio	Time	8.44		6.89	4.81	9.84	11.10	5.95
23	Return on capital employed		29.37		49.56	46.99	63.34	29.04	30.45
24	Market Value per Share		111.88		111.15	154.21	121.54	95.52	94.50
25 26	Market Capitalization	Rs. in Million	53,847 15.56		53,495 3.76	74,220 13.12	58,495 7.71	45,972 5.39	45,481 5.34
<u> 20</u>	Price Earning Ratio PRODUCTION	Times	15.56		3.70	13.12	7.71	5.39	5.54
E)		NAUCT.	1 000 077		4 000 000	0.000.005	0.047.040	0.404.700	4 054 500
<u> </u>	Urea	Metric Tons	1,806,977		1,928,080	2,003,035	2,247,242	2,104,722	1,954,528
2	NPK	Metric Tons	109,059		132,970	134,784	140,552	144,564	137,075
3	PVC - Resin	Metric Tons	187,000		202,000	197,000	153,000	243,000	239,000
4	EDC	Metric Tons	107,000		107,000	110,000	79,000	94,000	102,000
5	Caustic Soda	Metric Tons	105,000		105,000	105,000	77,000	92,000	97,000
6	Caustic Flakes	Metric Tons	-		<u> </u>	4,000	2,000	8,000	9,000
7	VCM	Metric Tons	180,000		195,000	184,000	148,000	203,000	219,000
8	Power	Mega watts	1,737,394		1,526,309	3,097,604	3,097,604	5,076,068	4,454,614
9	Milling/Drying unit of rice processing plant	Metric Tons	59,371	1	77,008	93,689	132,115	148,839	87,856
10	Ice Cream	Thousand Litres		1			- -		
F)	OTHERS								
1	Employees	Nos.	2,071		2,343	2,658	2,799	2,866	2,975
2	Capital Expenditure	Rs. in Million	29,947		36,606	46,996	18,718	20,521	40,855
	lycran — de accentaca		20,011			. 5,555			,

HORIZONTAL ANALYSIS

BALANCE SHEET

			Rs. in N	Million		
Particulars	2017	2018	2019	2020	2021	2022
Share Capital and Reserves						
Issued, subscribed and paid up capital	4,813	4,813	4,814	4,813	4,813	4,813
Revenue reserves	50,504	62,073	59,208	62,489	66,572	65,349
Fair value reserve	-	-	-	-	-	-
Non-Controlling interest	122,148	134,857	144,024	164,360	182,606	178,498
Share holder's equity with FVR	177,465	201,743	208,046	231,662		248,660
Non Current Liabilities	94,411	139,270	212,698	217,755		240,032
Sub Total	271,876	341,013	420,744	449,417	475,369	488,692
Current Liabilities						
Current portion - long term loan	12,392	11,956	22,096	30,008	23,110	27,700
Current portion - Lease Liability		- ,	4,444	4,955	6,132	9,062
Short term financing - secured	11,327	6,641	15,511	12,505	29,765	39,472
Trade and other payables	39,311	51,119	103,382	86,953	96,365	125,869
Markup payable on secured loans	1,553	2,363	3,457	1,434	1,416	2,922
Provision for taxation	220	8,300	3,439	2,783	9,549	19,066
Others	509	221	566	13,075	20,996	52,755
Sub Total	65,312	80,600	152,896	151,713	187,333	276,846
Total	337,188	421,613	573,640		662,702	765,538
Particulars	2017	2018	2019	2020	2021	2022
Assets						
Property, plant and equipment (Incl intangibles						
and biological asset)	162,265	209,364	258,927	267,623	289,163	329,990
Right-of-use assets			4,927	7,054	9,831	13,369
Net Investment in Lease			45,564	44,557	45,204	52,160
Long term investments	32,196_	31,590	37,274	32,350	34,217	36,521
Long term loans and advances	6,810	4,093	3,305	2,110	2,616	3,817
Others		384	228	5,241	3,766	11,702
Sub Total	202,948_	245,431	350,224	358,936	384,797	447,559
Current Assets						
Stores, spares and loose tools	7,639	7,688	7,637	9,069	9,310	9,839
Contract Asset			5,313	5,715	5,453	14,124
Current proportion of Investment in Lease			2,544	3,255	4,005	5,683
Stock in trade	13,066	17,228	19,913	17,938	31,513	30,243
Trade debts	13,641	18,630	51,817	50,750	59,598	71,195
Loans, advances, deposit, prepayments and						
other receivables including Accrued Income	13,601	16,987	23,042	23,215	31,256	6,892
0.11						
Others			 -	_		38,372
Short term investments	69,895	103,533	90,594	107,344	95,903	96,636
Short term investments Investment - Held for sale	69,895 6,611	103,533	1,326	107,344 67		96,636
Short term investments Investment - Held for sale Cash and bank balances	69,895 6,611 9,787	103,533 - 12,116	1,326 21,230	107,344 67 24,838	40,867	96,636 - 44,995
Short term investments Investment - Held for sale	69,895 6,611	103,533	1,326	107,344 67		96,636

		Percentaç	ge Change		
17 over 16	18 over 17	19 over 18	20 over 19	21 over 20	22 over 21
-	-	-	-	-	-
79%	23%	-5%	6%	7%	-2%
-	-	-	-	-	-
104%	10%	7%	14%	11%	-2%
91%	14%	3%	11%	10%	-2%
90%	48%	53%	2%	2%	8%
91%	25%	23%	7%	6%	3%
-46%	-4%	85%	36%	-23%	20%
-	-	-	100%	24%	48%
71%	-41%	134%	-19%	138%	33%
14%	30%	102%	-16%	11%	31%
9%	52%	46%	-59%	-1%	106%
-	100%	-59%	-19%	243%	100%
29%	-57%	156%	2209%	61%	151%
-1%	23%	90%	-1%	23%	48%
62%	25%	36%	5%	10%	16%

		Percentag	ge Change		
17 over 16	18 over 17	19 over 18	20 over 19	21 over 20	22 over 21
21%	29%	24%	3%	8%	14%
-	-	-	100%	39%	36%
-	-	-	100%	1%	15%
235%	-2%	18%	-13%	6%	7%
81%	-40%	-19%	-36%	24%	46%
48%	-77%	-41%	2199%	-28%	211%
36%	21%	43%	2%	7%	16%
-1%	1%	-1%	19%	3%	6%
-			100%	-5%	159%
-		-	100%	23%	42%
-7%	32%	16%	-10%	76%	-4%
103%	37%	178%	-2%	17%	19%
42%	25%	36%	1%	35%	-78%
-	-	-	-	-	100
397%	48%	-12%	18%	-11%	1%
-	-	-100%	100%	-100%	-
91%	24%	75%	17%	65%	10%
125%	31%	27%	8%	15%	14%
62%	25%	36%	5%	10%	16%

27

VERTICAL ANALYSIS

BALANCE SHEET

28

			Rs. in N	Million		
Particulars	2017	2018	2019	2020	2021	2022
Share Capital and Reserves						
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,813	4,813
Revenue reserves	48,872	50,504	59,208	59,208	66,572	65,349
Non-Controlling interest	119,278	122,148	144,024	144,024	182,606	178,498
Share holder's Equity with FVR	172,963	177,465	208,045	208,045	253,991	248,660
Non Current Liabilities	72,918	94,411	212,698	212,698	221,378	240,032
Sub Total	245,881	271,876	420,743	420,743	475,369	488,692
Current Liabilities						
Current portion - long term loan	13,374	12,392	22,096	22,096	23,110	27,700
Current portion - long termical Current portion - Lease Liability	10,014	12,392	22,030	4,444	6,132	9,062
Short term financing - secured	8,405	11,327	15,511	15,511	29,765	39,472
Trade and other payables	32,107	39,311	103,382	103,382	96,365	125,869
Markup payable on secured loans	1,238	1,553	3,457	3,457	1,416	2,922
Provision for taxation	<u>1,238</u> -	220	3,457	3,457	9,549	19,066
Others	250	509	<u>3,439</u> 566	<u>3,439</u> 566		
		65,312	148,453	152,896	20,996 187,333	52,755 276,846
Sub Total Total	<u>55,436</u> 301,317	337,188	569,196	573,639	662,702	765,538
			Rs. in N	Million		
Particulars	2017	2018	2019	2020	2021	2022
Assets Property, plant and equipment (Incl intangibles						
and biological asset)	136,257	162,265	258,927	258,927	289,163	329,990
Long term investments	40,688	32,196	37,274	37,274	34,217	36,521
Right-of-use assets	40,000	- 32,190		- 37,274	9,831	13,369
Net Investment in Lease					45,204	52,160
Long term loans and advances	9,851	6,810	3,305	3,305	2,616	3,817
Others	577	1,677	228	228	3,766	11,702
Sub Total	187,373	202,948	299,733	350,224	384,797	447,559
Current Assets		202,940	299,733	350,224	304,797	447,559
Stores, spares and loose tools	7,148	7,639	7,688	7,637	9,310	9,839
Contract Asset		7,009	7,000	7,007	5,453	14,124
Current proportion of Investment in Lease					4,005	5,683
Stock in trade	10,704	13,066	17,228	19,913	31,513	30,243
Trade debts	13,734	13,641	18,630	51,817	59,598	71,195
Loans, advances, deposit, prepayments and	13,734	10,041	10,030	01,017	59,596	11,195
	11,445	12 601	16 007	22 040	21 256	6,892
other receivables including advance income tax Others	11,445	13,601	16,987	23,042	31,256	0,892
Short term investments	64,726	69,895	103,533	90,594	95,903	96,636
			103,333		90,903	90,030
Investment - Held for sale		6,611	- 10 116	1,326	40.967	44.005
Cash and bank balances	6,187	9,787	12,116	21,230	40,867	44,995
Sub Total	113,944	134,240	176,182	223,416	277,906	279,607
Total Assets Employed	301,317	337,188	475,915	573,639	662,703	727,166

		Percent			
2017	2018	2019	2020	2021	2022
2%	1%	1%	1%	1%	1%
16%	15%	12%	10%	10%	9%
40%	36%	30%	25%	28%	25%
57%	53%	44%	36%	38%	34%
24%	28%	45%	37%	33%	33%
82%	81%	88%	73%	72%	67%
0270			1070	1270	0170
4%	4%	5%	4%	3%	4%
-	=	-	1%	1%	1%
3%	3%	3%	3%	4%	5%
11%	12%	22%	18%	15%	17%
0.41%	0.46%	1%	1%	0.21%	0.40%
0.02%	0.07%	1%	1%	1.44%	3%
0.08%	0.15%	0.12%	0.10%	3%	7%
18%	19%	31%	27%	28%	38%
100%	100%	120%	100%	100%	105%
45%	48%	54%	45%	44%	45%
14%	10%	8%	6%	5%	5%
-			1%	1%	2%
-			8%	7%	7%
3%	2%	1%	1%	0%	1%
0%	0%	0%	0%	1%	2%
62%	60%	63%	61%	58%	62%
2%	2%	2%	1%	1%	1%
-	-	-	1%	1%	2%
-	-	-	-	1%	1%
4%	4%	4%	3%	5%	4%
5%	4%	4%	9%	9%	10%
4%	4%	4%	4%	5%	1%
21%	- 210/	22%	16%	- 14%	13%
-	21%	22%		0.00%	
2%	1.96% 3%	3%	0.23%	0.00% 6%	0.00% 6%
38%	40%	37%	39%	42%	38%
		100%	100%	100%	100%
100%	100%	[()() ⁷ /n	()() ⁻ /0	[()()770	1 (1(1-70)

HORIZONTAL ANALYSIS

PROFIT AND LOSS

	Rs. in Million					
Particulars	2017	2018	2019	2020	2021	2022
Net sales	128,592	171,568	225,765	248,883	311,781	356,643
Cost of sales	93,786	120,460	157,167	172,940	212,390	251,961
Gross profit	34,806	51,108	68,599	75,943	99,391	104,682
Selling and distribution expenses	7,850	8,488	8,103	7,845	7,819	9,326
Administrative expenses	4,282	6,605	7,671	9,265	9,995	12,967
Other operating expenses	2,570	4,427	7,400	5,381	9,234	9,238
Other income	11,185	21,984	16,672	19,347	12,666	21,318
Operating profit	31,289	53,572	62,096	72,799	85,009	94,469
Finance cost	5,624	6,336	16,176	21,495	17,419	29,461
Loss Allowance on Subsidy Receivable by GoP		_	_	1,239	558	523
Remeasurement loss on provision for GIDC	-	-	-	-	1,402	1,103
Share of profit of associates & Joint Ventures	2,689	129	1,148	2,796	3,227	3,215
Profit before taxation	28,354	47,365	47,068	52,861	68,857	66,597
Taxation	12,108	14,216	16,982	_10,232	19,554	23,678
Proft / (loss) from discontinued Operation	-	-	-29960	-279	29	-
Profit after taxation	16,247	33,149	29,787	42,351	50,735	42,920

VERTICAL ANALYSIS

PROFIT AND LOSS

PROFIT AND LOSS	Rs. in Million						
Particulars	2017	2018	2019	2020	2021	2022	
Net sales	128,592	171,568	225,765	248,883	311,781	356,643	
Cost of sales	93,786	120,460	157,167	172,940	212,390	251,961	
Gross profit	34,806	51,108	68,598	75,943	99,391	104,682	
Selling and distribution expenses	7,850	8,488	8,103	8,103	7,819	9,326	
Administrative expenses	4,282	6,605		9,265		12,967	
Other operating expenses	2,570	4,427	7,400	5,381	9,234	9,238	
Other income	11,185	21,984	16,672	19,347	12,666	21,318	
Operating profit	31,289	53,572	62,096	72,799	85,009	94,469	
Finance cost	5,624	6,336	16,176	16,176	17,419	29,461	
Loss Allowance on Subsidy Receivable by GoP					558	523	
Remeasurement loss on provision for GIDC				-	1,402	1,103	
Share of profit of associates	2,689	129	1,148	1,148	3,227	3,215	
Profit before taxation	28,354	47,365	47,068	57,771	70,259	67,700	
Taxation	12,108	14,216	_16,982	10,232		23,678	
Proft / (loss) from discontinued Operation			-	-279	29	-	
Profit after taxation	16,246	16,247	30,086	42,351	50,735	42,920	

17 over 16	18 over 17	19 over 18	20 over 19	21 over 20
-29%	33%	32%	10%	25%
-31%	28%	30%	10%	23%
-23%	47%	34%	11%	31%
-27%	8%			
-18%	54%	-5%	-3%	0%

29%	33%	32%	10%	25%	14%
31%	28%	30%	10%	23%	19%
23%	47%	34%	11%	31%	5%
	8%				
18%	54%	-5%	-3%	0%	19%
	72%	16%	21%	8%	30%
 5%	97%	67%	-27%	72%	0%
15%	71%	-24%	16%	-35%	68%
		16%	17%	17%	11%
37%	13%	155%	33%	-19%	69%
	-	-	100%	-55%	-6%
	-95%	790%	144%	15%	0%
7%	67%	-1%	12%	30%	-3%
34%	17%	19%	-40%	91%	21%
	104%	-10%	42%	20%	-15%

------Percentage Change------

22 over 21

31

Percentage

2022	2021	2020	2019	2018	2017
100%	100%	100%	100%	100%	100%
71%	68%	69%	70%	70%	73%
29%	32%	31%	30%	30%	27%
3%	3%	3%	4%	5%	6%
4%	3%	4%	3%	4%	3%
3%	3%	2%	3%	3%	2%
6%	4%	8%	7%	13%	9%
26%	27%	29%	28%	31%	24%
8%	6%	6%	7%	4%	4%
0%	0%	0%	0%	0%	0%
1%	1%	0%	-	0%	2%
19%	23%	23%	21%	28%	22%
7%	6%	4%	8%	8%	9%
-	-		_	-	-
12%	16%	17%	13%	9%	13%

STATEMENT OF VALUE ADDITION

CONSOLIDATED

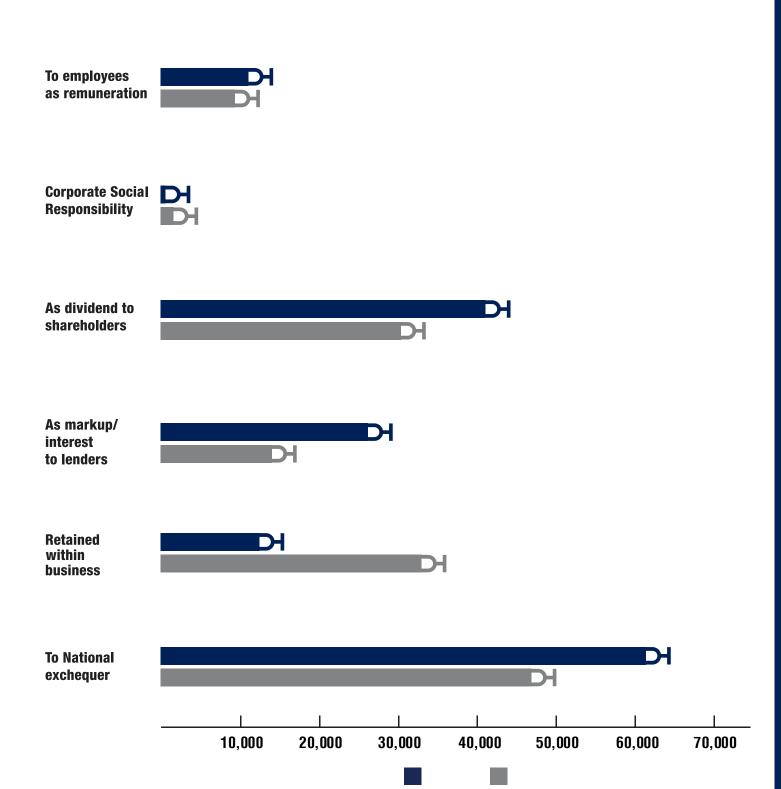
2022		2021		
PKR 'million'	%age	PKR 'million'	%age	

Wealth generated

Total gross revenue & other income	416,139		354,061	
Brought in materials and services	(246,176)		(202,392)	
Total value addition	169,963		151,670	
Wealth distribution				
To employees (Salaries, wages & benefits)	14,251	8%	12,969	9%
To government (Income Tax, sales tax & wwf)	64,495	38%	50,082	33%
To Society				
Donation toward eductaion, health, environment and natural disaster	804	0.5%	1,270	0.8%
To providers of capital:				
Dividend to Shareholders	44,261	26%	33,357	22%
Markup/interest expenses on borrowed money	29,460	17%	17,439	11%
Retained for investment and future growth, depreciation and retained profits	16,692	10%	36,554	24%
Total value distribution	169,963		151,670	

CONSOLIDATED FINANCIALS

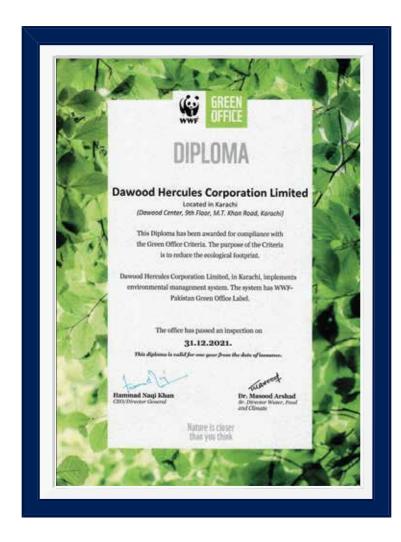
(Amounts in million)



2022

2021

EFFORTS TO SECURE ENVIRONMENT



DH Corp is a certified Green Office in partnership with WWF. We at DH Corp, with this program, aim to reduce our ecological footprints and monitor the use of energy, paper, and fuel and ensure their efficient usage.

NOTICE OF 55th ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Dawood Hercules Corporation Limited (the "Company") that 55th annual general meeting of the Company will be held on April 26, 2023 at 11:00 AM at the Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi and via video link facility to transact the following businesses:

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended December 31, 2022 together with the Auditors' and Directors' Reports thereon and the Review Report of the Chairman.
- 2. To appoint Auditors and to fix their remuneration. The members are hereby notified that the Board and the Audit Committee have recommended the reappointment of A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

By Order of the Board

Place: Karachi, Dated: March 2, 2023 Imran Chagani Company Secretary

Notes:

1. Video Conference Facility for Annual General Meeting (AGM) of shareholders:

As per the directive issued by Securities and Exchange Commission of Pakistan ("SECP"), the Company has made arrangements of video conference facility to ensure that shareholders can also participate in the AGM proceeding via video link.

The members and their proxies who intends to attend the AGM through video-link must register their particulars by sending an email at company.secretary@dawoodhercules.com. The members registering to connect through video-link facility are required to mention their name, folio number and number of shares held in their name in the email with subject 'Registration for DH Corp AGM' alongwith valid copy of their CNIC/Passport. Video link and login credentials will be shared with the members whose emails, containing all the required particulars, are received at the given

email address at least 24 (twenty four) hours before the time of the AGM.

2. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 20, 2023 to April 26, 2023 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, FAMCO Associates (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@famco.com.pk, by close of business on April 19, 2023, will be considered in time to attend and vote at the AGM.

3. Placement of Financial Statements

The Company has placed the Annual Report which includes inter alia notice of meeting, Audited Annual Financial Statements together with Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2022 on its website: www.dawoodhercules.com

4. Participation in the AGM:

All members, entitled to attend and vote at the meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being member, may appoint its representative to attend the meeting through resolution of its Board of Directors. Proxy Forms in English and Urdu languages are attached with the notice circulated to the shareholders.

In case of appointment of proxy by a corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form

The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's

35

Registered Office at least 48 (forty-eight) hours before the time of the meeting.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the SECP.

A) For Attending the Meeting

- a. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the above-mentioned email address at least 48 (forty-eight) hours before the AGM.
- b. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be shared on the above-mentioned email address at least 48 (forty eight) hours before the AGM (unless it has been provided earlier).

B) For Appointing Proxies

a. In case of individuals, the account holders or

- sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
- b. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- c. The proxy shall produce original valid CNIC or original passport at the above mentioned email address at least 48 (forty eight) hours before the meeting.
- d. In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted on the email address mentioned above at least 48 (forty eight) hours before the meeting (unless it has been provided earlier) along with proxy form to the Company.
- e. Proxyformwillbewitnessedby2(two)persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

STATEMENT UNDER REGULATION 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017.

SPECIAL RESOLUTION PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON NOVEMBER 21, 2022:

In the Extraordinary General Meeting of the Company held on November 21, 2022, a special resolution was passed to make long term investments in the shares of following associated companies.

Engro Fertilizers Limited

Engro Polymers & Chemicals Limited

Engro Powergen Qadirpur Limited

• Frieslandcampina Engro Pakistan Limited

Total Investment Approved

- PKR 2 billion

- PKR 2 billion

PKR 350 million

- PKR 1 billion

The Company has so far made investment only in the shares of Engro Fertilizers Limited upto PKR. 76 million.

There is no deviation from the approved timeline of investment as the special resolution dated November 21, 2022 is valid for five (5) years.

SPECIAL RESOLUTION PASSED AT THE ANNUAL GENERAL MEETING HELD ON APRIL 27, 2019:

In the Annual General Meeting of the Company held on April 27, 2019, a special resolution was passed to extend the following short term funded and unfunded financing facilities for the following associated companies.

Total Investment Approved

•	Dawood Lawrencepur Limited	-	PKR 5 billion
•	Tenaga Generasi Limited	-	PKR 1 billion
•	Cyan Limited	-	PKR 2 billion
•	Engro Corporation Limited	-	PKR 6 billion
•	Engro Fertilizers Limited	-	PKR 2 billion
•	Engro Polymers & Chemicals Limited	-	PKR 2 billion
•	Engro Energy Limited	-	PKR 2 billion
•	Engro EXIMP Agriproducts (Private) Limited	-	PKR 1 billion

The Company has not made any investment so far in the above associated companies.

There is no deviation from the approved timeline of investment as the special resolution dated April 27, 2019 is valid for five (5) years.

Attention of the Shareholder is drawn towards the following:

1. Computerized National Identity Card (CNIC) / National Tax Number (NTN):

All those individual members holding physical shares who have not yet recorded their CNIC No., are once again reminded to immediately submit the copy of their CNIC to Company's Share Registrar, FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi. Members while sending CNIC must quote their respective folio numbers. The corporate members having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificates to Company's Share Registrar. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

2. Payment of Cash Dividend Electronically

Under second proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders.

Accordingly, the shareholders of the Company are requested to provide the following information for payment of cash dividend to be declared by the Company through electronic mode directly in the bank account designated by you.

Name of Shareholder	
Folio Number	
CNIC Number	
Title of Bank Account	
Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	
Signature of Member	

Note: Signature must match specimen signature registered with the Company

The shareholders are also required to intimate the changes, if any in the above-mentioned information to the Company and the Share Registrar as soon as these occur. In case of shares held electronically, then the above electronic credit mandate form must be submitted directly to shareholder(s)' broker/participant/CDC account services.

3. Withholding Tax on Dividend

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer' Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

4. Zakat Declaration

The members are requested to submit their Zakat Declarations to the Share Registrar in order to claim exemption from deduction of Zakat.

5. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar, FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, to collect / enquire about their unclaimed dividend/shares, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

6. Transmission of Annual Accounts, Notices of Meetings, Auditor's Report and Directors' Report through CD, DVD or USB:

The shareholders of the Company have accorded approval in general meeting for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Please note that from this year we are sending Annual Reports / Notice of AGM through emails to those shareholders whose email addresses are available with the Company and rest shareholders will be dispatched Annual Report on CDs and printed Notice of AGM and Proxy form through Book Post.

The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand,

free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.dawoodhercules.com.

7. Deposit of Physical Shares into CDC Accounts

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e., May 31, 2017.

Furthermore, Securities and Exchange Commission of Pakistan vide its letter CSD/ED/Misc/2016-639-640 dated March 26, 2021, has directed all listed companies to pursue such shareholders who are still holding shares in physical form to convert the same into book entry form. In this regard, shareholder having physical shareholding are requested to open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

EMPLOYEE ENGAGEMENT



To recognize high achievers and appreciate all employees efforts, an evening over Hi-Tea was organized.



CHAIRMAN'S AND VICE CHAIRMAN'S REVIEW 2022

CHAIRMAN'S AND VICE CHAIRMAN'S REVIEW 2022

Dear Shareholders,

On behalf of the Board of Directors, it is our privilege to present to you the Annual Report of Dawood Hercules Corporation Limited (DHCL) for the year ended 31st December 2022.

The year that passed has reinforced the idea that our world is characterized by constant change and uncertainty. We emerged from two years of a global pandemic with the hope of moving towards stability; what we saw instead was a war that catalyzed an energy crisis across the world, regional sociopolitical instability, and climate events that destroyed critical infrastructure across major parts of the globe. Human society continues to be challenged with these events of compounding magnitude and our thoughts remain with all communities that have been impacted by these events.

These challenges have manifested a highly volatile financial climate in Pakistan that has tested organizations across the board. We would like to commend the management team of DHCL for their cost rationalizations which have helped buffer the impact of financial shocks. Our portfolio decisions have also prioritized discipline by focusing investments in stocks that have high quality cashflows and management teams. Our investments in Engro Corporation have yielded a resilient performance as the conglomerate also charts its course through a challenging macroeconomic environment; we would like to acknowledge all the employees at Engro Corporation and its subsidiaries for their efforts that have gone into sustaining such an achievement for the organization.

We are also pleased by our teams' focus on driving value-creation and collaboration in the technology sector through focused M&A. The Company remains committed to learning and investing in the technology space by redirecting our approach towards technology partnerships and collaborations. In 2022, DHCL and Avanceon Ltd. entered a share-swap agreement for their underlying assets, EmpiricAl and Octopus Digital respectively; as a result of this share-swap, 100% of the shareholding of EmpiricAl was transferred to Avanceon in exchange for minority ownership of Octopus Digital and a seat on their Board. This is an exciting collaboration between a multi-generational capital allocator and a new-age technology venture that represents the future of integration between industrial and entrepreneurial ecosystems. We trust that this partnership will provide invaluable learnings for DHCL's investment strategy in technology areas, enabling the Company to make more informed decisions and choices regarding capital allocation. Our people continue to be our driving force and we remain committed to human development based on Character and Good Manners (CGM), ensuring that we have the best possible talent driving our growth through learning and investment in technology.

In all these efforts, the Company has been guided thoroughly by the Board of Directors. We would like to take this opportunity to thank all our Directors, especially Imran Sayeed for his service on the Board. Imran has been instrumental in guiding management teams to craft future-focused investment strategies by developing a better understanding about the globally burgeoning technology market, and has also opened up international networks for the Group. We wish him well in all his future endeavors and welcome Zamin Zaidi to the Board. Zamin has been a part of the Group since 2016 and brings experience from technology and pharmaceutical sectors in addition to governance expertise, and we look forward to his contributions on this responsibility of governance.

The consistent support of all our stakeholders, especially our people, shareholders, customers, partners, service providers, the Government and regulators is most appreciated. The past year has reinforced the need for anti-fragile investment strategies and we are committed to building on what has already been achieved by participating in better investments and partnerships so that we can stay true to our vision of being a leading creator of wealth in value-driven businesses. In doing so, we hope to enable prosperity for everyone connected to our financial ecosystem and chart a course towards a more resilient world.

Hussain Dawood Chairman Abdul Samad Dawood Vice Chairman

DIRECTOR'S REPORT

The Directors of Dawood Hercules Corporation Limited (the Company or DH Corp) are pleased to present the Annual Report and the Audited Financial Statements for the year ended 31 December 2022.

A. Economic Overview

Global economic growth contracted from 6% in CY'21 to 3.2% in CY'22, primarily on the back of the spill-over effects of the Russia-Ukraine crisis and resurgence of COVID-19 lockdowns in China. Russia's invasion of Ukraine destabilized the global economy. The war has intensified geopolitical fragmentation and aided a severe global energy crisis. On the back of this, energy markets have exhibited volatility throughout the year, resulting in supply-side inflationary pressures. High prices of crude oil, on account of supply shortages, caused a slowdown in oil-reliant economies. Frequent lockdowns in China under its zero-COVID policy have resulted in disruption of trade flows, which further exacerbated the precarious macroeconomic situation.

As a result, global central banks resorted to monetary tightening with interest rate hikes as their primary lever to manage the high inflation push. This global monetary tightening and strengthening of the US Dollar has adversely impacted many emerging markets, leading to tightening financial conditions and high cost of imported goods.

Pakistan's economy also experienced a turbulent 2022, as political instability coincided with the worst floods the Country has witnessed in over a decade, all against the backdrop of a very tough global. The floods in Pakistan were particularly devastating; nearly 33 million people were affected by them as the country also grappled with major losses in key crops like rice and cotton. A sharp rise in oil prices during the year owing to sanctions on Russia and resumption of global travel along with other supply-side issues led to increased pressure on Pakistan's Current Account Deficit (CAD), which rose to USD 17.4bn in FY22, and placed significant pressure on SBP's FX reserves which closed out CY22 at just about USD 5.5bn. With the import cover falling to less than one month and the IMF program coming in for yet another disruption, economic confidence fell to all time low with the Pakistan Rupee losing more than 20% against the US Dollar in CY22. Inflation rose sharply at the start of the year to ~20% as a result of which the SBP increased the benchmark policy rate by 625 bps to 16%. With the authorities resorting to import controls to preserve foreign exchange, several import dependent sectors such as automotives and steel were adversely impacted, resulting in periodic closures of industry. As a result, GDP growth in FY23 is expected to be much weaker than the long-term average.

On the other hand, the Government has successfully secured commitments of more than USD 9 billion in pledges for post-flood recovery from international donors such as Saudi Arabia, World Bank, and the European Union. This will help alleviate pressure on Pakistan and contribute considerably to paving the road to recovery.

At this juncture, the right mix of fiscal and monetary policies via a stable macroeconomic environment will allow companies to increase economic growth over time and lead to the revival of business confidence.

B. Market Overview

The stock market mirrored Pakistan's deteriorating macroeconomic conditions as the KSE100 fell to 40,420pts (-9.4% YoY) by the end of 2022. Higher finance costs coupled with scarcity of raw materials due to import restrictions in the second half of the year hindered production that eventually led to temporary closure of factories across a range of sectors. Demand for products also declined during the year as consumer purchasing power suffered on account of higher inflation, PKR depreciation, elevated taxes, and devastating floods where the latter significantly reduced rural incomes. As a result, institutional

investors switched away from equities into fixed-income instruments because rising interest rates gave them a stable return and they didn't have to deal with equity volatility, whereas foreign investors, local mutual funds, and insurance companies all being net sellers. The defensive themes held up relatively well, with outperformance shown by the likes of technology and fertilizer sectors, while the more exposed sectors such as steel, cements, automotives and pharmaceuticals saw the bulk of the selling pressure.

C. Principal Activity

The Principal Activity of DH Corp is to undertake and manage investments in, but not limited to, its subsidiaries and/or associated companies, and to do all incidental acts and things necessary for the attainment of this objective.

I. Listed Equities Portfolio:

We continued to build our investment portfolio in shares of blue-chip listed companies on the Pakistan Stock Exchange (PSX) as per the limits approved by the Board of Directors. During the period, DH Corp's investment in the equity market portfolio moved slightly lower than the market. The portfolio earned dividends worth PKR 1,188 million; however, the period ended with unrealized capital losses of PKR 2,439 million and realized losses of PKR 42 million due to rebalancing of the portfolio to align with market conditions and outlook. The portfolio performed slightly below KSE 100 Index returns during the period as value stocks performed below mid-cap due to foreign selling; however, the portfolio is 7.97% above the KSE-100 when comparing inception-to-date returns.

II. Money Market Portfolio:

The balance funds were placed in both short and long-term instruments in money markets, allowing us to efficiently manage our treasury portfolio in-line with our liquidity requirements. Resultantly, with the increase in interest rates, the Company was able to earn interest income of PKR 281 million during the year.

III. Empiric AI (Private) Limited

On December 30, 2022, in accordance with the share swap arrangement, the Company disposed-off its entire shareholding in EMPAK to Avanceon Limited in exchange for 7,767,400 ordinary shares of Octopus Limited (a subsidiary of Avanceon Limited) by issuing authorisation to the Central Depository Company of Pakistan Limited in favour of Avanceon Limited. Further, the Company's appointed EMPAK senior management, that is, Chief Executive Officer, Chief Financial Officer and Company Secretary of EMPAK also resigned by December 31, 2022. The Company's control in EMPAK ceased to exist on December 31, 2022.

As at December 31, 2022, an amount of Rs 440.023 million has been recognised in the unconsolidated financial statements as consideration for swapping shares of EMPAK. 7,767,400 ordinary shares of Octopus Limited have been transferred in the Company's name subsequent to the year end on January 3, 2023. In accordance with the share swap arrangement the Company has agreed to hold the shares of Octopus Limited for at least two (02) years.

Our major investment, ENGRO operationally performed very well and distributed dividends

of PKR 34 per share for the fiscal year. However, its price was a bit under pressure and dropped by 3.82%.

Our investment in Engro is long-term strategic with high growth potential. We continue to monitor the progress of Engro Corp and its subsidiaries. Key highlights of their performance are:

IV. Engro Corporation Limited:

2022 was a year of resilience for Engro. Despite economic challenges, Engro Corporation's performance largely remained positive due to its diversified portfolio, barring the impact of Super Tax. The Company rapidly adapted to changes in market conditions, not compromising on growth, and maintained high utilization levels across businesses.

The Company's consolidated revenue grew by 14%, to PKR 356,428 million against PKR 311,587 million for the comparative year. The consolidated Profit-After-Tax (PAT) for the year 2022 was PKR 46,111 million – down by 12%, due to Super Tax charge of PKR 7,151 million and one-off adjustment of Engro Powergen Thar (Private) Limited (EPTL) tariff true up of PKR 2,911 million. The PAT attributable to the shareholders decreased to PKR 24,332 million from PKR 27,942 million in 2021, resulting in an Earnings per Share (EPS) of PKR 42.23 compared to PKR 48.50 for 2021.

Fertilizers

The Fertilizer business recorded a revenue of PKR 157 billion versus PKR 132 billion in 2021, primarily driven by an increase in local urea and global commodity prices. The PAT stood at PKR 16 billion versus PKR 21 billion last year, demonstrating a decrease mainly due to a Super Tax amounting to PKR 3.8 billion.

High phosphate prices and the impact of floods resulted a decline in sales to 333 KT from 366 KT in 2021.

Energy

During the year, the Thar Power Plant dispatched 3,690 GWH to the national grid, compared to 4,225 GWH last year, and achieved 73% availability as compared to 83% last year. Plant availability remained low primarily due to an incident in the first quarter. After detailed inspection and necessary rehabilitation work, both units of the plant successfully came back online.

The Qadirpur Power Plant dispatched a Net Electrical Output of 768 GWH to the national grid, with a load factor of 41%. Scheduled maintenance outage was undertaken for a major overhaul, conducted every six years. The business posted a PAT of PKR 1.5 billion for the year, as compared to PKR 1.6 billion in 2021.

Petro Chemicals

The petrochemical business continued its upward momentum by registering record revenue of PKR 82 billion compared to PKR 70 billion – up by 17%, mainly attributable to higher PVC volumes and prices. The PAT stood at PKR 12 billion against PKR 15 billion in 2021, primarily due to a Super Tax impact of PKR 1.2 billion.

The business recorded its highest-ever domestic sales of 231 KT against 207 KT in 2021, translating to a market share of 94%. Post serving the local PVC demand, the business also recorded its highest-ever export sales of 25 KT, including caustic soda exports of 15 KT, generating foreign exchange of USD 21 million.

Terminal Operations

Engro Vopak Terminal recorded its highest-ever volumetric increase in chemicals handling to 1,331 KT, against 1,280KT last year. This can be attributed mainly to higher imports of phosphoric acid and paraxylene, which were offset by lower LPG marine imports of 32% over last year, driven by the reopening of the Taftan Border.

Overall profitability of the terminal business was impacted slightly by the imposition of the Super Tax during 2022. But the business successfully completed 25 years of safe operations without lost work or injuries, maintaining exceptional health, safety, and quality standards.

Telecommunication Infrastructure

To enhance digital access across Pakistan, Engro Enfrashare continued to expand its national footprint and achieved a scale of 3,329 tower sites with a 1.17x tenancy ratio, catering to all four MNOs of Pakistan. The business captured a market share of 62% in Build-to-Suit (B2S) tower rollout in comparison to other independent tower companies, leading to a 2x increase in revenue compared to last year.

Foods

FrieslandCampina Engro Pakistan (FCEPL) demonstrated a topline growth of 40%, reporting a net revenue of PKR 73 billion against PKR 52 billion from last year. Despite an economic downturn and external instabilities such as steep increases in commodity prices and depreciation of the Rupee, FCEPL's agile business model enabled it to thrive in the face of adversity. The business recorded a PAT growth of 39% from PKR 1.8 billion in 2021 to PKR 2.5 billion in 2022, due to volumetric growth driven by the expansion of its distribution network.

As a key contributor to the national foreign exchange reserves, Engro Eximp Agriproducts continued its focus on exports. It generated a revenue of USD 31 million through exports of 37 KT rice, versus 24 KT last year, on the back of ease in supply chain disruptions. The business continued developing its foothold in the local market as domestic volumes stood at 11 KT during the period.

D. Corporate and Social Development

Efforts to secure Environment

DH Corp is a certified Green Office in partnership with WWF. We at DH Corp, with this program, aim to reduce our ecological footprints and monitor the use of energy, paper, and fuel and ensure their efficient usage. We have gone predominantlypaperless with invoices and 95% of banking digitalized. We manage waste by harnessing a workplace norm and highlighting the importance of recycling and upcycling. DH Corp since 2020 has championed banning the use of 500 ml disposable water bottles that are harmful to the environment and has reduced their consumption from 2,676 per year to zero, advocating a prolonged no-plastic water bottle culture within the organization.

Efforts to maintain Good Health and Well-being

At DH Corp, employee well-being is a top priority. A Crisis Management Committee comprising all the department heads has been formed. CMC is a 24/7 rapid response team providing help related to all emerging and current illnesses/ vices for all employees and their families, such as the spread of dengue, malaria, covid, and the 2022 floods. Curated Health insurance is also given to all employees to ensure a maximum safety net.

DH Revitalise, an internal campaign was rolled out to engage employees in activities like dinners, competitions, birthday celebrations, exercise boot camps, counseling facilities, and training. The organization also offers flexible working hours and paid maternity leaves of up to four months.

CSR Activities

DH Corp to stay true to its vision of empowering individuals through learning and curiosity has sponsored up to 400 students and their chaperones from marginalized backgrounds and various parts of Sindh to visit The Magnificence Center (MSC). The MSC functions as an inclusive science hub, offering edutainment, igniting interest in science, and empowering people through scientific principles and thinking.

The schools selected and sponsored were run by charitable foundations in impoverished areas, catered to gender diversity, and had a STEM schooling model, as that is what MSC aims to impart. The said CSR initiative aims to ensure that no student willing to learn should be left behind from accessing state-of-art edutainment facilities and knowledge.

DH Corp has partnered with the Kiran foundation; a non-profit organization in Lyari that provides a transformational education in marginalized communities through a multi-tier framework by educating children and their parents alike, Teach The World Foundation; a foundation that spans programs that leverage digital learning and encourage self-learning through micro-schools in ostracized localities; Roshan Pakistan Academy, an academy that runs schools for street litter picker children in outskirts of Karachi and Deaf Reach, a non-profit educational organization active in Pakistan since 1984 aiming for deaf children of Pakistan to have access to education.

Partnerships

DH Corp has partnered with The World Economic Forum, British Asian Trust, Bill & Melinda Gates Foundations, World Wildlife Fund, Indus Hospital, and Garbage CAN.

E. Financial Report

I. Financial Performance:

The Company's consolidated revenue grew by 14%, from PKR 311,781 million during 2021 to PKR 356,643 million. The consolidated PAT for 2022 was PKR 42,920 million – down by 15%, while PAT attributable to the shareholders decreased to PKR 5,866 million from PKR 8,524 million in 2021, mainly due to unrealized losses on equities portfolio and Super Tax charge.

On a standalone basis, return on investments stood at PKR 6,222 million as compared to PKR 6,013 million in 2021, primarily due to significantly higher dividend income but offset by unrealized capital losses of PKR 2,439 million. However, the PAT was PKR 3,692 million against PAT of PKR 3,981 million for the same period last year.

II. Earnings Per Share:

The unconsolidated earnings per share for the year 2022 were PKR 7.67 as compared to PKR 8.27 for the year 2022. Consolidated earnings per share for the year were PKR 12.19 (2021: PKR 17.71).

III. 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 DH Corp for the year ending 31 December 2023, and the Board has endorsed this recommendation.

IV. Shares Traded, Average Prices and PSX:

During the year 4.78 million shares of DH Corp were traded on the PSX. The average price of DH Corp's share based on the daily closing rate was PKR 95.58, while the 52 weeks low-high during 2022 was PKR 88.26 – 105.08 per share, respectively.

V. Pattern of Shareholding:

The pattern of shareholding of DH Corp as at 31 December 2022, together with other necessary information, is available at the end of this report along with the proxy form.

VI. Market Capitalization and Book Value:

At the close of the year, the market capitalization of DH Corp was PKR 45,482 million (2021: PKR 45,973 million) with a market value of PKR 94.50 per share (2021: PKR 95.52) and the breakup value of PKR 55.86 per share (2021: PKR 63.18 per share).

VII. Appropriation:

The total dividend attributable to the year is PKR 15.00 per share (150%) paid during the year.

VIII. Entity Rating:

During 2022, PACRA reaffirmed the short-term and long-term credit rating of DH Corp 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.

IX. Provident and Gratuity Funds:

The funded retirement benefits of the employees of DH Corp 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 14.71 million (2021: PKR 34.51 million). Fair value of the assets of the funded defined benefit gratuity plan was PKR 9.43 million at 31 December 2022 (2021: PKR 31.94 million).

X. Corporate Governance:

DH Corp 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 DH Corp's management. For further details, please refer to the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017.

XI. Risk Management:

DH Corp'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. DH Corp's 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 DH Corp, 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.

XII. Board of Directors:

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

Independent Directors 3

Non-Executive Directors

5 Male Female 1 Executive Director

XIII. Board Meetings:

Six meetings of the Board were held during the year 2022 and all of them were presided over by the Chairman. The Company Secretary and Chief Financial Officer also attended the meetings as required by the Code of Corporate Governance. Attendance by each Director was as follows:

	Meetings attended				
Name of Directors	Board Meetings	Board Audit Committee	Human Resource & Remuneration Committee	Board Investment Committee	
Mr. Hussain Dawood	6/6	-	-	-	
Mr. Abdul Samad Dawood	6/6	-	3/3	5/5	
Mr. Shahzada Dawood	5/6	-	-	-	
Ms. Sabrina Dawood	5/6	-	1/3	-	
Mr. Parvez Ghias	6/6	-	3/3	-	
Mr. Shabbir Hussain Hashmi	6/6	4/4	-	5/5	
Mr. Kamran Nishat	5/6	4/4	-	4/4	
Mr. Hasan Reza ur Rahim	5/6	4/4	3/3	5/5	
Mr. Muhammad Imran Sayeed*	5/5	-	-	1/1	
Mr. Zamin Zaidi*	1/1	-	-	=	
Mr. Mohammad Shamoon Chaudry	6/6	-	-	=	

^{*} Mr. Muhammad Imran Sayeed resigned from his directorship and Mr. Zamin Zaidi appointed as director in his place effective October 25, 2022.

XIV. Directors' Remuneration:

DH Corp 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 25 to the Unconsolidated Financial Statements.

XV. 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 DH Corp present the state of affairs fairly, the result of operations, cash flows and change in equity.
- b. Proper books of accounts of DH Corp have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable prudent
- 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 DH Corp's 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.

XVI. Directors Training Program:

All Directors are duly certified or exempted, from the Directors' Training Program.

XVII.Related Party Transactions:

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

F. Future Outlook

Pakistan's Government is currently in talks with the IMF to restore the stalled EFF program to access funding of US\$ 1.1bn, which along with potential funding from other friendly countries is expected to provide some support to dwindling foreign exchange reserves. This may help support Pakistan until June, when the IMF program ends, but it is unclear if there is enough runway to wait until general elections before approaching the IMF for another program. In addition to this uncertainty, inflation is likely to remain at a multi-decade high as the government has increased energy prices, devalued the PKR further, and raised revenues through

COMMUNITY DEVELOPMENT

higher taxes with removal of subsidies to obtain the stalled IMF funding. This may keep interest rates on the higher side across CY23 as well. As a responsible and concerned corporate citizen, we urge all stakeholders to earnestly work towards the politico-economic stability of the country, embrace good governance, and urgently implement measures to boost the economy.

Going by the very cheap valuations (c.60% discount to the long-term average on some metrics), there is arguably a case to be made that equities have largely priced in the worst. Accordingly, the equities portfolio will be managed actively and prudently with harvesting those investment ideas that have played out, while seeking new value themes as the economy recovers.

The portfolio of Engro Corporation is resilient and will prevail well through challenging times. The philosophy of operating in sectors that help solve pressing issues of Pakistan implies that most of Engro's businesses are of critical nature and will continue to operate in testing times. In 2023, Engro will continue to develop its operating verticals while making meaningful contributions to the Country and stakeholders at large.

G. 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.

H. 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 who have been associated with us, 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 DH Corp.

Mohammad Shamoon Chaudry Chief Executive Officer Shabbir Hussain Hashmi Director

March 2, 2023







DH Corp to stay true to its vision of empowering individuals through learning and curiosity has sponsored up to 400 students and their chaperones from marginalized backgrounds and various parts of Sindh to visit The Magnificence Center (MSC). The MSC functions as an inclusive science hub, offering edutainment, igniting interest in science, and empowering people through scientific principles and thinking.

The schools selected and sponsored were run by charitable foundations in impoverished areas, catered to gender diversity, and had a STEM schooling model, as that is what MSC aims to impart. The said CSR initiative aims to ensure that no student willing to learn should be left behind from accessing state-of-art edutainment facilities and knowledge.



STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019





INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Hercules Corporation Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dawood Hercules Corporation Limited for the year ended December 31, 2022 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, 2022.

A. F. Ferguson & Co. Chartered Accountants Karachi

Mergucon 2

Date: April 4, 2023

UDIN: CR202210160dL4cfP9G0

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network

State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan

Tel: +92 (21) 32426682-6/ 32426771-5; Fax: +92 (21) 32415007/32427938/ 32424740; www.pwc.com/pk

■KARACHI■ LAHORE ■ ISLAMABAD

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Dawood Hercules Corporation Limited For the year ended December 31, 2022

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

- 1. The total number of directors are ten (10) as per the following:
 - a. Male: Nine (9)
 - b. Female: One (1)
- 2. The composition of Board as at December 31, 2022, was as follows:

Category	Names
Independent Directors	Mr. Hasan Reza Ur Rahim
macportacine Birectore	Mr. Shabbir Hussain Hashmi
	Mr. Kamran Nishat
Non-executive Directors	Mr. Hussain Dawood (Chairman)
	Mr. Abdul Samad Dawood (Vice Chairman)
	Mr. Shahzada Dawood
	Ms. Sabrina Dawood (Female Director)
	Mr. Parvez Ghias
	Mr. Zamin Zaidi
Executive Director	Mr. Mohammad Shamoon Chaudry (Chief Executive
	Officer - CEO)

- 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. All Directors are duly certified or exempted, from the Directors' Training Program;
- 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;

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

- 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. Shabbir Hussain Hashmi	Chairman	Independent Director	
Mr. Hasan Reza Ur Rahim	Member	Independent Director	
Mr. Kamran Nishat	Member	Independent Director	

b) Human Resource and Remuneration Committee

Name	Designation	Category	
Mr. Hasan Reza Ur Rahim Mr. Abdul Samad Dawood Mr. Parvez Ghias Ms. Sabrina Dawood	Chairman Member Member Member	Independent Director Non-Executive Director Non-Executive Director Non-Executive Director	

c) Board Investment Committee:

Name	Designation	Category	
Mr. Abdul Samad Dawood Mr. Shabbir Hussain Hashmi Mr. Hasan Reza Ur Rahim Mr. Kamran Nishat	Chairman Member Member Member	Non-Executive Director Independent Director Independent Director Independent Director	

- 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: Four (04) meetings held during the financial year ended on December 31, 2022.
 - b) HR and Remuneration Committee: Three (03) meetings held during the financial year ended on December 31, 2022.
 - c) Board Investment Committee: Five (05) meetings held during the financial year ended on December 31, 2022.
- 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;
- 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 are 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:

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

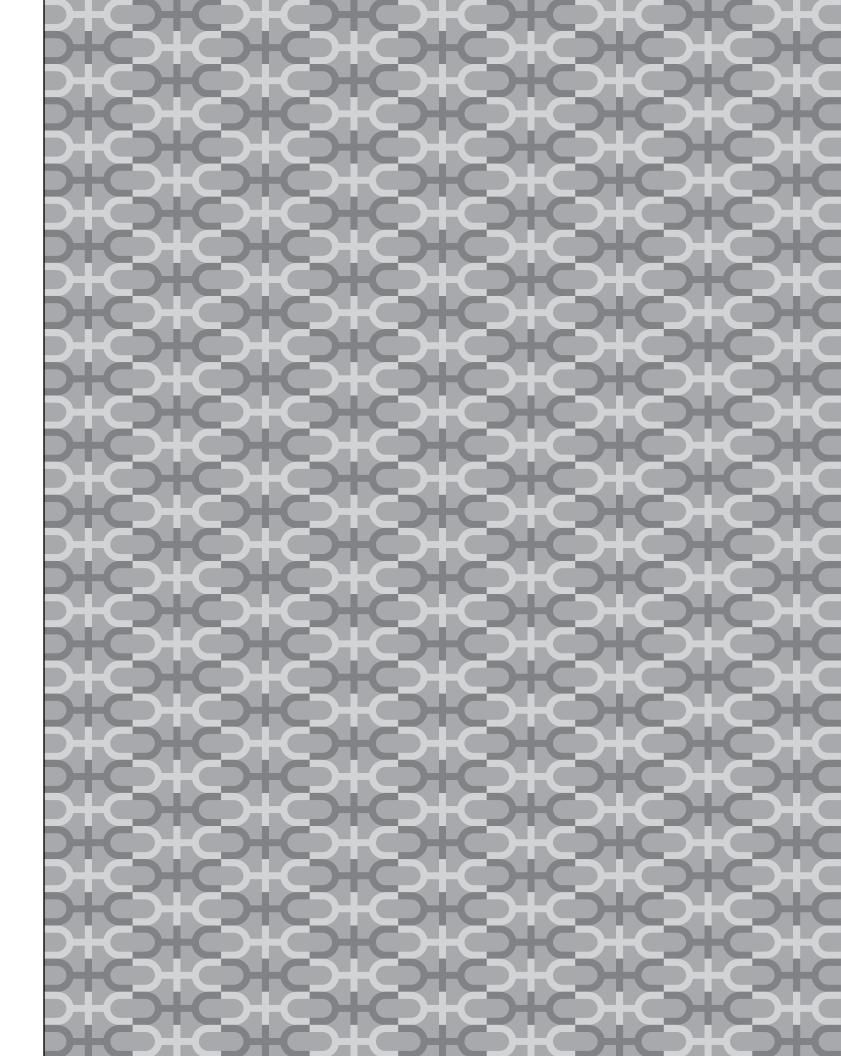
- 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
- 18. We 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 three independent directors and the fraction one-third number was not rounded up to one as the three 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 fourth 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.

Mohammad Shamoon Chaudry. **Chief Executive Officer**

Hussain Dawood Chairman

Karachi Date: March 02, 2023





UNCONSOLIDATED FINANCIAL STATEMENT





INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Hercules Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Dawood Hercules Corporation Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, 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 a summary of significant accounting policies 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, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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. The key audit matter has been 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 this matter.





Following is the Key audit matter:

S. No. Key audit matters

How the matter was addressed in our audit

(1) Return on investments - net

(Refer note 19 to the unconsolidated financial statements)

Return on investments comprises dividend income, interest income and gain / loss on the Company's investments. Dividend income is the most significant component of the Company's revenue for the year which drives some of the Company's key performance indicators including earnings per share.

Given the significance of the amount in the overall context of the annexed unconsolidated financial statements and the fact that there is presumed risk of misstatement that the return on investments may not be recognised in the correct accounting period in the unconsolidated financial statements, this remained our focus area throughout the audit, hence a key audit matter.

Our audit procedures included the following:

- Obtained an understanding of the process and key internal controls relating to recognition of return on investments.
- Agreed, on a sample basis, the Company's entitlement for the dividend income to an independent source and agreed receipts to the bank statements.
- Tested cut-off relating to the dividend income using independent data source and subsequent collections by the Company.

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

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

Our opinion on the 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.

Responsibilities of Management and Board of Directors for the Unconsolidated 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 Unconsolidated 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.
- 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 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 Khurshid Hasan.

A. F. Ferguson & Co Chartered Accountants

Offergucon 2

Karachi

Date: April 4, 2023

UDIN: AR202210160RDI1t4aLf

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/ 32426771-5; Fax: +92 (21) 32415007/32427938/ 32424740; <www.pwc.com/pk>

■KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

		2022	2021
		(Rupees	in '000)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	110,616	61,982
Right-of-use assets	5	40,141	4,114
Capital work-in-progress	6	1,921	1,921
Long-term investments	7	23,748,950	23,408,927
Deferred taxation	15	304,935	
AUDDENT AGGETS		24,206,563	23,476,944
CURRENT ASSETS	0		
Loan, advances, deposits and prepayments	8 9	41,829	345,217
Other receivables		143,529	257,026
Short-term investments Cash and bank balances	10 11	10,530,484	13,530,767
Casi i aliu dalik dalalices	11	8,695	4,419
TOTAL ASSETS		10,724,537 34,931,100	<u>14,137,429</u> <u>37,614,373</u>
TOTAL AGGLIG		34,931,100	37,014,373
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	12	10,000,000	10,000,000
Issued, subscribed and paid-up share capital	12	4,812,871	4,812,871
Revenue reserve		22,071,883	25,595,066
		26,884,754	30,407,937
NON-CURRENT LIABILITIES			
Lease liabilities	13	27,873	-
Defined benefit liabilities	14	6,151	6,851
Deferred taxation	15	-	35,685
		34,024	42,536
CURRENT LIABILITIES			
Short-term running finance	16	6,486,683	6,494,477
Current portion of lease liabilities	13	15,537	11,270
Trade and other payables	17	92,637	135,467
Unclaimed dividend		381,678	224,275
Accrued mark-up		157,666	49,578
Taxation - net		878,121	248,833
		8,012,322 8,046,346	7,163,900 7,206,436
TOTAL EQUITY AND LIABILITIES		34,931,100	37,614,373
CONTINGENCIES AND COMMITMENTS	18	34,331,100	01,014,010

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Kamran Hanif Chief Financial Officer Mohammad Shamoon Chaudry
Chief Executive

Shabbir Hussain Hashmi Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees in '000)	
Return on investments - net	19	6,222,433	6,012,505
Administrative expenses	20	(252,687)	(994,329)
Gross profit		5,969,746	5,018,176
'		2,200,200	2,012,112
Other (expenses) / income - net	21	26,842	5,186
Operating profit		5,996,588	5,023,362
Finance costs	22	(716,003)	(143,313)
Profit before taxation		5,280,585	4,880,049
Terretter	00	(4 500 044)	(000 00 1)
Taxation	23	(1,588,311)	(899,201)
Profit after taxation		2 600 074	2 000 040
1 TOTIL ATTEL TAXALIOT		3,692,274	3,980,848
		5	
		Rupees	
Earnings per share – basic and diluted	24	7.67	8.27
- -			

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended December 31, 2022

,		
	2022	2021
	(Rupees in '000)	
Profit after taxation	3,692,274	3,980,848
Other comprehensive income / (loss) for the year		
Items that will not be reclassified to profit or loss		
Remeasurement gain / (loss) on staff retirement benefit liability	3,850	(3,094)
Total comprehensive income for the year	3,696,124	3,977,754

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Kamran Hanif

Chief Financial Officer

Mohammad Shamoon Chaudry
Chief Executive

Shabbir Hussain Hashmi Director

Shabbir Hussain Hashmi

Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Revenue reserves				
	Issued, subscribed and paid-up share capital	General reserve	Unappropriated profit	Sub-total	Total
-			(Rupees in '000)		
Balance as at January 1, 2021	4,812,871	700,000	25,489,540	26,189,540	31,002,411
Total comprehensive income					
Profit after taxation Other comprehensive loss		-	3,980,848 (3,094) 3,977,754	3,980,848 (3,094) 3,977,754	3,980,848 (3,094) 3,977,754
Transactions with owners					
1st Interim cash dividend @ 45% for the year ended December 31, 2021 (Rs 4.5 per ordinary share)	-	-	(2,165,792)	(2,165,792)	(2,165,792)
2nd Interim cash dividend @ 30% for the year ended December 31, 2021 (Rs 3 per ordinary share)	-	-	(1,443,861)	(1,443,861)	(1,443,861)
3rd Interim cash dividend @ 20% for the year ended December 31, 2021 (Rs 2 per ordinary share)	-	-	(962,575)	(962,575)	(962,575)
Balance as at December 31, 2021	4,812,871	700,000	(4,572,228)_ 24,895,066	<u>(4,572,228)</u> 25,595,066	<u>(4,572,228)</u> 30,407,937
Total comprehensive income					
Profit after taxation Other comprehensive income		-	3,692,274 3,850 3,696,124	3,692,274 3,850 3,696,124	3,692,274 3,850 3,696,124
Transactions with owners			0,000,124	0,000,124	0,000,124
1st Interim cash dividend @ 45% for the year ended December 31, 2022 (Rs 4.5 per ordinary share)	-	-	(2,165,792)	(2,165,792)	(2,165,792)
2nd Interim cash dividend @ 45% for the year ended December 31, 2022 (Rs 4.5 per ordinary share)	-	-	(2,165,792)	(2,165,792)	(2,165,792)
3rd Interim cash dividend @ 60% for the year ended December 31, 2022 (Rs 6 per ordinary share)	-	-	(2,887,723)	(2,887,723)	(2,887,723)
Balance as at December 31, 2021	4,812,871	700,000	(7,219,307) 21,371,883	(7,219,307) 22,071,883	(7,219,307) 26,884,754

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Kamran Hanif Chief Financial Officer Mohammad Shamoon Chaudry
Chief Executive

Shabbir Hussain Hashmi Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

CASH FLOW FROM OPERATING ACTIVITIES	Note	2022 (Rupees	2021 in '000)
Net cash used in operations	27	(124,457)	(1,008,835)
Finance costs paid Taxes paid Defined benefit liabilities paid Long-term investments made Short-term investments made / redeemed - net Dividend received Interest received on bank deposits and investments Net cash generated from / (used in) operating activities	19.1	(603,532) (1,299,643) (3,846) (375,000) (1,381,793) 8,480,047 307,772 4,999,548	(153,053) (999,050) (7,704) - (5,174,241) 5,921,584 315,979 (1,105,320)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment Payment for implementation of ERP Proceeds from disposal of property, plant and equipment Proceeds from loans to subsidiary - EMPAK Net cash generated from / (used in) investing activities	4.1	(66,824) - 4,807 282,200 220,183	(14,092) (1,921) 4,381 (96,500) (108,132)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rentals paid during the year Long-term financings repaid Dividend paid Net cash used in financing activities		(27,757) - (7,061,904) (7,089,661)	(31,876) (7,320,000) (4,623,359) (11,975,235)
Net decrease in cash and cash equivalents		(1,869,930)	(13,188,687)
Cash and cash equivalents at the beginning of the year		(4,590,051)	8,598,636
Cash and cash equivalents at the end of the year	28	(6,459,981)	(4,590,051)

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Kamran Hanif Chief Financial Officer Mohammad Shamoon Chaudry
Chief Executive

Shabbir Hussain Hashmi Director

For the year ended December 31, 2022

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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 and associated companies. The registered office of the Company is situated at Dawood Center, M.T. Khan Road, Karachi and a liaison office is in Islamabad.
- 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 disposed of its entire shareholding in its subsidiary, Empiric AI (Private) Limited, by way of a special resolution passed at the extraordinary general meeting held on November 21, 2022, as more fully explained in note 7.1.3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

2.2 Statement of compliance

- 2.2.1 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; and
 - Provisions of and directives issued under the Companies Act, 2017.

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- **2.2.2** The assumptions and estimates which are significant to the preparation of these unconsolidated financial statements are disclosed in note 3.
- 2.2.3 Initial application of standards, amendments or interpretations to existing standards
 - a) Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to the accounting and reporting standards that became effective during the year ended December 31, 2022, however, these are considered not to have a significant impact on the Company's financial reporting and operations and therefore have not been presented in these unconsolidated financial statements.

b) Standards, amendments and interpretation to published standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to the accounting and reporting standards that are not yet effective and are also not expected to have a significant impact on the Company's financial reporting and therefore, have not been presented in these unconsolidated financial statements.

2.3 Property, plant 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 items including borrowing cost.

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.

All repairs and maintenance are charged to profit or loss during the financial period in which such 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 risk and rewards incidental to ownership have been transferred to buyer. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation is charged to profit or loss account 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 4 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.

For the year ended December 31, 2022

2.4 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

2.5 Investment in subsidiaries

Subsidiaries are all entities 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 subsidiaries are classified as long-term investments and stated at cost less accumulated impairment losses, if any.

2.6 Financial assets and liabilities

2.6.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortized 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 amortized 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 recognized in profit or loss in the year in which it arises.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Financial assets are derecognized 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.

2.6.2 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 amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized 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 amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange 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 recognized in profit or loss.

2.6.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

For the year ended December 31, 2022

2.6.4 Impairment

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies general approach in calculating expected credit losses. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

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 recognized as an expense in 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 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 (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 amortization, if no impairment loss had been recognized.

2.7 Cash and cash equivalents

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

2.8 Staff retirement and other benefits

2.8.1 Defined benefit plans

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

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

2.8.2 Defined contribution plan

The Company operates a recognised provident fund for all its permanent employees who have completed prescribed qualifying period of service. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 15% of the basic salaries of employees.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

2.8.3 Employee compensated absences

The Company provides for compensated absences for all eligible employees in accordance with the rules of the Company. The provision for compensated absences is made at actual amount as these are not material in the overall context of these unconsolidated financial statements.

2.9 Lease liabilities and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not 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 extended (or not terminated).

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease liabilities are initially measured at the present value of the lease payments over the period of lease term and 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 Company's incremental borrowing rate.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

2.10 Trade and other payables

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

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

For the year ended December 31, 2022

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

2.11 Provisions

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

2.12 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which dividend is approved.

2.13 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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.

- Current

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

- Deferred

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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A 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 utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.14 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 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

2.15 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, Pakistan Investment Bonds (PIBs) and Term Deposit Receipts is accrued using the effective interest rate 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 profit or loss in the period in which these arise respectively.

2.16 Foreign currency transactions

Foreign currency transactions are recognised or accounted for in Pakistan Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the reporting date. Exchange gains / losses on foreign currency translations are included in profit or loss.

2.17 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated financial statements in conformity with approved 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. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to these unconsolidated financial statements:

3.1 Property, plant and equipment and intangible asset

The Company reviews the appropriateness of the rate of depreciation / amortization, useful lives and residual values used for recording the depreciation / amortization on an annual basis. Further, if required based on any indication for impairment, an estimate of recoverable amount of assets is made for possible impairment.

For the year ended December 31, 2022

3.2 Provision for staff retirement

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Changes in the assumptions will impact the carrying amount of the obligation. The present values of the obligation and the underlying assumptions are disclosed in note 14 to these unconsolidated financial statements.

3.3 Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.4 Impairment of investments in subsidiaries

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.

3.5 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.

3.6 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

		Note	2022	2021
			(Rupees	in '000)
4.	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	4.1	110,616	61,982

4.1 The following is the statement of operating fixed assets:

	Leasehold land (note 4.2)	Building on leasehold land	improve- ments	equipment	Data processing equipment	Vehicles	Total
At January 1, 2021				(Rupees in 'U	00)		
Cost	22,716	7,500	10,852	31,378	73,642	71,018	217,106
Accumulated depreciation Net book value	22,716	(7,426) 74	(6,541) 4,311	(18,007) 13,371	(59,323) 14,319	(59,147) 11,871	(150,444) 66,662
Year ended December 31, 2021							
Additions	-	-	-	4,980	8,946	166	14,092
Disposals				(2.2.2)	(1.0.17)	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(10.070)
Cost Accumulated depreciation	_	-	-	(220) 165	(1,017) 990	(11,435) 11,320	(12,672) 12,475
Net book value	-	-	-	(55)	(27)	(115)	(197)
Depreciation charge for the year	-	-	(1,083)	(2,628)	(10,477)	(4,387)	(18,575
Net book value as at December 31, 2021	22,716	74	3,228	15,668	12,761	7,535	61,982
Year ended December 31, 2022							
Additions	-	28,621	-	31,118	919	6,165	66,823
Disposals Cost				(1.004)	(7.455)	(0.770)	/11 507
Accumulated depreciation	-	-	-	(1,294) 1,181	(7,455) 6,507	(2,778) 2,687	(11,527 10,375
Net book value	-	-	-	(113)		(91)	(1,152
Depreciation charge for the year	-	(358)	(1,085)	(3,893)	(6,939)	(4,762)	(17,037
Net book value as at	00.740	00.007	0.140	40.700	F 700	0.047	440.04
December 31, 2022	22,716	28,337	2,143	42,780	5,793	8,847	110,616
At December 31, 2021	00 = : 0	7.500	10.0=0	00.400	04.57	50.743	040 50
Cost Accumulated depreciation	22,716	7,500 (7,426)	10,852 (7,624)	36,138 (20,470)	81,571 (68,810)	59,749 (52,214)	218,526 (156,544
Net book value	22,716	74	3,228	15,668	12,761	7,535	61,982
At December 31, 2022							
Cost	22,716	36,121	10,852	65,962		63,136	273,82
Accumulated depreciation Net book value	22,716	(7,784) 28,337	(8,709) 2,143	(23,182) 42,780	(69,242) 5,793	(54,289) 8,847	(163,206
Annual rate of depreciation (%)		5	10	,	•	20	1 10,011
Ailliudi fate of depreciation (70)		5	10	10 - 12.5	33.3 - 50	20	

- **4.1.1** Cost of items of property, plant and equipment that are fully depreciated as at December 31, 2022 amounts to Rs 130.889 million (2021: Rs 116.746 million).
- **4.1.2** The Company's leasehold land is situated at 68, Margalla Road, F-6/2, Islamabad having a total area of 2,000 square yards.

79

For the year ended December 31, 2022

(2021: Rs 58,426 million).

4.1.3 This represents following assets held by third parties:

	Class of asset		Net book value	Description		
		(Rupees in	(000)			
	Furniture, fittings and Equipment	8,264	5,462	Limited [formerly	fice of Dawood Investm known as Patek (Private M.T. Khan Road, Karach	e) Limited],
				Note	2022 (Rupees ir	2021
5.	RIGHT-OF-USE ASSETS	- PROPERTY			(Hapees II	1 000)
	Net book value as at Decen	nber 31		5.1	40,141	4,114
5.1	Reconciliation of carrying beginning and end of the					
	Cost At the beginning of the year Additions during the year Lease matured during the y				41,141 51,610 (41,141)	41,141 - -
	At December 31				51,610	41,141
	Accumulated depreciation At the beginning of the year Depreciation charge for the Lease matured during the year	year		20	(37,027) (15,583) 41,141	(13,140) (23,887)
	At December 31				(11,469)	(37,027)
	Net book value				40,141	4,114
	Annual rate of depreciation	(%)			33.33	33.33
6.	CAPITAL WORK-IN-PRO	GRESS				
	Implementation cost for an	ERP			1,921	1,921
7.	LONG-TERM INVESTME	NTS				
	Investment in subsidiaries -	at cost		7.1	23,308,927	23,408,927
	Other investments - at fair v	alue through profit or loss	3	7.2	440,023 23,748,950	23,408,927
7.1	Investment in subsidiarie	es - at cost				
	Engro Corporation Limited (ECL) - quoted				
	214,469,810 (2021: 214,46 shares of Rs 10 each. Per holding 37.22% (2021: 37	centage of		7.1.1 & 7.1.2	23,308,927	23,308,927
	Empiric Al (Private) Limited (EMPAK) - unquoted				
	Nil (2021: 10,000,000) ordir Rs 10 each. Percentage o 0% (2021: 100%)			7.1.3	-	100,000
	(23,308,927	23,408,927
7.1.1	The market value	of investment in	ECL as at D	December 31, 2	2022 was Rs 56	,193 million

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

	As at December 31, 2022			As at December 31, 2021		
	Number of shares 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 in '00	00)		-(Rupees in '00	00)
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	2,748,957	10,491,800	104,918	2,858,176

7.1.3 On December 30, 2022, in accordance with the share swap arrangement, the Company disposed of its entire shareholding in EMPAK to Avanceon Limited in exchange for 7,767,400 ordinary shares of Octopus Limited (a subsidiary of Avanceon Limited) by issuing authorisation to the Central Depository Company of Pakistan Limited in favour of Avanceon Limited. One of the Company's directors nominated on the Board of Directors of EMPAK resigned effective from December 30, 2022 while the other director resigned effective from December 31, 2022. Further, the Company's appointed EMPAK management i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary of EMPAK also resigned by December 31, 2022. In addition to this, EMPAK's Board of Directors through its resolution dated December 31, 2022, approved nominations of new directors / management as bank signatories and authorised representatives before CDC. In view of these, the Company's control in EMPAK ceased to exist on December 31, 2022.

As at December 31, 2022, an amount of Rs 440.023 million has been recognised in these unconsolidated financial statements as consideration for swapping shares of EMPAK. 7,767,400 ordinary shares of Octopus Limited have been transferred in the Company's name subsequent to the year end on January 3, 2023. In accordance with the share swap arrangement the Company has agreed to hold the shares of Octopus Limited for atleast two (02) years.

	(, ,			
		Note	2022 (Rupees i	2021 n '000)
7.2	Other investment - at fair value through profit or loss			
	e2e Business Enterprises (Private) Limited - unquoted [23,770,701 (2021: 23,770,701) ordinary shares of Rs 10 each] Percentage of holding 39.00% (2021: 39.00%) Less: Accumulated impairment	7.2.1	237,707 (237,707)	237,707 (237,707)
	Octopus Limited - (a subsidiary of Avanceon Limited) - quoted Consideration for swapping shares in EMPAK	7.1.3	440,023 440,023	<u>-</u>

7.2.1 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.

For the year ended December 31, 2022

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) in this respect 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 the year ended December 31, 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. In this regard, the Company has 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.

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

Note	2022	2021
	(Rupee	s in '000)

8. LOAN, ADVANCES, DEPOSITS AND PREPAYMENTS

Considered good - unsecured

Advances

Deposits 1,690 1,690 Prepayments 34,276 47,6	to employeesassociated undertakingsto suppliers	8.1	167 3,017 2,679 5,863	288 4,841 8,529 13,658
41,829 345,;	Deposits	8.2	34,276	282,200 1,690 47,669
			41,829	345,217

- 8.1 These comprise Rs Nil (2021: Rs 1.824 million) and Rs 3.017 million (2021: Rs 3.017 million) due from Inbox Business Technologies (Private) Limited and The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2021: Rs 8.861 million).
- 8.2 During the year on June 30, 2022, the loan provided to Empiric AI (Private) Limited, wholly owned subsidiary (EMPAK), has been settled. The Company had provided short-term loan facilities to EMPAK to manage its working capital requirements. These facilities carried mark-up at the rate of three months KIBOR plus 100 basis points per annum. Maximum aggregating amount outstanding at any time during the year calculated by reference to month end balance was Rs 282.200 million (2021: Rs 282.2 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

FOr t	ne year ended December 31, 2022			
		Note	2022 (Rupees i	2021 n '000)
9.	OTHER RECEIVABLES			
	Receivable from related parties Interest accrued on loan to EMPAK	9.1, 9.2 & 9.3 8.2 & 9.3	133,782	220,851 22,543
	Interest accrued on investments Others	0.2 0.0.0	9,731 16	13,617 15
			143,529	257,026
			2022 (Rupees in	2021
9.1	The details of amount due from related parties are as f	ollows:	(nupees ii	1 000)
	Dawood Corporation (Private) Limited Dawood Lawrencepur Limited		3,524 147	5,870 547
	The Dawood Foundation Inbox Business Technologies (Private) Limited, Karachi	İ	- 701	2,475 613
	Sach International (Private) Limited Tenaga Generasi Limited		922 2,367	3,297 538
	Reon Energy Limited Engro Corporation Limited		51,458 21	31,080 165,674
	Dawood Investments (Private) Limited (formerly known as Patek (Private) Limited)		2,283	929
	Pebbles (Private) Limited Cyan Limited		6 583	-
	Empiric AI (Private) Limited Others	9.4	68,159 3,611	6,192 3,636
			133,782	220,851
9.2	The ageing analysis of amounts due from related partie	es is as follows:		
	upto 30 days 31 to 180 days		8,644 55,020	24,476 196,375
	181 to 365 days		66,507	-
	more than 1 year		3,611 133,782	220,851
9.3	The maximum aggregate amount of 'other receivables' during the year was Rs 242.104 million (2021: Rs 24 considered past due and none of these are impaired.			
9.4	These are due from Mr. Hussain Dawood and Mr management personnel of the Company).	. Abdul Samad D	awood (i.e men	nbers of key
10.	SHORT TERM INVESTMENTS	Note	2022 (Rupees i	2021 in '000)
	At amortised cost Term Deposit Receipts (TDRs)	10.1	18,007	1,918,007
	At fair value through profit or loss Government securties			
	- Market Treasury bills (T-Bills) - Pakistan Investment Bonds (PIBs)	10.2 10.3	1,899,434	599,379 1,521,602
	Quoted shares	10.4	8,613,043 10,512,477	9,491,779
			10,530,484	13,530,767

For the year ended December 31, 2022

- 10.1 This carries profit at the rate of 10.25% per annum (2021: ranging from 6.75% to 11% per annum). The TDR is due to mature on April 15, 2023. The Bank has marked lien over this TDR against Corporate Credit Card facilities.
- 10.2 These securities have matured subsequent to year end on January 5, 2023. The yield on these securities is 16.65% per annum (2021: 10.18% per annum). These securities have been under lien against the running finance facility obtained as disclosed in note 16.1.3 of these unconsolidated financial statements.
- 10.3 During the year, these securities have been sold by the Company. The securities had original tenor of 3 years and were due to mature on June 19, 2023. The yield on these securities was 15.4% per annum (2021: 11.83% per annum).
- **10.4** Particulars regarding quoted shares are as follows:

	As at January 1, 2022	Purchased during the year	Bonus shares received during the Year umber of share	Sold during the year s	As at December 31, 2022	December 31, 2022	Fair value as at December 31, 2022 ipees in '000	gain/(loss) as at December 31, 2022	
Automobile & Automobile Parts	76,950	-	-	76,950	-	-	-	-	
Banking, Insurance and Investment companies	46,238,134	20,756,764	364,391	2,111,699	65,247,590	7,514,296	5,798,742	(1,715,554)	
Cement	16,160,500	892,884	500,000	7,194,828	10,358,556	621,056	553,709	(67,347)	
Engineering	-	100,000	-	-	100,000	7,163	4,831	(2,332)	
Exploration and production	8,383,340	818,602	-	760,000	8,441,942	1,269,369	907,545	(361,824)	
Fertilizer	1,027,438	2,296,243	-	1,309,699	2,013,982	213,273	198,800	(14,473)	
IT & Telecom	1,061,336	416,051	254,299	340,302	1,391,384	284,843	347,930	63,087	
Oil Marketing companies	2,346,941	191,000	-	1,156,923	1,381,018	207,684	198,853	(8,831)	
Textile	2,736,252	-	62,230	1,180,500	1,617,982	63,354	91,658	28,304	
Pharmaceuticals	10,000	-	-	10,000	-	-	-	-	
Power	4,838,431	3,635,251	-	200,000	8,273,682	611,931	510,975	(100,956)	
Others	240,537	-	-	240,537	-	-	-	-	
						10,792,969	8,613,043	(2,179,926)	

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

10.5 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 16) are as follows:

financing facilities (refer note 16) are as follows:	As at December 31,2022		
	Number of shares pledged	Face value of pledged shares	value of
Bank Al Habib Limited - note 16.1.1		(Rupees	
Fauji Cement Company Limited MCB Bank Limited Pakistan State Oil Company Limited United Bank Limited	3,500,000 8,000,000 1,381,018 9,063,488	35,000 80,000 13,810 90,635	42,070 929,280 198,853 913,146 2,083,349
Habib Bank Limited - note 16.1.2			2,000,040
Bank Alfalah Limited Fauji Fertilizer Company Limited Mari Petroleum Company Limited Mcb Bank Limited Pakistan Oilfields Limited Pakistan Petroleum Limited United Bank Limited	12,661,113 2,013,982 119,896 7,068,066 20,000 3,082,000 13,708,000	126,611 20,140 1,199 70,681 200 30,820 137,080	381,606 198,800 185,474 821,027 7,857 210,007 1,381,081 3,185,852
MCB Bank Limited - note 16.1.4			0,100,002
Fauji Cement Company Limited Habib Bank Limited The Hub Power Company Limited Interloop Limited Lucky Cement Limited Mari Petroleum Company Limited Meezan Bank Limited Maple Leaf Cement Factory Oil & Gas Development Company Limited Pioneer Cement Limited Pakistan Petroleum Limited Systems Limited United Bank Limited	1,000,000 2,742,908 7,973,682 1,555,752 795,000 65,000 4,008,303 3,650,000 4,507,800 918,500 606,540 665,548 7,900,000	10,000 27,429 79,737 15,558 7,950 650 40,083 36,500 45,078 9,185 6,065 6,655 79,000	12,020 174,806 502,980 35,113 355,031 100,552 398,986 187,720 359,091 47,238 41,330 322,079 795,925 3,332,871
CASH AND BANK BALANCES	Note	2022 (Rupees	2021 s in '000)
Cash in hand		101	264
With banks in: - Current accounts - Savings accounts	11.1	4,608 3,986 8,594 8,695	4,067 88 4,155 4,419

^{11.1} These carry markup at the rates ranging from 8.26% to 14.51% (2021: 7.25% to 7.26%) per annum.

Dawood Hercules Corporation Limited

Annual Report 2022

11.

For the year ended December 31, 2022

12. SHARE CAPITAL

12.1	Authorised share	capital			
	2022	2021		2022	2021
	Number o	of shares		(Rupees	in '000)
	1,000,000,000	1,000,000,000	Oridanay shars of Rs 10 each	10,000,000	10,000,000
12.2	Issued, subscribe	ed and paid up sh	nare capital		
	2022	2021		2022	2021
	Number	of shares		(Rupees i	n '000)
	13,900,000	13,900,000	Oridanay shars of Rs. 10 each fully paid in cash	139,000	139,000
	467,387,116 481,287,116	467,387,116 481,287,116	Oridanay shars of Rs. 10 each issued as fully paid bonus shares	4,673,871 4,812,871	4,673,871 4,812,871
12.3	There has been n	o movement in th	ne ordinary share capital of the Com	npany. 2022	2021
12.4	Shares held by re	lated parties		Number	of shares
	Dawood Lawrence Percentage of h	cepur Limited nolding 16.19% (2	2021: 16.19%)	77,931,896	77,931,896
	The Dawood Fou Percentage of h	ndation nolding 3.95% (20	021: 3.95%)	18,991,988	18,991,988
	Dawood Investments (Private) Limited [formerly known as Patek (Private) Limited] Percentage of holding 9.86% (2021: 9.86%)			47,450,048	47,450,048
	Sach Internationa Percentage of h	al (Private) Limited nolding 0.001% (2		6,996	6,996
	Directors, Chief E and minor child Percentage of h		·	15,702,728	12,726,327

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

		2022	2021
13. LEASE LIABILIT	IES	Rupe	es in '000
Non-current portion Current portion Total lease liability	as at December 31	27,873 15,537 43,410	11,270 11,270
Maturity analysis - within 1 year - between 1 - 2 y - between 2 - 3 y	ears	20,342 22,377 	11,375 - -
	se payments ing finance charges ninimum lease payments	50,724 (7,314) 43,410	11,375 (105) 11,270

13.1 The Company has total cash outflows for leases of Rs 27.757 million (2021: Rs 31.876 million).

14.	DEFINED BENEFIT LIABILITIES	Note	2022 2021 Rupees in '000	
	Defined benefit plan - Funded gratuity	14.1 to 14.17	6.151	6 851

- 14.1 As stated in note 2.8.1, 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, 2022.
- **14.2** 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.

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

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

	2022 Per annu	2021 ım
Discount rate used for year end obligationExpected rate of increase in salary levels	14.50% 13.50%	11.75% 10.75%

14.4 Mortality rate

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

For the year ended December 31, 2022

14.5	The net liability carried in the statement of financial position	n comprise of the Note	e following: 2022 (Rupees	2021 in '000)
	Present value of defined benefit obligation Fair value of plan assets Net liability as at December 31	14.6 14.7	15,708 (9,557) 6,151	31,005 (24,154) 6,851
14.6	Movement in present value of defined benefit obligation			
	Obligation as at January 1 Current service cost Interest cost Benefits due but not paid Benefits paid Fund transferred to other group company Remeasurement (gain) / loss on obligation Obligation as at December 31		31,005 6,417 3,058 (9,958) (10,122) (4,692) 15,708	32,221 8,316 2,472 (7,922) (5,818) 1,736 31,005
14.7	Movement in fair value of plan assets			
	Fair value as at January 1 Interest income Contributions made Benefits paid Benefits due but not paid Fund transferred to other group company		24,154 2,479 3,846 (9,958) - (10,122)	28,662 2,886 7,704 (5,818) (7,922)
	Remeasurement loss on plan assets Fair value as at December 31		(842) 9,557	(1,358) 24,154
14.8	Movement in net liability			21,101
14.0	Opening balance of net liability Charge for the year Contributions made by the Company Net remeasurement (gain) / loss for the year Closing balance of net liability	14.9 14.10	6,851 6,996 (3,846) (3,850) 6,151	3,559 7,902 (7,704) 3,094 6,851
14.9	Amounts recognised in profit or loss			
	Current service cost Net interest expense / (income)		6,417 579 6,996	8,316 (414) 7,902
14.10	Remeasurement recognised in other comprehensive income		0,990_	7,902
	Remeasurement (gain) / loss on defined benefit liability due to experience adjustments		(4,811)	1,589
	Actuarial loss from changes in financial assumptions Remeasurement loss on plan assets Net remeasurement (gain) / loss		119 842 (3,850)	147 1,358 3,094
14.11	Actual return on plan assets			
	Expected return on plan assets Remeasurement loss on plan assets Actual (loss) / gain on plan assets		2,479 (842) 1,637	2,886 (1,358) 1,528

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For th	ne year ended December 31, 2022				
		202	2	202	1
14.12	Major categories / composition of plan assets	(Rupees in '000)	Percentage	(Rupees in '000)) Percentage
	Cash and cash equivalents Mutual fund units - quoted Benefits due but not paid	7,522 2,035 - 9,557	78.71% 21.29% 0.00% 100.00%	17,949 14,127 (7,922) 24,154	74.31% 58.49% (32.8%) 100.00%
14.13	Expected contribution to the funded gra (2022: Rs 3.664 million).	atuity for the year e	ending Decemb	oer 31, 2023 is Rs	2.309 million
14.14	The weighted average duration of the d	lefined benefit obliç	gation is 6 year	S.	
14.15	The sensitivity of the defined benefit ob out below:	oligation to change	s in the weight	ed principal assun	nptions is set
			Prese	nt value of define obligation based	

		obligation ba	ased on
	Change in assumptions	Increase (Rupees in	Decrease '000)
Discount rate	1%	(14,819)	16,694
Salary growth rate	1%	16,730	(14,771)
		2022	2021
		(Rupee	es in '000)

Maturity Profile	(Rupees in '000)	
Time in years 1 2 3 4 5-10 after 10 years	2,309 2,308 2,287 2,302 40,052 166,613	3,664 3,809 3,858 3,897 72,104 206,937
Weighted average duration (years)	6	6

14.17 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 defined benefit liability recognised within the statement of financial position.

2022 2021 ----- (Rupees in '000) ------

15. **DEFERRED TAX LIABILITY**

14.16

Deferred tax (asset) / liability arising on taxable temporary differences:

Unrealised (loss) / gain on fair value through profit or loss investments

(304,935) 35,685

Dawood Hercules Corporation Limited

For the year ended December 31, 2022

16.	SHORT TERM RUNNING FINANCE	Note	2022 (Rupees	2021 in '000)
	Running finance under mark-up arrangements Short-term loans	16.1.1 - 16.1.4 16.2.1 - 16.2.2	2,826,683 3,660,000 6,486,683	6,494,477

- 16.1 Details of running finance facilities obtained by the Company are as follows:
- 16.1.1 Short-term running finance facility of Rs 3,000 million (2021: Rs 3,000 million) was obtained under mark-up arrangements from Bank Al Habib Limited. The amount which remained unutilised as at December 31, 2022 was Rs 2,173.317 million (2021: Rs 22.346 million). The facility is secured by way of pledge of shares as more fully explained in notes 10.5 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is three months KIBOR plus 10 basis points per annum. The facility will expire on September 30, 2023.
- 16.1.2 Short-term running finance facility of Rs 2,000 million (2021: Rs Nil) was obtained under mark-up arrangements from Habib Bank Limited. The amount which remained unutilised as at December 31, 2022 was Rs Nil (2021: Rs Nil). The facility is secured by way of pledge of shares as more fully explained in note 10.5 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is three months KIBOR plus 10 basis points per annum. The facility will expire on June 30, 2023.
- 16.1.3 Short-term running finance facility of Rs 2,500 million (2021: Rs 2,500 million) was obtained under mark-up arrangements from United Bank Limited. The amount which remained unutilised as at December 31, 2022 was Rs 2500 million (2021: Rs 983.772 million). The facility is secured by way of lien over T-Bills as more fully explained in notes 10.2 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is one month KIBOR plus 10 basis points per annum. The facility has expired on January 1, 2023.
- 16.1.4 Short-term running finance facility of Rs 3,000 million (2021: Rs 3000 million) was obtained under mark-up arrangements from MCB Bank Limited. The amount which remained unutilised as at December 31, 2022 was Rs 3,000 million (2021: Rs 1,000.882 million). The facility is secured by way of pledge of shares as more fully explained in note 10.5 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is one month KIBOR plus 5 basis points per annum. The facility will expire on June 30, 2023.
- **16.2** Details of short-term loans obtained by the Company are as follows:
- 16.2.1 Short-term loans amounting to Rs 1,560 million and Rs 100 million (2021: Rs Nil) were obtained from United Bank Limited on December 22, 2022 and December 29, 2022 respectively expiring together on January 5, 2023. Rate of mark-up applicable to these loans is fixed at 16.10% per annum. Subsequent to the year end, the loans were repaid.
- **16.2.2** Short-term loan amounting to Rs 2,000 million (2021: Rs Nil) was obtained from MCB Bank Limited on December 29, 2022 expiring on January 4, 2023. Rate of mark-up applicable to the loan is fixed at 16.11% per annum. Subsequent to the year end, the loan was repaid.

17.	TRADE AND OTHER PAYABLES	Note	2022 (Rupees ir	2021 1 '000)
	Creditors Accrued expenses Payable against provident fund	17.1	2,198 80,503 136	653 126,237
	Others		9,800 92,637	8,577 135,467
			2022 (Rupees ir	2021 n '000)
17.1	These include amounts accrued in respect of the following related p	parties:		
	The Dawood Foundation		21,956	21,658

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Company had pledged 15.131 million shares of ECL with Meezan Bank Limited (as agent) in favour of Fatima Fertilizer Company Limited (FFCL) as disclosed in note 7.1.2 to these unconsolidated financial statements as collateral against guarantee given in favour of DH Fertilizer Limited (DHFL) - ex subsidiary (now FFCL) against potential tax liabilities, WPPF liabilities and WWF liabilities in respect of periods ending on or prior to June 30, 2015. These pledged shares are to be released upon completion of two years from the filing date of Income Tax Return for the year ended December 31, 2015, i.e. September 30, 2016, in case no demand / notice is received from respective authorities.

During the year ended December 31, 2018 out of 15.131 million shares of ECL, 4.639 million shares were released upon expiration of the period stated in the agreement relating to the WPPF liabilities

The Company had also issued a corporate guarantee which will remain in full force and effective for five years and will be released on the date on which the above tax liabilities are finally settled / disposed of or withdrawn.

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 Additional 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 Additional 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 instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of. 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.

For the year ended December 31, 2022

Commissioner Inland Revenue Appeals (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 Additional CIR to adjust the order to the extent of Rs 547 million on account of super tax on intercorporate dividend.

With respect to tax on inter corporate dividend and capital gain, 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 year ended December 31, 2020, the Company received an income tax demand dated June 18, 2020 amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seems an apparent error for which a rectification application has been submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Company granting complete credit of Rs 92 million. The remaining demand of Rs 109.196 million was made to the Company as the taxation authorities are of the view that the Company's interest income does 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'. An appeal has been filed by the Company before the Commissioner Inland Revenue (Appeals), the decision of which is pending to date.

Commissioner Inland Revenue Appeals (CIRA) issued an order on December 31, 2021, wherein CIRA ordered that profit on debt / interest income should be classified as '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 have directed the ADCIR to reassess the apportionment accordingly. The Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. However, on a prudent basis tax accrual amounting to Rs 109 million is being maintained by the Company.

- 18.1.5 During the year ended December 31, 2021, the Company received an income tax demand dated March 31, 2021 amounting to Rs 159.66 million in relation to the tax year 2020. Out of such demand, an amount of Rs 15.9 million has been paid in protest to obtain the stay order till the decision of appeal by the Commissioner (Appeals). The taxation authorities are of the view that the Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result, 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'. On April 21, 2021 an appeal was filed by the Company before the Commissioner Inland Revenue (Appeals), against which an order was passed dated December 31, 2021 under section 122(9) of the Income Tax Ordinance, 2001. In the said order Commissioner Inland Revenue (Appeals) upheld the action of Commissioner (Appeals). In this regard, an appeal has been filed before the Appellate Tribunal Inland Revenue (ATIR) the hearing of which is pending. The Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. Consequently, no provision has been recorded in these unconsolidated financial statements.
- 18.1.6 During the year on December 13, 2022, the Company received a show cause notice from the Deputy Commissioner Inland Revenue (DCIR) under section 4C of the Income Tax Ordinance, 2001 wherein DCIR observed that the Company has not discharged its super tax liability amounting to Rs 254.785 million. Accordingly, DCIR required the Company to furnish an explanation in this respect, failing which the same will be recovered under section 4C(5) of the Ordinance.

The notice was duly responded by informing the DCIR that the Company has filed a constitution petition No. D-5905/2022 before the Honourable Sindh High Court (SHC) against levy of the super tax under section 4C of the Ordinance. In this respect, the SHC has granted interim relief vide its order dated October 7, 2022 wherein the SHC has directed the Federal Board of Revenue (FBR) to allow the petitioner to submit the return of income for subject tax year without admitting the super tax liability under section 4C of the Ordinance. Further in fulfilment of the condition imposed by the SHC, the Company has also submitted a cheque against the liability of super tax under section 4C of the Income Tax Ordinance, 2001 before the Nazir of SHC.

The Company's management has recorded provision of super tax for the tax year 2022, at the rate of 4% amounting to Rs 255.919 million in these unconsolidated financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

18.2	There are no commitments as at December 31, 2022			
19.	RETURN ON INVESTMENTS	Note	2022 (Rupees i	2021 n '000)
	Dividend income Interest income Loss on sale of subsidiary - EMPAK (Loss) / gain on sale of quoted shares Loss on disposal of Pakistan Investment Bonds (PIBs) Unrealised loss on quoted shares Unrealised gain on Pakistan Investment Bonds (PIBs)	19.1 19.2 7.1.3	8,480,047 281,343 (34,977) (42,196) (22,301) (2,439,483) - 6,222,433	5,912,368 295,091 - 191,540 - (401,248) 14,754 6,012,505
19.1	Dividend income			
	Subsidiary - Engro Corporation Limited Other investments in quoted shares	19.1.1	7,291,974 1,188,073 8,480,047	5,576,215 336,153 5,912,368
19.1.1	Dividend income from other investments in quoted	l shares		
	Meezan Bank Limited Habib Bank Limited Abbott Laboratories (Pakistan) Limited United Bank Limited Interloop Limited Engro Fertilizers Limited Oil & Gas Development Company Limited Pakistan Petroleum Limited Pakistan State Oil Company Limited The Hub Power Company Limited Bank Al-Habib Limited Adamjee Insurance Company Limited Fauji Fertilizer Company Limited Indus Motor Company Limited Indus Motor Company Limited Mari Petroleum Company Limited Kohinoor Textile Mills Limited MCB Bank Limited Bank Alfalah Limited Tri-Pack Films Limited Pakistan Aluminium Beverages Cans Limited Pakistan Oilfields Limited Kot Addu Power Company Limited Samba Bank Limited TRG Pakistan Limited Cherat Cement Company Limited Air Link Communication Limited		25,992 20,608 200 562,907 7,163 10,402 33,067 7,414 13,810 166,549 - 26,288 471 1,271 11,712 - 271,417 25,475 50 355 1,035 1,200	27,355 25,404 81,670 4,917 30,642 12,973 36,529 39,007 5,317 1,796 13,614 9,696 9,729 1,727 34,078
	Pakistan Stock Exchange Limited		1,188,073	51 336,153
19.2	Interest income			
	Income on T-Bills Return on TDRs Income on loan to EMPAK Income on PIBs Profit on savings accounts		46,279 24,463 17,107 189,457 4,037 281,343	1,194 55,427 19,798 203,322 15,350 295,091

2,074

1,575

3,649

3,835

186

1,644

3,551

, 162 3,713

For the year ended December 31, 2022

Others

Tax and other services

Out of pocket expenses and sales tax

		Note	2022 (Rupees in	2021 (000)
20.	ADMINISTRATIVE EXPENSES			
	Salaries, directors' remuneration and other benefits Rent, rates and taxes Insurance Repairs and maintenance Communication, stationery and office supplies Subscription and periodicals Travelling and conveyance	20.1	114,481 3,121 7,422 7,248 10,778 24,347 8,746	515,595 6,706 7,582 17,197 9,797 91,809 43,330
	Depreciation on property, plant and equipment Depreciation on right-of-use assets Legal and professional charges	4.1 5.1	17,037 15,583 31,604	18,575 23,887 159,841
	Donations Other expenses	20.2 -	3,218 9,102 252,687	73,362 26,648 994,329
20.1	Salaries, directors' remuneration and other benefits in charge for the year in respect of staff gratuity and Rs 8 of staff provident fund.			
20.2	These include donations made during the year to The Laggregating Rs 2.726 million (2021: Rs 41.216 million Dawood, Mr. Shahzada Dawood, Mr. Abdul Samad Dawood, Mr. Abdul Sama) in which the Co	ompany's director	s Mr. Hussain
			2022 (Rupees in	2021 (000)
21.	OTHER INCOME / (EXPENSE) - NET			
	Gain on disposal of operating fixed assets Auditor's remuneration	21.1	3,654 (3,835) (181)	4,184 (3,713) 471
	Other income	-	27,023 26,842	4,715 5,186
21.1	Auditor's remuneration			
	As statutory auditor Audit fee Half year review Others	-	1,000 350 724	861 216 567

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

22.	FINANCE COST	2022 (Rupees	2021 in '000)
	Mark-up on: - Long term financings - Short-term running finance - Lease liabilities Bank charges	711,019 4,383 601 716,003	89,538 49,578 2,373 1,824 143,313
23.	TAXATION		
	Current - for the year - for prior years	1,673,012 <u>255,919</u> 1,928,931	962,936
	Deferred tax reversal for the year	(340,620)	(63,735)
		1,588,311	899,201
23.1	Relationship between tax expense and accounting profit		
	Profit before taxation	5,280,585	4,880,049
	Tax calculated at the rate of 29% (2021: 29%) Effect of applicability of lower tax rate (Final Tax Regime) Effect of inadmissible expenses / losses Effect of super tax Effect of prior year charge Others	1,531,369 (907,008) 277,080 348,206 255,919 82,745 1,588,311	1,415,214 (576,625) 69,643 - (9,031) 899,201
		2022	2021
24.	EARNINGS PER SHARE	(Rupees	in '000)
	Profit after taxation	3,692,274	3,980,848
	Weighted average number of ordinary shares outstanding during the year	(Number o	f shares) 481,287,116
		(Rupees	in '000)
	Earnings per share – basic and diluted	7.67	8.27
24.1	There were no convertible dilutive potential ordinary shares outstand	ding as at Decembe	er 31, 2022 and

There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2022 and December 31, 2021.

For the year ended December 31, 2022

25. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

		2022			2021	
	Chief Executive Officer	Directors (note 25.2)	Exectives	Chief Executive Officer s in '000)	Directors (note 25.2)	Executives
Managerial remuneration Remuneration to	12,531	-	24,872	18,581	-	89,462
non-executive directors	-	-	-	-	263,401	-
Bonus/ Commission	2,935	-	4,174	-	-	13,250
Staff retirement gratuity	1,056	-	2,073	-	-	-
Provident Fund	1,880	-	3,731	4,335	-	16,326
Housing and Utilities	8,000	-	4,315	10,220	37,816	39,792
Medical	1,044	-	2,073	1,548	4,075	6,222
Others	484	-	22,961	481	7,842	7,333
	27,930	_	64,199	35,165	313,134	172,385
Number of persons including those who worked part of the year	1	9	18	1	5	22
Worked part of the year						

- **25.1** The chief executive officer is provided with the Company owned and maintained car.
- **25.2** Meeting fees aggregating Rs 22 million (2021: Rs 16 million) were paid to 9 directors (2021: 5 directors).
- 25.3 The Company considers its chief executive officer and the directors as its key management personnel.

26. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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:

Name of relate party	Basic of relationship	Percentage of shareholding in the company	Common directorship
Engro Corporation Limited	Subsidiary	N/A	Common directorship
Empiric AI (Private) Limited	Ex - 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 Energy Limited	Associated company	N/A	Common directorship
Reon Alpha Limited	Associated company	N/A	Common directorship
Dawood Investments (Private) Limited			
(formerly known as Patek (Private) Limited)	Associated company	9.86%	Common directorship
Shell Pakistan Limited	Associated company	N/A	Common directorship
Pakistan Business Council	Associated undertaking	N/A	Common directorship
Muller & Phipps Pakistan (Private) Limited	Associated Company	N/A	Common directorship
Karachi School of Business & Leadership	Associated undertaking	N/A	Common directorship
Engro Fertilizer Limited	Associated undertaking	N/A	Common directorship
HRSG BPO	Associated undertaking	N/A	Common directorship
WWF – Pakistan (World Wide Fund For Nature)	Associated undertaking	N/A	Common directorship
Overseas Investors Chambers of Commerce and Industry	Associated undertaking	N/A	Common directorship
Mr. Shamoon Chaudry	Key management personnel	N/A	N/A
Mr. Zamin Zaidi	Key management personnel	N/A	N/A
Mr. Kamran Hanif	Key management personnel	N/A	N/A
Mr. Asim Akhund	Key management personnel	N/A	N/A
Mr. Imran Sayeed	Key management personnel	N/A	N/A
Mr. Arif Janjua	Key management personnel	N/A	N/A
Mr. Imran Chagani	Key management personnel	N/A	N/A
Mr. Shabbir Hussain Hashmi	Key management personnel	N/A	N/A
Mr. Muhammad Imran Sayeed	Key management personnel	N/A	N/A
Mr. Hussain Dawood	Key management personnel	N/A	N/A
Ms. Kulsoom Dawood	Family members of KMP	N/A	N/A
Ms. Ayesha Zeba Gias	Family members of KMP	N/A	N/A
Ms. Azmeh Dawood	Family members of KMP	N/A	N/A
Mr. Shahzada Dawood	Key management personnel	N/A	N/A
Ms. Sabrina Dawood	Key management personnel	N/A	N/A
Mr. Parvez Ghias	Key management personnel	N/A	N/A
Mr. Hasan Reza Ur Rahim	Key management personnel	N/A	N/A
Mr. Samad Dawood	Key management personnel	N/A	N/A
Mr. Kamran Nishat	Key management personnel	N/A	N/A
Mr. Inam ur Rehman	Key management personnel	N/A	N/A
Staff Provident Fund	Employees Retirement Fund	N/A	N/A
Staff Gratuity Fund	Employees Retirement Fund	N/A	N/A

For the year ended December 31, 2022

		2022	2021
		(Rupees i	in '000)
26.3	Transactions with related parties are as follows:		·
	Subsidiaries		
	Reimbursement of expenses made to the Company	11,786	108,052
	Reimbursement of expenses made by the Company	91,303	5,411
	Dividend income	7,291,974	5,576,215
	Investment made	375,000	-
	Divestment	475,000	-
	Short term loans extended	-	96,500
	Mark up on loans	17,107	20,223
	Penalty on default payment - EMPAK	-	240
	Sale of goods & services	2,343	760
	Associated companies		
	Reimbursement of expenses made to the associated companies	26,715	15,375
	Reimbursement of expenses made by the Company	104,846	106,509
	Investment made	113,884	-
	Divestment	113,884	-
	Mark up on loan	5,296	2,812
	Dividend paid	2,165,714	1,371,619
	Donations	2,726	41,216
	Other related parties		
	Contribution to staff retirement gratuity fund	3,829	7,704
	Membership fee and other subscriptions	2,500	400
	Purchase of services	1,921	3,937
	Contribution to staff provident fund	6,877	12,988
	Reimbursement of expenses made to the Company	-	2,773
	Other payments	-	400
	Key management personnel and their family members		
	Salaries, directors' remuneration and other benefits	46,994	359,964
	Sale of vehicle to KMP	2,190	765
	Post retirement benefits plans	2,936	4,335
	Dividend paid	191,867	120,900
26.4	The amounts payable to and receivable from the related parties have	been disclosed in no	otes 7, 8, 9, 13,

^{26.4} The amounts payable to and receivable from the related parties have been disclosed in notes 7, 8, 9, 13, 14 and 17 to these unconsolidated financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
		Note	2022	2021
27.	CASH (UTILISED IN) / GENERATED FROM OPERA	TIONS	(Rupees	in '000)
	Profit before taxation		5,280,585	4,880,049
	Adjustment for non-cash and other items: Depreciation on property, plant and equipment Depreciation on right-of-use assets Finance costs Gain on disposal of property, plant and equipment Return on investments Charge in respect of defined benefit liabilities	4.1 5.1 22 21 19	17,037 15,583 716,003 (3,654) (6,222,433) 6,996 (5,470,468)	18,575 23,887 143,313 (4,184) (6,012,505) 7,902 (5,823,012)
	Working capital changes Net cash utilised in operations	27.1	65,426 (124,457)	(65,872) (1,008,835)
27.1	Working capital changes			
	Decrease / (increase) in current assets: Loan, advances, deposits and prepayments Other receivables		21,188 87,068 108,256	(12,664) (105,152) (117,816)
	(Decrease) / increase in trade and other payables		(42,830) 65,426	51,944 (65,872)
28.	CASH AND CASH EQUIVALENTS			
	Cash and bank balances Short-term investments Short-term running finance	11 10 16	8,695 18,007 (6,486,683) (6,459,981)	4,419 1,900,007 (6,494,477) (4,590,051)
29.	FINANCIAL INSTRUMENTS BY CATEGORY			
	FINANCIAL ASSETS At amortised cost			
	Loan, advances and deposits Other receivables Short-term investments - TDRs Cash and bank balances		7,553 143,529 18,007 8,695 177,784	297,548 257,026 1,918,007 4,419 2,477,000
	At fair value through profit or loss Short-term investments - Quoted shares Short-term investments - PIBs Short-term investments - T-Bills		8,613,043 - 1,899,434 10,512,477	9,491,779 1,521,602 599,379 11,612,760
			10,690,261	14,089,760

For the year ended December 31, 2022

	(Rupees in '000)	
FINANCIAL LIABILITIES		
At amortised cost		
Short-term running finance Lease liabilities Trade and other payables	6,486,683 43,410 92,637	6,494,477 11,270 135,467
Unclaimed dividend Accrued mark-up	381,678 157,666 7,162,074	224,275 49,578 6,915,067

2022

2021

30. FINANCIAL RISK MANAGEMENT

30.1 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.

Risks managed and measured by the Company are explained below:

30.2 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.

30.2.1 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 T-Bills which are based on fixed interest rates. As at December 31, 2022, 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- Future cash flow risk - Presently, future cash flow risk to the Company arises from short-term financings which are based on floating interest rates (i.e. KIBOR based). As at December 31, 2022, had there been increase / decrease of 100 basis points in KIBOR, with all other variables held constant, profit before taxation for the year then ended would have been higher / lower by Rs 64.867 million (2021: Rs 47 million) mainly as a result of interest income (net).

30.2.2 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.

30.2.3 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, 2022, the Company did not have any significant financial assets exposed to price risk.

30.3 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:

	2022 (Rupees	2021 in '000)
Loan, advances and deposits	7,553	297,548
Other receivables	143,529	257,026
Bank balances	8,594	4,155
Short-term investments	18.007	1,918,007
	177,683	2,476,736

The credit quality of the Company's balances with banks and short term investments aggregating Rs 26.601 million (2021: Rs 1,922.162 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.

As at December 31, 2022, the Company had government backed investments amounting to Rs 1,899.434 million (2021: Rs 2,120.981 million) on which there is no credit risk.

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

For the year ended December 31, 2022

30.4 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 groups on the remaining period as at the reporting date:

	Carrying Amount	Twelve months or less	One to two years	Two to five years
2022		(Rupees i	n '000)	
Financial liabilities Short-term running finance Lease liabilities Trade and other payables Unclaimed dividend Accrued mark-up	6,486,683 43,410 92,637 381,678 157,666 7,162,074	6,486,683 20,342 92,637 381,678 157,666 7,139,006	23,068 - - - 23,068	- - - -
2021				
Financial liabilities Short-term running finance Lease liabilities Trade and other payables Unclaimed dividend Accrued mark-up	6,494,477 11,270 135,467 224,275 49,578 6,915,067	6,494,477 11,375 135,467 224,275 49,578 6,915,172	- - - - - -	- - - - - -

30.5 Fair value 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).

The level in the fair value hierarchy within which the fair value measurement of a financial instrument is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement of that financial instrument.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

	As at	As at December 31, 2022		!	As at Dece	mber 31, 2	2021
		Level 1	Level 2	Level 3 (Rupees i	Level 1 in '000)	Level 2	Level 3
F	Financial assets 'at fair value through profit or loss'						
-	Quoted shares	8,613,043	-	-	9,491,779	-	-
-	Government securities						
	Pakistan Investment Bonds (PIBs)	-	-	-	-	1,521,602	-
-	Government securities - Treasury Bills (T-Bills)	-	1,899,434	-	-	599,379	-

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

Debt Securities

The fair value of Federal Government securities 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 10 is based on quoted price of shares at the PSX.

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.

30.5.2 During the year ended December 31, 2022, 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.

31. 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.

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.

For the year ended December 31, 2022

The proportion of borrowings to equity at the year end was:

	2022	2021
	(Rupees	n 000)
Total Borrowings Total Equity	6,486,683 26,884,754	6,494,477 30,407,937
	33,371,437	36,902,414
Gearing ratio	24.13%	21.36%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

32. NUMBER OF EMPLOYEES

The total and average number of employees during the years ended December 31, 2022 and December 31, 2021 are as follows:

	2022 (Rupees	2021 in '000)
Average number of employees during the year	24	45
Number of employees as at the end of the financial year	22	44

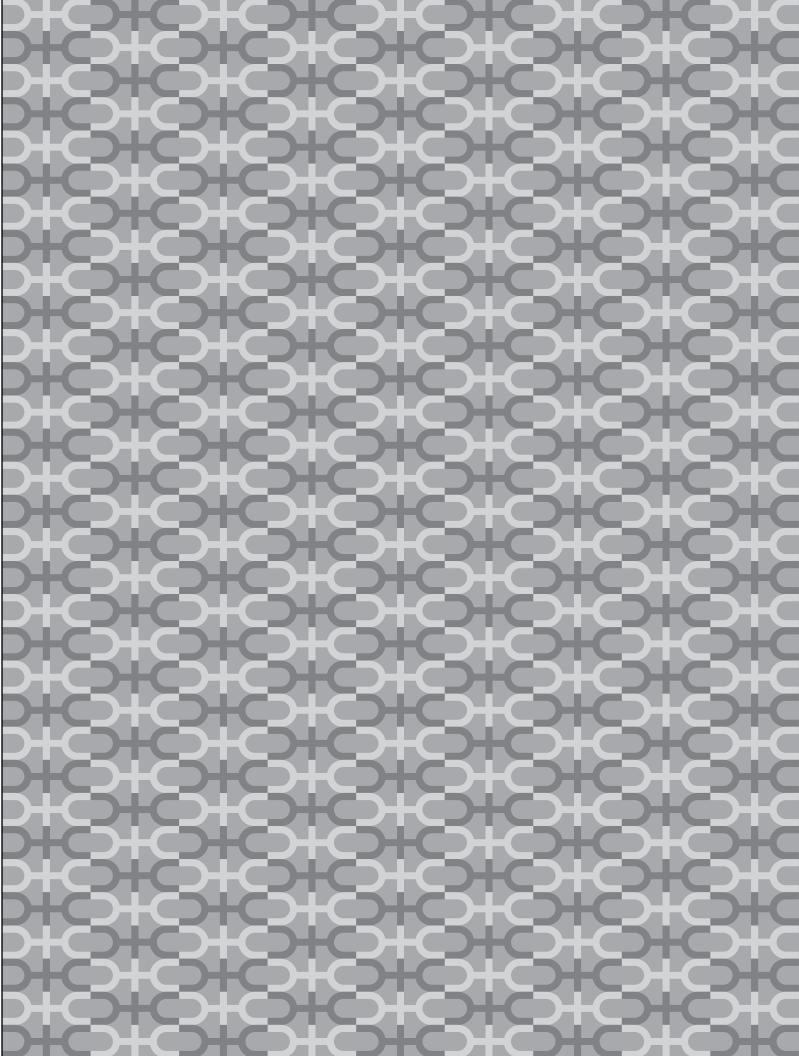
33. GENERAL

- 33.1 The Board of Directors in its meeting held on March 02, 2023 proposed a cash dividend of Nil per share (2021: Rs Nil per share) for the year ended December 31, 2022 subject to approval of members at the annual general meeting to be held on April, 26 2023. This is in addition to the interim cash dividend of Rs 15 per share (2021: Rs 9.5 per share) resulting in a total dividend for the year of Rs 7,219,307 (2021: Rs 4,572.228 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.
- 33.2 All financial information, except as otherwise stated, has been rounded to the nearest thousand Pakistan rupees
- 33.3 Corresponding figures have been rearranged and reclassified, wherever necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.
- 33.4 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.
- 33.5 These unconsolidated financial statements have been authorised for issue on March 02, 2023 by the Board of Directors of the Company. The directors have the power to amend and re-issue the financial statements.

Kamran Hanif Chief Financial Officer

Mohammad Shamoon Chaudry
Chief Executive

Shabbir Hussain Hashmi Director









INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Hercules Corporation Limited

Opinion

We have audited the annexed consolidated financial statements of Dawood Hercules Corporation Limited and its subsidiaries (together 'the Group'), which comprise the consolidated statement of financial position as at December 31, 2022, 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 a summary of significant accounting policies 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, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matters:

S. No. Key audit matters

(1) Income tax and sales tax provisions and contingencies

(Refer notes 32.1.2, 32.1.3, 41.5, 41.6 and 41.7 to the consolidated financial statements)

The Group has recognised provisions and has disclosed contingent liabilities in respect of certain income tax and sales tax matters, which are pending adjudication before various appellate and legal forums.

How the matter was addressed in our audit

Our audit procedures, amongst others, included the following:

 obtained and examined details of the documentation relating to pending tax matters and discussed the same with the management;



Provisions and contingencies require management of the Group to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for recognition and measurement of any provision and disclosure in respect of such provisions and contingencies.

Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of these matters, legal forums at which these are currently pending and use of significant management judgements and estimates to assess the same including related financial impacts, which may change over time as new facts emerge and matters progress, we have considered provisions and contingent liabilities relating to income tax and sales tax matters involving the Group as a key audit matter.

(2) Receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)

(Refer notes 2.1.1.4, 16.1 and 18 to the consolidated financial statements)

The Group under the Power Purchase Agreement (PPA) sells available capacity and electrical output to CPPA-G. As at December 31, 2022, the Group has following receivables from CPPA-G:

The Group, taking cognizance of the aforementioned requirements of IFRS 9, has made an assessment of ECL on 'Subsidy receivable from the Government of Pakistan' giving consideration to the time value of money based on expected recovery of subsidy receivable. The Group has determined loss allowance of Rs. 557.700 million in this respect, based on various assumptions.

Due to the significance of the amount and judgements involved in estimation of ECL on subsidy receivable, we have considered this as a key audit matter.

- Trade debts amounting to Rs 61,326.079 million which include overdue debts of Rs 41,155.626 million;
- Delayed payment charges amounting to Rs 9,868.982 million which include overdue receivables of Rs 7,467.066 million; and

A·F·FERGUSON&Co.

- circularised confirmations to the external legal and tax advisors for their views on matters being handled by them;
- involved internal tax professionals to assess management's conclusions on tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors;
- checked correspondence with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;
- checked mathematical accuracy of the calculations underlying the provisions; and
- assessed the adequacy of the related disclosures made in the consolidated financial statements in accordance with the applicable accounting and reporting standards.

Our audit procedures, amongst others, included the following:

- assessed whether revenue and related receivables have been recognised in accordance with the applicable accounting policies;
- tested whether invoices raised during the year were in accordance with the requirements of PPA;
- circularised confirmation of receivables to CPPA-G:
- checked receipts from CPPA-G from bank statements;
- inspected terms of the Agreement and discussed the same with the management;
- made inquiries from the management and inspected minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of outstanding amounts;
- checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised thereagainst;



 Reimbursable costs amounting to Rs 2,745.350 million.

The above balances relate to Group companies Engro Powergen Thar (Private) Limited (EPTL) and Engro Powergen Qadirpur Limited (EPQL).

During the year, pursuant to the execution of Master Agreement (Agreement) between EPQL and CPPA-G, EPQL received first and second installments aggregating to Rs 8,147.368 million and revised tariff was notified by NEPRA for Return on Equity and Return on Equity During Construction with effect from July 1, 2022.

In view of the above developments, on-going delays in settlement of receivables, materiality of the amount involved, and consequential impact of the delay in settlement on liquidity and operations of the Group companies, EPTL and EPQL, we have considered this to be an area of higher assessed risk and a key audit matter.

A·F·FERGUSON&Co.

- assessed the availability of finance with EPQL and EPTL to fund its business operations through committed credit lines obtained from various financial institutions; and
- assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.

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

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.





Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





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

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

A. F. Ferguson & Co **Chartered Accountants** Karachi

Offergueon &

Date: April 4, 2023

UDIN: AR202210160y2LtfrsqX

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan Tel: +92 (21) 32426682-6/32426771-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■KARACHI■LAHORE■ISLAMABAD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022 (Amounts in thousand)

ASSETS	Note	2022 (Rupees	2021 in '000)
Non-Current Assets			
	_	000 000 705	000 004 500
Property, plant and equipment	5	329,989,765	282,231,580
Right-of-use assets	6	13,368,964	9,831,346
Intangible assets	7	6,774,962	6,931,587
Long-term investments	8	36,521,269	34,217,070
Deferred taxation	9	406,595	80,346
Financial assets at amortised cost	10	3,783,265	3,592,784
Derivative financial instruments	11	737,319	92,805
Net investment in lease	12	52,160,406	45,203,623
Long-term loans, advances and other receivables	13	3,816,788	2,616,236
		447,559,333	384,797,377
Current Assets			
Stores, spares and loose tools	14	9,834,814	9,310,131
Stock-in-trade	15	30,242,789	31,513,007
Trade debts	16	71,195,463	58,563,320
Loans, advances, deposits and prepayments	17	6,891,543	5,087,934
Other receivables	18	36,096,420	25,829,784
Accrued income		2,279,037	647,250
Contract asset	19	14,124,293	6,487,105
Current portion of net investment in lease	12	5,683,292	4,004,522
Short-term investments	20	96,635,951	95,902,818
Cash and bank balances	21	44,995,322	40,558,752
		317,978,924	277,904,623
TOTAL ASSETS		765,538,257	662,702,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022 (Amounts in thousand)

	Note	2022 (Rupee	2021 s in '000)
EQUITY & LIABILITIES			·
Equity			
Share capital	22	4,812,871	4,812,871
Revaluation reserve on business combination Maintenance reserve Exchange revaluation reserve Hedging reserve Remeasurement of investment General reserves Unappropriated profit Remeasurement of post-employment benefits Non-Controlling Interest	23	1,665 60,117 601,674 259,838 (322,661) 700,000 64,115,162 (66,652) 65,349,143 70,162,014 178,498,202	1,665 60,117 349,398 22,894 14,609 700,000 65,468,301 (45,121) 66,571,862 71,384,733 182,605,571
Total Equity		248,660,216	253,990,304
Non-Current Liabilities Borrowings Government grant	24	156,173,794 1,472,279	139,818,216 1,079,703
Deferred taxation Lease liabilities Deferred liabilities Long-term provision	9 25 26 27	13,395,214 62,397,791 3,640,044 2,952,970 240,032,092	16,292,334 53,163,136 2,852,686 8,172,253 221,378,328
Current Liabilities Trade and other payables Contract liabilities Accrued interest / mark-up Current portion of	28 29 30	125,868,610 12,980,370 2,922,372	95,262,927 1,102,086 1,416,397
- borrowings - Government grant - lease liabilities - deferred liabilities - long-term provision Taxes payable Short-term borrowings	24 25 26 27 31	27,699,919 353,201 9,062,433 577,116 25,503,815 19,066,343 39,471,643	23,110,031 183,624 6,131,558 736,953 18,510,399 9,548,913 29,764,791
Unclaimed dividend Total Liabilities Contingencies and Commitments TOTAL EQUITY & LIABILITIES	32	13,340,127 276,845,949 516,878,041 765,538,257	1,565,689 187,333,368 408,711,696 662,702,000

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.

Kamran HanifMohammad Shamoon ChaudryShabbir Hussain HashmiChief Financial OfficerChief ExecutiveDirector

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

As at December 31, 2022 (Amounts in thousand)

Note 2022 2021 1					
Revenue		Note			
Revenue			(Rupee	s in '000)	
Cost of revenue 34 (251,961,106) (212,111,905) Gross profit 104,681,738 99,668,794 Selling and distribution expenses 35 (9,325,850) (7,819,291) Administrative expenses 36 (12,966,810) (9,994,571) 82,389,078 81,854,932 Other income Other operating expenses 38 (9,237,951) (8,110,045) Other operating expenses 38 (9,234,648) (1,401,519) Operating profit 92,843,894 84,451,467 Finance cost 39 <t< th=""><th>CONTINUING OPERATIONS</th><th></th><th></th><th></th></t<>	CONTINUING OPERATIONS				
Selling and distribution expenses 35 (9,325,850) (7,819,291) (9,994,571) (9,994,571) (9,994,571) (81,854,932) Other income Other operating expenses 37 21,318,381 (9,237,951) (8,110,045) (8,110,045) (1,401,519) (522,936) (557,700) (557,700) Other losses: - Remeasurement loss on provision for GIDC - Loss allowance on subsidy receivable from GoP - Loss					
Administrative expenses 36 (12,966,810) (9,994,571) 82,389,078 81,854,932 Other income 37 21,318,381 12,665,799 Other operating expenses 38 (9,237,951) (8,110,045) Other losses: - Remeasurement loss on provision for GIDC 27.1 (1,102,678) (1,401,519) - Loss allowance on subsidy receivable from GoP 18.1.1 (522,936) (557,700) Operating profit 92,843,894 84,451,467 Finance cost 39 (29,460,851) (17,419,344) Share of income from joint venture and associates 40 3,215,276 3,226,697 Profit before taxation 41 (23,677,989) (19,553,567) Profit after taxation 41 (23,677,989) (19,553,567) DISCOUNTINUED OPERATIONS Profit after tax - total 42 71 29,283 Profit after tax - total 42,920,401 50,734,536 Profit attributable to: - Owners of the Holding Company - Non Controlling Interest 5,866,168 8,523,668 37,054,233 42,210,868 42,920,401 50,734,536 Earnings / (loss) per share - basic and diluted - Continuing operations 12.19 17.69 - Discontinued operations - 0.02	Gross profit		104,681,738	99,668,794	
Other operating expenses Other losses: 38 (9,237,951) (8,110,045) Other losses: - Remeasurement loss on provision for GIDC 27.1 (1,102,678) (1,401,519) - Loss allowance on subsidy receivable from GoP 18.1.1 (522,936) (557,700) Operating profit 92,843,894 84,451,467 Finance cost 39 (29,460,851) (17,419,344) Share of income from joint venture and associates 40 3,215,276 3,226,697 Profit before taxation 41 (23,677,989) (19,553,567) Profit after taxation 41 (23,677,989) (19,553,567) Profit / (Loss) from discontinued operations 42 71 29,283 Profit after tax - total 42,920,401 50,734,536 Profit attributable to: -			(12,966,810)	(9,994,571)	
Loss allowance on subsidy receivable from GoP	Other operating expenses				
Finance cost 39 (29,460,851) (17,419,344) Share of income from joint venture and associates 40 3,215,276 3,226,697 Profit before taxation 66,598,319 70,258,820 Taxation 41 (23,677,989) (19,553,567) Profit after taxation 42,920,330 50,705,253 DISCOUNTINUED OPERATIONS 42 71 29,283 Profit after tax - total 42,920,401 50,734,536 Profit attributable to: Owners of the Holding Company Non Controlling Interest 5,866,168 8,523,668 Non Controlling Interest 37,054,233 42,210,868 42,920,401 50,734,536 Earnings / (loss) per share - basic and diluted (Rupees) - Continuing operations 12.19 17.69 - Discontinued operations - 0.02					
Share of income from joint venture and associates 40 3,215,276 3,226,697 Profit before taxation 66,598,319 70,258,820 Taxation 41 (23,677,989) (19,553,567) Profit after taxation 42,920,330 50,705,253 DISCOUNTINUED OPERATIONS 42 71 29,283 Profit after tax - total 42,920,401 50,734,536 Profit attributable to:	Operating profit		92,843,894	84,451,467	
Taxation 41 (23,677,989) (19,553,567) Profit after taxation 42,920,330 50,705,253 DISCOUNTINUED OPERATIONS Profit / (Loss) from discontinued operations Profit after tax - total 42 71 29,283 Profit attributable to: - Owners of the Holding Company - Non Controlling Interest 5,866,168					
Profit after taxation 42,920,330 50,705,253 DISCOUNTINUED OPERATIONS Profit / (Loss) from discontinued operations Profit after tax - total 42 71 29,283 Profit attributable to:	Profit before taxation		66,598,319	70,258,820	
DISCOUNTINUED OPERATIONS Profit / (Loss) from discontinued operations 42 71 29,283 Profit after tax - total 42,920,401 50,734,536 Profit attributable to:	Taxation	41	(23,677,989)	(19,553,567)	
Profit / (Loss) from discontinued operations 42 71 29,283 Profit after tax - total 42,920,401 50,734,536 Profit attributable to: Owners of the Holding Company Non Controlling Interest 5,866,168	Profit after taxation		42,920,330	50,705,253	
Profit after tax - total 42,920,401 50,734,536 Profit attributable to:	DISCOUNTINUED OPERATIONS				
- Owners of the Holding Company - Non Controlling Interest - Non Controlling Interest - Continuing operations - Discontinued operations - S,866,168 37,054,233 42,210,868 42,920,401 - 50,734,536		42			
- Continuing operations - Discontinued operations - 0.02	- Owners of the Holding Company		37,054,233	42,210,868	
- Discontinued operations - 0.02	Earnings / (loss) per share - basic and diluted		(Rupees)		
Earnings per share - basic and diluted 43 12.19 17.71			12.19 -		
	Earnings per share - basic and diluted	43	12.19	17.71	

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.

Kamran Hanif	Mohammad Shamoon Chaudry	Shabbir Hussain Hashmi
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31, 2022 (Amounts in thousand)

> Note 2022 2021 ----- (Rupees in '000) -----

Profit after taxation 42,920,401 50,734,536

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss

Hedging reserve - cash flow hedges

Profit arising during the year	644,514	92,805
Reclassification adjustments for loss included		
in statement of profit or loss	(11,577)	(874)
	632,937	91,931
Revaluation reserve on business combination		
Exchange differences on translation of	677,728	254,829
foreign operations	677,728	254,829
Continuing operations' gain on long-term investment on remeasurement at fair value through other comprehensive income 8.9 & 20.7	(906,062)	39,248
Items that will not be reclassified to profit or loss Remeasurement of post employment		
benefits obligation - Actuarial loss 45.1.3	(98,422)	(61,636)
Income tax relating to remeasurement		
of post employment benefits obligation	29,659	16,978
	(68,763)	(44,658)
Other comprehensive income for the year, net of tax	335,840	341,350
Total comprehensive income for the year	43,256,241	51,075,886
Total comprehensive income for the year		
- Continuing operations	43,256,170	51,046,603
- Discontinued operations	71	29,283
	43,256,241	51,075,886
Total comprehensive income attributable to:		0.055.0
- Owners of the Holding Company	5,996,587	8,655,313
- Non Controlling Interest	37,259,654	42,420,573
	43,256,241	51,075,886

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.

Kamran Hanif Chief Financial Officer

Mohammad Shamoon Chaudry Chief Executive

Shabbir Hussain Hashmi Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2022 (Amounts in thousand)

				AT	TRIBUTABLE .	ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY	OF THE HOLDIN	NG COMPANY				
				OAF	CAPITAL RESERVES	: :	1 1	REVENUE RESERVES	S			
	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 23)	Exchange revaluation reserve	Hedging reserve	Remeasurement General of investment reserve	General	Unappro- priated Profit	Remeasure- ment of post employment benefits - Actuarial (loss) / income	Sub	Non-Controlling Interest	Total
Balance as at January 1, 2021	4,812,871	1,665	60,117	254,541	(11,428)	- coodinu)	700,000	61,516,860	(32,978)	67,301,648	164,359,927	231,661,575
Total comprehensive income for the year ended December 31, 2021												
Profit for the year Other comprehensive income	1 1	1 1	1 1	94,857	34,322	14,609	1 1	8,523,668	(12,143)	8,523,668	42,210,868 209,705	50,734,536
Transactions with owners			,	94,857	34,322	14,609		8,523,668	(12,143)	8,655,313	42,420,573	51,075,886
Dividend by ECL's subsidiaries allocable to Non-Controlling interest	1	1	1	1	1	1	1	1		1	(24,173,039)	(24,173,039)
Share issuance cost	1	1	1	1		1	1	1	1	ı	(1,890)	(1,890)
First interim cash dividend for the year ended December 31, 2021 @ Rs 4.50 per share	•	1	,	,	,			(2,165,792)		(2,165,792)	1	(2,165,792)
Second interim cash dividend for the year ended December 31, 2021 @ Rs 3.00 per share		1	1	•	1			(1,443,861)		(1,443,861)	1	(1,443,861)
Third interim cash dividend for the year ended December 31, 2021 @ Rs 2.00 per share		,	,	1	,	1		(962,574)		(962,574)	1	(962,574)
								(4,572,227)		(4,572,227)	(24,174,929)	(28,747,156)
Balance as at December 31, 2021	4,812,871	1,665	60,117	349,398	22,894	14,609	700,000	65,468,301	(45,121)	71,384,734	182,605,571	253,990,305

117

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022 (Amounts in thousand)

Total Sub (21,531) ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY -CAPITAL RESERVES 60,117 Second interim cash dividend for the year er December 31, 2022 @ Rs 4.50 per share Third interim cash dividend for the year ende December 31, 2022 @ Rs 6.00 per share rst interim cash dividend for the year ende December 31, 2022 @ Rs 4.50 per share Dividend by ECL's subsidi Non-Controlling interest Balance as at Decer

Kamran Hanif Chief Financial Officer

Mohammad Shamoon Chaudry Chief Executive

Shabbir Hussain Hashmi Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022 (Amounts in thousand)

	Note	2022	2021
Cash flows from operating activities		(Rupee:	s in '000)
Cash generated from operations Retirement and other service benefits paid Proceeds from net investment in lease Finance income received on net investment in lease Deferred income Finance cost paid Taxes paid Long-term loans and advances - net Discontinued operation Net cash generated from operating activities	46	103,952,899 (20,545) 4,789,991 6,139,802 (23,282) (21,515,129) (17,382,218) (1,287,068)	60,748,235 (282,901) 3,218,108 5,163,724 333,885 (12,196,518) (11,141,394) 506,319 (21,688) 46,327,770
The cash generated nom operating assimiles		, , , , , ,	-,- , -
Cash flows from investing activities			
Purchases of property, plant & equipment and intangible assets Sale proceeds on disposal of property, plant & equipment Payment for dismantling towers Investment in associated company Investment made during the year - net		(40,854,567) 619,487 - (63,803,032)	(20,521,370) 222,827 (76,967) (474,839) 42,269,907
Income on deposits / other financial assets Deposit in respect of bank guarantees Dividends received		13,016,851 - 2,120,573	8,249,287 52,784 1,500,369
Net cash (utilised in) / generated from investing activities		(88,900,688)	31,221,998
Cash flows from financing activities			
Proceeds / repayments of borrowings - net Share issuance cost Finance cost paid on lease liability Rentals paid during the year Dividends paid		(5,194,650) - (8,460,670) (4,136,089) (36,811,892)	(14,357,053) 528,177 (4,882,390) (5,053,442) (27,831,707)
Net cash utilised in financing activities		(54,603,301)	(51,596,415)
Net (decrease) / increase in cash and cash equivalents		(68,849,539)	25,953,353
Cash and cash equivalents at the beginning of the year		86,822,149	60,110,570
Effects of exchange rate changes on cash and cash equivalents		2,163,458	758,226
Cash and cash equivalents at the end of the year	47	20,136,068	86,822,149

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.

Kamran Hanif Chief Financial Officer **Mohammad Shamoon Chaudry** Chief Executive

Shabbir Hussain Hashmi Director

For the year ended December 31, 2022

LEGAL STATUS AND OPERATIONS

- 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.
- 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.
- During the year, the Holding Company disposed of its entire shareholding in its subsidiary, Empiric Al (Private) limited, by way of a special resolution passed at the extraordinary general meeting held on November 21, 2022, as more fully explained in note 8.10.2.
- The business units of the Holding Company, ECL and ECL's subsidiaries include the following:

The business units of the Holding Company,	ECL and ECL's subsidiaries include the following:
Business Unit Head / Registered offices	Geographical Location
- The Holding Company	Dawood Center, M. T. Khan Road, Karachi. Further, a liaison office is in Islamabad.
- Engro Corporation Limited	6 th and 8 th Floors, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Clifton, Karachi
- Engro Fertilizers Limited (Efert)	7 th and 8 th floor, The Harbour Front Building, Plot No. HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited (EPCL)	12 th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
- Elengy Terminal Pakistan Limited (ETPL)	4 th Floor, Corporate Offices Block, Dolmen City, Plot Number HC-3, Block 4, Clifton, Karachi
- Engro Energy Limited (EEL)	16th Floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private) Limited (EEAPL)	8 th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp FZE	BCW JAFZA 18 & 19, Office No 110 Dubai, UAE
- Engro Infiniti (Private) Limited	8 th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Connect (Private) Limited	8 th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi

NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2022 (Amounts in thousand)

Regional offices

- ECL			Floor, abad	Ufone	Tower	Jinnah	Avenue,	Blue	Area,
- Engro Polymer and Limited	d Chemicals	9 th Flo	oor, 30 ⁻	1-R Hall	ly Towe	r, Phase	II, DHA, L	.ahore	

- Engro Polymer and Chemicals Limited	9 th Floor, 301-R Hally Tower, Phase II, DHA, Lahore
Manufacturing plants	
- Engro Fertilizers Limited	 District Ghotki, Sindh EZ/1/P-1-II Eastern Zone, Port Qasim, Karachi (Zarkhez Plant) Rahim Yar Khan, Punjab Seeds Processing Plant)
- Engro Polymer and Chemicals Limited	EZ/I/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi
- Engro Eximp Agriproducts (Private) Limited	13-Km Muridke Sheikhupura Road Muridke, Muridke, 54800, Pakistan
Power Plants	

1 OWOI I Idillo	
- Engro Powergen Qadirpur Limited	Deh Belo Sanghari, Ghotki, Sindh
- Engro Powergen Thar (Private) Limited	Thar Block II, Islamkot District, Tharparkar, Sindh
Terminal	
- Elengy Terminal Pakistan Limited	Plot # OZ-I-P-81, South Western Zone, Berth no. 13, Port

Branded Outlet

- Engro Polymer and Chemicals Limited Plot No. 41-C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi

Qasim Karachi

The "Group" consists of:

Holding Company: 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

in companies directly controlled by the Holding Company.	•	f shareholding ng Company
	2022	2021
Engro Corporation Limited (note 2.1)	37.22	37.22
EmpiricAl (Private) Limited	0.00	100.00
	-	

For the year ended December 31, 2022 (Amounts in thousand)

2.1 Subsidiary - Engro Corporation Limited

Engro Corporation Limited (ECL), is a public listed company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange Limited. 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

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

CONTROLLED BY LOC.	Percentage of si of EC	
	2022	2021
 Engro Energy Limited (note 2.1.1) Engro Eximp Agriproducts (Private) Limited (note 2.1.2) Engro Infiniti (Private) Limited (note 2.1.3) Engro Eximp FZE (note 2.1.4) Elengy Terminal Pakistan Limited (note 2.1.5) Engro Fertilizers Limited (note 2.1.6) Engro Polymer and Chemicals Limited (note 2.1.7) Engro Connect (Private) Limited (note 2.1.8) 	100 100 100 100 56 56.27 56.19	100 100 100 100 56 56.27 56.19 100
Joint Venture Company: - Engro Vopak Terminal Limited (note 2.1.9)	50	50
Associated Company: - FrieslandCampina Engro Pakistan Limited (note 2.1.10)	39.9	39.9

2.1.1 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 analyse potential opportunities in the power sector, undertake supply and service related contracts and Independent Power Projects (IPPs).

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

	Percentage of s	hareholding
	2022	2021
 Kolachi Portgen (Private) Limited (note 2.1.1.1) Engro Power International Holding B.V. (note 2.1.1.2) Engro Energy Services Limited (note 2.1.1.3) Engro Powergen Qadirpur Limited (note 2.1.1.4) Engro Powergen Thar (Private) Limited (note 2.1.1.5) 	100 100 68.89 50.10	100 100 100 68.89 50.10

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

	Percentage of d	irect holding
	2022	2021
 GEL Utility Limited (note 2.1.1.6) Sindh Engro Coal Mining Company Limited (note 2.1.1.7) Pakistan Energy Gateway Limited (note 2.1.1.8) Siddiqsons Energy Limited (note 2.1.1.9) 	45 11.9 33.3 19	45 11.9 33.3 19

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

2.1.1.1 Kolachi Portgen (Private) Limited (KPPL) was established and incorporated in Pakistan on September 17, 2015, as a wholly owned subsidiary of EEL, with the objective to operate and own a Regasified Liquefied Natural Gas (RLNG) based power generation plant.

During the year, EEL received acceptance for the winding up of KPPL from the relevant authorities under the Companies (Easy Exit) Regulations, 2014. Accordingly, the Group has written off its investment in KPPL amounting to Rs 100,000.

2.1.1.2 Engro Power International Holding B.V. (EPIH), was established as a wholly owned subsidiary of EEL on June 26, 2014 with the objective to incorporate, participate, manage and supervise businesses and companies.

EPIH has two wholly owned subsidiaries namely Engro Power Services Holding B.V. (EPSH) and Engro Power Investments International B.V. (EPII) both based in Netherlands. EPSH has a wholly owned subsidiary namely Engro Power Services Limited (EPSL) established in Nigeria with the objective to carry on business as power generation, transmission, distribution and servicing company. EPSL has a joint venture EngroGen Energy Services Limited established in Mauritius.

- 2.1.1.3 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 1, 2018 with the primary objective of analysing 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.
- 21.1.4 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.

On August 12, 2020, EPQL, along with other Independent Private Power Producers (""IPPs"") representing the 2002 Power Policy projects (collectively referred to as the ""Parties""), signed a Memorandum of Understanding (MOU) with the Committee for negotiations with IPPs. The Board of Directors of EPQL in their meeting dated August 17, 2020 in-principle approved the terms of the MoU. In line with the understanding reached in the MOU, EPQL and CPPA - G (the ""Parties"") entered into a Master Agreement on February 11, 2021, based on the terms of the MOU, which also included that all undisputed outstanding amounts due and payable to EPQL under the PPA, as on November 30, 2020, would be paid in two (2) instalments [each instalment comprising of one-third cash and two thirds government issued Pakistan Investment Bonds (PIBs) and Sukuks).

Further, in the larger national interest, EPQL agreed to (prospectively) accept a reduction in the tariff component, whereby the Return on Equity ("RoE") and the Return on Equity During Construction ("RoEDC") was to be fixed at 17% per annum in PKR on National Electric Power Regulatory Authority (N+B170EPRA) approved equity at Commercial Operations Date for RoE and RoEDC, calculated at USD/ PKR exchange rate of PKR 148 / USD, with no future USD indexation.

However, the existing RoE and RoEDC, together with the applicable indexations, were to apply until the date the applicable exchange rate under the Tariff reached PKR 168 / USD and instalments were received by EPQL, whereupon the Revised RoE and RoEDC were to become applicable and would apply for the remainder of the term of the PPA. In addition to this, fuel and operations and maintenance cost have been considered as single consolidated item and any savings, if determined, from July 1, 2021 will be shared in the ratio of 60:40 between CPPA and EPQL. During the year, EPQL received both instalments on January 6, 2022 and June 30, 2022 aggregating to Rs 8,147.368 million. Accordingly, the revised tariff has been notified by NEPRA with effect from July 1, 2022.

For the year ended December 31, 2022 (Amounts in thousand)

21.1.5 Engro Powergen Thar (Private) Limited (EPTL) was established on September 23, 2014 with the primary objective to develop 2 x 330 MW mine mouth power plants at Thar Block II, Sindh for power generation, distribution, transmission and sale. The electricity generated is transmitted to NTDC under the Power Purchase Agreement (PPA) dated May 04, 2015. This agreement is valid for a period of 30 years. As at December 31, 2022, EEL holds 50.10% (2021: 50.10%) of the issued capital of EPTL while the balance shares are held by CMEC Thar Power Investment Limited (35%), Habib Bank Limited (9.5%) and Liberty Mills Limited (5.4%). EPTL achieved its Commercial Operations Date (COD) on July 10, 2019.

During the year, on March 2, 2022, an explosion occurred on the coal conveyor belt system which feeds the coal into the power plant. The power plant was under schedule maintenance where one of the units was already shutdown and other was operational. For safety reasons, EPTL's management decided to shutdown the other unit as well. Post rehabilitation work of the coal conveyor belt system, operations from one of the units were resumed in April 2022, while the other unit came online in May 2022. EPTL utilised forced outage allowance and continued to bill Capacity Purchase Price. For rehabilitation works, an aggregate of Rs 903.388 million had been incurred and insurance claim has been lodged under the policy for the recovery of the same which has been acknowledged by the insurance company. All related financial impacts have been incorporated in these consolidated financial statements as at the reporting date.

- 2.1.1.6 GEL Utility Limited (GEL) is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. EEL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2021: 45%) equity stake.
- 2.1.1.7 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS), EEL and ECL. The aforementioned JVA is consequent to the selection of SECMC as GoS's joint venture partner, through an International Competitive Bidding process, for the development, construction and operations of an open cast lignite mine in Block-II of Thar Coal Field, Sindh (the Project). SECMC has achieved its CoD for Phase I and Phase II of the project on July 10, 2019 and October 1, 2022 respectively. SECMC has entered into Offshore agreements with China Machinery Engineering Corporation (CMEC) and Onshore agreement with China East Resource Import and Export Corporation (CERIEC) dated December 21, 2017 for expansion of mine to supply coal to these power plants. In its 79th meeting, Board of Directors of SECMC approved the plan to expand the mine to 12.2 million tonnes per annum to cater to coal off-take requirements of Lucky Electric Power Company Limited (LEPCL) and instructed the management to finalise all modalities for this expansion. EEL holds 11.91% (2021: 11.91%) equity stake.
- **2.1.1.8** Pakistan Energy Gateway Limited (PEGL) is a special purpose vehicle incorporated jointly with Shell Gas B.V. and Pakarab Fertilizers Limited for the purpose of developing a private integrated LNG terminal, with each of the three subscribers/shareholders having a 33.3% shareholding. PEGL is yet to commence its business operations.
- 2.1.1.9 EEL entered into a Joint Venture Agreement (JVA), dated May 04, 2018 with Siddiqsons Limited (SL) and Arif Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW of coal-fired power generation facility in Thar Block II, District Tharparkar, Sindh through a joint venture company, namely Siddiqsons Energy Limited (SEL). The JVA became effective from May 26, 2018 as per the terms of which EEL, AHEPL and SL, were initially required to have shareholding proportions equal to 19%, 19% and 62% respectively in their mutual capacity as the members of SEL. As at December 31, 2022, EEL has subscribed to 38,392,920 ordinary shares (2021: 38,392,920 ordinary shares) of Rs 10 each of SEL. EEL in its Board meeting held on August 12, 2021 decided to resign from the Project Management Agreement with SEL in view of the significant project delays to achieve financial close of the power project. Accordingly, an impairment loss of Rs 383.929 million was recognised in 2021, representing the write-down of carrying amount of investments in SEL determined with reference to fair value less cost of disposal.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

In addition, the Group has also recognised provision of Rs 81.911 million (2021: Rs 182.801 million) and Rs 163.822 million (2021: Rs 128.638 million) against the performance guarantees given by EEL and Engineering, Procurement and Construction contractors' liability of SEL, respectively, on the basis of shareholding proportion in SEL.

2.1.2 Engro Eximp Agriproducts (Private) Limited

Engro Eximp Agriproducts (Private) Limited (EEAPL) is a private limited company, incorporated in Pakistan on November 3, 2009. The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture, dairy and farming products. EEAPL has set up a rice processing plant in District Shaikhupura, which commenced commercial production in 2011.

2.1.3 Engro Infiniti (Private) Limited

Engro Infiniti (Private) Limited, (Elnfiniti) was incorporated as a wholly owned subsidiary in Pakistan on December 29, 2017. The primary objective of Elnfiniti is to analyse potential opportunities inside and outside Pakistan and to make available digital assets and ventures related to intellectual capital, data collection and analytics of every kind and any activities relating to or ancillary thereto.

2.1.3.1 Engro Digital Limited (EDL) was a public unlisted company, incorporated in Pakistan on October 29, 2017 under the Companies Act, 2017 (the Act). EDL was established with the primary objective of analysing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

The Board of EDL in its meeting held on February 16, 2022 decided to amalgamate EDL with and into Elnfiniti, in accordance with the Scheme of Amalgamation (the Scheme) with effect from March 31, 2022. The scheme was approved by SECP on July 1, 2022. As a result, EDL amalgamated with Elnfiniti on March 31, 2022 through transfer to and vesting in Elnfiniti, the cancellation of EDL shares and the dissolution of EDL without winding up.

2.1.4 Engro Eximp FZE

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 and operates under a trade license issued by the Jebel Ali Free Zone Authority. EEF is a wholly owned subsidiary of ECL.

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

2.1.5 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.

2.1.5.1 Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of ETPL. The principal business of EETPL is to establish and operate LNG Terminal including a jetty, pipeline with all machinery and equipment and supporting facilities for the receipt, storage and re-gasification of LNG.

For the year ended December 31, 2022 (Amounts in thousand)

2.1.6 Engro Fertilizers Limited

Engro Fertilizers Limited (EFert), is a public listed company, incorporated in Pakistan on June 29, 2009. The principal activity of EFert is manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services.

2.1.6.1 In 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of EFert to carry out trading and distribution of imported fertilizers as part of the business reorganisation. EFert transferred its business of trading and distribution of imported fertilizers to EAPL.

2.1.7 Engro Polymer and Chemicals Limited

Engro Polymer and Chemicals Limited (EPCL), is a public listed company, incorporated in Pakistan. The principal activity of EPCL is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. It is also engaged in supply of surplus power generated from its power plants to EFert.

Following are the subsidiaries of EPCL:	Percentage of shareholding	
	2022	2021
- Think PVC (Private) Limited - (note 2.1.7.1)	100	100
- Engro Peroxide (Private) Limited - (note 2.1.7.2)	100	100
- Engro Plasticizer (Private) Limited - (note 2.1.7.3)	100	100

- 2.1.7.1 Think PVC (Private) Limited (TPPL) was incorporated in Pakistan on November 6, 1999, as a wholly owned subsidiary of EPCL. TPPL's principal activity was to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals. However, TPPL is now focused on marketing of PVC products through its branded outlet instead of trading in PVC products.
- **2.1.7.2** 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.
- **2.1.7.3** 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.

2.1.8 Engro Connect (Private) Limited

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

2.1.8.1 Engro Enfrashare (Private) Limited (Enfrashare) was incorporated in Pakistan as a private limited company on November 13, 2018. 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. On September 23, 2021, the Board of ECL resolved for change in ownership of Enfrashare from Engro Infiniti (Private) Limited to Engro Connect (Private) Limited. Engro Connect (Private) Limited has met all regulatory requirements in relation to the change in ownership and has acquired 100% ordinary shares of Enfrashare from Engro Infiniti (Private) Limited.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

2.1.9 Engro Vopak Terminal Limited

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of ECL and Royal Vopak Netherlands B.V, is a public unlisted company incorporated in Pakistan on November 7, 1995. EVTL has been granted 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.

2.1.10 Friesland Campina 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 Zuivelcooperatie FrieslandCampina UA (the Ultimate Parent Company of FCEPL).

The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. FCEPL also owns and operates a dairy farm.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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.

3.1 **Basis of preparation**

These consolidated financial statements have been prepared under the historical cost convention unless otherwise stated, as modified by remeasurement of certain financial assets and financial liabilities, including derivative financial instruments, at fair value, and recognition of certain staff retirement and other service benefits at present value.

3.2 Statement of compliance

- 3.2.1 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; and
 - Provisions of and directives issued under the Companies Act, 2017.

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

3.2.2 The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

For the year ended December 31, 2022 (Amounts in thousand)

3.2.3 Initial application of standards, amendments or interpretations to existing standards

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

There are certain other amendments to the accounting and reporting standards that became effective during the year ended December 31, 2021, however, these are considered not to have a significant impact on the Group's financial reporting and operations and, therefore, have not been presented in these consolidated financial statements.

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2022; however, these are considered not to have a significant impact on the Group's financial reporting and operations, and therefore have not been presented here.

b) Standards, amendments to accounting and reporting standards that are not yet effective and have been early adopted by the Group

IFRS 16 'Leases' - The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Group has applied the practical expedient to qualifying rent concessions granted in relation to office space acquire under rental basis. As a result, Rs 12.729 million (2021: Rs 24.205 million) has been recognised in consolidated statement of profit or loss (note 25) to reflect changes in lease payments arising from rent concessions that meet the conditions of the practical expedient.

c) Standards, amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Group

Th new standard and amendments to published standards that are not effective for the period beginning on January 1, 2022 are considered not to be relevent or to have any significant effect on the Group's financial reporting and operations and, therefore, have not have not been disclosed in these consolidated financial statements.

3.2.4 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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

are de-recognised from the date the control ceases. These consolidated financial statements include Dawood Hercules Corporation Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the 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 consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset 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 consolidated statement of other comprehensive income are reclassified to consolidated statement of profit or loss.

For the year ended December 31, 2022 (Amounts in thousand)

3.2.5 These consolidated financial statements have been prepared on the basis of audited financial statements of the Holding Company and the subsidiary companies.

3.3 Exploration and evaluation assets

Exploration and evaluation assets in respect of area of interest includes license fee, detailed feasibility study and all other related studies to ensure bankability of the project including ancillary (operating and administrative) cost related thereto.

The aforementioned expenditure supporting the technical feasibility and economic / commercial viability, are capitalised as exploration and evaluation assets, where:

- such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Capitalised exploration and evaluation expenditure is recorded at cost less impairment charges. As asset is not available for use, it is not depreciated, however, an estimate of recoverable amount of asset is made for possible impairment on an annual basis.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

3.4 Development properties

Development expenditure represents expenditure incurred in area in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and related infrastructure.

Once a development decision has been taken the carrying amount of the exploration and evaluation asset is transferred to development expenditure and classified under non-current assets as 'development properties'.

Capitalised development properties expenditure is recorded at cost less impairment, if any. As asset is not available for use, it is not depreciated; however, an estimate of recoverable amount of asset is made for possible impairment on an annual basis.

Cash flows associated with development properties are classified as investing activities in the consolidated statement of cash flows.

3.5 Property, plant and equipment

3.5.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except free-hold land and capital work-in-progress which are stated at cost less impairment losses, if any.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other costs are charged to consolidated statement of 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 repairs and maintenance are charged to profit or loss during the financial period in which such 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 risk and rewards incidental to ownership have been transferred to buyer. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation is charged to the consolidated statement of profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value is written off 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 upto the preceding month of disposal.

The Group reviews and adjusts (if required) the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation on a regular basis.

3.5.2 Capital Work in-progress

All the expenditure connected with specific assets incurred during the installation and construction period are carried under capital work-progress. These are transfered to specific assets as and when assets are available for use. Capital work-in-progress mainly comprises of expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

3.5.3 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 capitalised and is being depreciated over a period of 30 years.

For the year ended December 31, 2022 (Amounts in thousand)

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 capitalised and depreciated over a period of 5 years on straight line basis.

3.6 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. 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. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

3.7 Intangible assets

a) Computer software and licenses

i) **Acquired**

Costs associated with maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly attributable to an identifiable software that have probable economic benefits exceeding the cost beyond one year, are recognised as an intangible asset. Direct costs include 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.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible assets are amortised from the date the software is put to use on a straight-line basis over their respective useful lives, ranging from 4 to 10 years.

The amortisation on additions, if any, is charged from the month following the month in which is asset is available for use and on disposals upto month of disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

ii) Internally generatedo

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortisation and impairment losses. These are amortised using straight-line basis over a period upto 5 years. amortisation on additions is charged from the month following the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

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 network. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

3.8 Investments in Joint Ventures 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 consolidated statement of 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.

For the year ended December 31, 2022 (Amounts in thousand)

3.9 Financial instruments

3.9.1 Financial assets

Classification, initial recognition and measurement

a) Amortized 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 consolidated 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 recognised in profit or loss in the year 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 consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

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 consolidated statement of profit or loss.

3.9.2 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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

and transaction costs are expensed in consolidated 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 interest 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 consolidated statement of profit or loss.

3.9.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.9.4 Impairment

a) Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The Group applies general approach in calculating expected credit losses. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses on a forward looking basis the expected credit losses 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, which requires expected lifetime losses to be recognised from initial recognition of the receivables except for debts due from the Government of Pakistan as a consequence of circular debt which were initially exempted from the application of Expected Credit Loss model under IFRS 9 by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 985(1) / 2019 dated September 2, 2019 for a limited period of three years till June 30, 2021. On September 13, 2021, October 24, 2022 and January 20, 2023, the SECP further extended the aforementioned exemption till June 30, 2022, June 30, 2023 and December 31, 2024, respectively.

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 Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

For the year ended December 31, 2022 (Amounts in thousand)

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 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 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 (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 amortization, if no impairment loss had been recognised.

3.10 Hedging relationships

The Group currently accounts for two types of hedging relationships:

Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.

The Group accounts for fair value hedging relationships as follows:

- a) the gain or loss on the hedging instrument is recognised in profit or loss (other comprehensive income, if the hedging instrument hedges an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income).
- b) the hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item (if applicable) and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item is recognised in the profit or loss. However, if the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, those amounts remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss. When the hedge item is derecognised, the unamortised fair value is recognised immediately in profit and loss.

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

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.

3.11 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges 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.

3.12 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined using weighted average method except for raw material and certain purchased products in transit which are stated at cost (invoice value) plus other charges incurred thereon till the reporting date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

For the year ended December 31, 2022 (Amounts in thousand)

Net realisable 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.

3.13 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 the trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortised cost using effective interest method. A provision for impairment is established under the simplified model stipulated in IFRS 9. Under this model expected credit losses are measured based on lifetime expected loss allowance for all trade debts and other receivables. The Group measures expected credit losses on trade debts and other receivables in a way that reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonableness and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of the provision is charged to consolidated statement of profit or loss. Trade debts and other receivables considered irrecoverable are written-off.

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

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. 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.

3.14 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows includes cash in hand and in transit, cheques in hand, balances with banks on current, deposit and saving account, other short-term highly liquid investments with original maturities of three months or less and short-term borrowings other than term finance.

3.15 Share capital

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

3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in consolidated statement of 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 consolidated statement of 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.

3.17 Leasing activities as a lessee

Lease liabilities and right-of-use assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

The lease liability is 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 consolidated statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

For the year ended December 31, 2022 (Amounts in thousand)

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

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

The Group has elected to apply the practical expedient not to 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.

3.18 Leasing activities as a lessor

The Group enters into lease arrangements with respect to its LNG infrastructure for receipt, storage and regasification of LNG.

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 receivables 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.

3.19 Trade and other payables

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

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

3.20 Deferred income

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

3.21 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 shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

3.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.23 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 consolidated statement of profit or loss for the year.

3.24 Income tax

The tax expense for the year comprises current and deferred tax. Tax 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

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.

For the year ended December 31, 2022 (Amounts in thousand)

- Deferred

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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

A 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 utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.25 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 Group; or
- there is a present 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.

3.26 Retirement and other service benefits

3.26.1 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.

Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognised in consolidated statement of 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

Annual provision is also made under a service incentive plan for certain category of experienced employees to continue in the Group's employment.

In June 2011, the Group gave a one time irrevocable option to selected members of 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. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

3.26.2 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 ranging from 10% to 15% 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.

3.26.3 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.

3.26.4 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 fulfillment of criteria given in the incentive plan.

3.27 Revenue / income recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer at a point in time. Where, revenue over the time is recognised based on the percentage of completion method, the stage of completion is assessed by milestones which ascertain the completion of the proportion of contract work or the performance of services provided in the agreement. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The details are as follows:

The Group recognises revenue at a point in time when or as 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 customer from the Group's premises or when it is delivered by the Group at customer premises.

For the year ended December 31, 2022 (Amounts in thousand)

- Revenue from contracts and long-term service agreements is recognised when or as performance obligations are satisfied by transferring control of promised services to a customer, and control either transfers over time or at a point in time. Where, revenue over the time is recognised based on the percentage of completion method, the stage of completion is assessed by milestones which ascertain the completion of the proportion of contract work or the performance of services provided in the agreement.
- Income on bank deposits and other financial assets is recognised on an accrual basis.
- 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, Pakistan Investment Bonds (PIBs) and Term Deposit Receipts is accrued using the effective interest rate 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 FVPL are included in profit or loss in the period in which these arise respectively.
- Operation and maintenance fee under various contracts is measured at fair value of the consideration received or receivable and is recognised on accrual basis when services are rendered i.e. performance obligations are fulfilled in accordance with the terms of agreements.
- Revenue from supply of electricity to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the sole customer of Engro Powergen Qadirpur Limited (EPQL) and Engro Powergen Thar (Private) Limited (EPTL), is recognised when the following performance obligations are satisfied:
 - Capacity revenue is recognised based on the capacity made available to CPPA-G; and
 - Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to CPPA-G.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the Power Purchase Agreements (PPAs).

- Consultancy fee is recognised at the time the services are rendered.
- Delayed payment charges on overdue trade receivables are recognised on an accrual basis.
- Revenue from re-gasification and transportation of Liquefied Natural Gas (LNG) to Sui Southern Gas Company Limited (SSGCL) under LNG operations and Services Agreement (LSA) is 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022` (Amounts in thousand)

- 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. Whereas revenue for cancellable agreements are recorded at the amounts invoiced to the customers, as per the agreement.
- 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 through bills on a pass through basis as the Group does not consider it controls the specific services before their delivery to customers. Accordingly, the Group recognises revenue arising from pass through billings on net basis.

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

3.28 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalised as part of the cost of that asset. Borrowing costs includes exchange differences arising from 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. All other borrowing costs are charged to the consolidated statement of profit or loss.

3.29 Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognised as intangible assets when it is probable that the developed project will be a success and certain criteria, including commercial and technical feasibility have been met.

3.30 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 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.

For the year ended December 31, 2022 (Amounts in thousand)

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 consolidated statement of profit or loss of the period in which the entity qualifies to receive it.

Government grant that compensates the Group for expenses incurred is recognised in the consolidated statement of profit or loss on a systematic basis in the same period in which the expenses are recognised. Government grants are deducted in reporting the related expenses.

3.31 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.

3.32 Dividend and appropriation to reserves

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

3.33 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.

3.34 Foreign currency transactions and translation

- 3.34.1 These consolidated financial statements are presented in Pakistan (Rupees in '000), which is the Group's functional currency. Amounts presented in these consolidated financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and property, plant and equipment as explained in note 5.3.
- **3.34.2** 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;

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- 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.

1. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with approved 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 managment has made following estimates and judgements which are significant to the consolidated financial statement:

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.

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) Provision for stock-in-trade

The Group regularly reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

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. Any changes in these assumptions will impact the carrying amount of these obligations.

For the year ended December 31, 2022 (Amounts in thousand)

e) Income taxes

In making the estimates for current income taxes payable by the Group, the management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

f) Impairment of investment in subsidiaries, associates and joint ventures

In making an estimate of future cash flows from the Group's financial assets including investment in joint ventures and associates, the management considers future dividend stream and an estimate of the terminal value of these investments.

g) Impairment of financial assets

The Group uses external credit ratings to determine default rates for trade debts and net investment in lease from customer and balances with banks to calculate expected credit losses. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in future.

h) Trade debts and other receivables

An estimate of the collectible amount of trade debts and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Any difference between the amounts actually collected in future periods and the amounts expected is recognised in profit or loss using the method stated in note 3.13. At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the life time expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

i) 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 accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

k) Tariff adjustment determination

As per the mechanism laid out in National Electric Power Regulatory Authority's (NEPRA) decision dated June 15, 2022, EPTL seeks adjustment for fuel price, cost of power purchase, operation and maintenance cost and unrecovered cost including non-recoverable dues written-off. EPTL's monthly / quarterly / annual submissions of tariff adjustment are approved / determined by NEPRA on a time to time basis, resulting in provisional amounts being recognised by the Group based on its judgement and interpretation of NEPRA decision, till the determination from NEPRA is received.

I) Right-of-use asset and corresponding lease liability

IFRS 16 requires the Group to assess the lease term as the non-cancelable 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 those termination options.

The rate used on transition to discount future lease payments represents the Group's incremental borrowing rate.

With specific reference to Engro Elengy Terminal Private Limited's arrangement under Time Charter Party and LNG operations and Services Agreement (LSA), significant estimates further included:

m) Evaluation and separation of lease and non-lease components

The LSA has been determined to have an operating lease component with respect to terminal, a sublease of right-of-use asset [Floating Storage and Regasification Unit (FSRU)] and certain non-lease components including utilization / regassification and operations and maintenance services. The assessment required significant judgement and interpretation of the requirements of IFRS 16 with respect to separation of lease components of terminal and the right-of-use asset. Accordingly, the right-of-use asset and terminal were determined not to be highly dependent or interrelated to each other and the lessee having the ability to use the underlying asset on its own or together with other resources readily available to it.

- Classification of lease

The classification of lease of terminal required use of estimates of cash flows during the contract period, margins, residual values and allocation of amounts under daily capacity charges to lease and non-lease components and determine minimum lease payments at the inception of lease from terminal and sublease of right-of-use asset. As a result the lease of terminal has been determined as an operating lease as significant risk and rewards relating to the same remain with the 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.

- Non-lease components

The non-lease components include utilization / regassification and operations and maintenance services relating to terminal and right-of-use asset, recovery of SSGC Branch pipeline and other recurring costs which have been determined and excluded from daily capacity charges based on actual cost incurred and estimates of future costs. This recovery was estimated with reference to cost plus estimated margin, where applicable, as standalone prices were not observable.

For the year ended December 31, 2022 (Amounts in thousand)

- Discount rate

The rate used on transition to discount future lease payments under Time Charter Party (TCP) represent the EETPL's incremental borrowing rate. The rate has been estimated using LIBOR rates available in the lease currency and adjusted to reflect the underlying lease term based on observable inputs.

n) 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.

o) 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.

p) Share based payment transaction

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

> 2021 ----- (Rupees in '000) -----

PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (note 5.1) Capital work in progress (note 5.7) Capital spares and standby equipment

300,765,556 258,072,258 20,749,665 24,841,736 4,382,473 3,409,657 329,989,765 282,231,580

AND FORMING PART OF THE CONSOLIDATED STATEMENTS FINANCIAL 2

5.1 Operating fixed assets	Land	nd	Buildings on Freehold Lea	gs on Leasehold	Lease hold improvements	Pipelines	Plant and machinery Owned	Catalyst	Furniture fixture and equipments Owned Leased	nd equipments Leased	Vehicles	Aircraft	Data processing equipment	Jetty (note 5.8)	Dredging
			Land	Land			(note 5.8)	(Rupees in '000)-	(000, 1					,	
As at January 1, 2021															
Cost Accumulated depreciation Accumulated impairment	344,168	721,860 (212,651) (121,622)	10,078,670 (2,448,829)	1,879,252 (751,218) (595,858)	10,852 (6,540)	3,123,607 (1,438,999)	285,795,964	1,982,247 (1,592,536)	6,653,100 (2,018,577) (86,091)	21,723 (21,002)	3,660,704 (970,520)	624,228 (8,695)	86,604 (60,473)	5,309,282 (1,083,754)	3,048,524 (1,115,712)
Net book value	344,168	387,587	7,629,841	532,176	4,312	1,684,608	207,707,517	389,711	4,548,432	721	2,690,184	615,533	26,131	4,225,528	1,932,812
Year ended December 31, 2021															
Opening net book value	344,168	387,587	7,629,841	532,176	4,312	1,684,608	207,707,517	389,711	4,548,432	721	2,690,184	615,533	26,131	4,225,528	1,932,812
Amortisation of revaluation surplus (note 5.4)	1	(2,488)		1		1	(32,581)	•			1	1	1	1	
Additions including transfers	39,140	1	4,200,516	653,527	•	150,047	16,953,999	•	6,093,755	,	951,667	•	12,612	1	
Transfer from right-of-use asset (note 6)		,	•	1	•	1	•	•	٠	,	5,596	•	•	,	
Capitalisation of net exchange loss (note 5.3)	•	1		1	•	1	8,432,804	•	٠	,	•	•	,	,	
Reclassification to intangible	•	1		1		1	(58,327)	•	٠	,	•	•	,	,	
Asset classified as held for sale Cost Accumulated depreciation Accumulated impairment							400,930 (62,732) (271,144) 67,054	1 1 1				1 1 1	1 1 1	1 1 1	
Disposals / Write offs Cost Accumulated depreciation Accumulated impairment						(1,285) 959 - (326)	(256,663) 151,661 - (105,002)	1 1 1	(130,325) 87,263 - (43,062)		23,340 - (53,907)		(1,017) 990 -	1 1 1	
Depreciation charge (note 5.4) Net book value	383,308	(46,371)	(422,859) 11,407,498	(71,841)	(1,083)	(78,776)	(9,387,978) 223,577,486	(114,645)	(882,743)	721	(550,951)	(34,778)	(14,416) 24,300	(174,825)	(130,734)
As at December 31, 2021															
Cost Accumulated depreciation Accumulated impairment Net book value	383,308	385,099 (46,371)	11,830,357 (422,859) - -	1,185,703 (71,841)	4,312 (1,083) -	1,833,370 (77,817) - 1755,553	233,147,679 (9,299,049) (271,144)	389,711 (114,645) -	10,511,862 (795,480)	721	3,570,200 (527,611)	615,533 (34,778) - -	37,726 (13,426)	4,225,528 (174,825)	1,932,812 (130,734)

Dawood Hercules Corporation Limited

For the year ended December 31, 2022 (Amounts in thousand)

O. I Operating fixed assets - Continued	Land	p	Buildings on	lo si	Lease	;	Plant and machinery		Fumiture fixture and equipments	nd equipments	Vehicles		Data	:	:	;
	Freehold	Leasehold	Freehold Land	Leasehold Land	nold improvements	Pipelines	0wned	Catalyst	Owned	Leased	Owned	Aircraft	processing equipment	Jeffy	Dredging	lotal
Year ended December 31, 2022								(Rupees in '000)	(000,							
Opening net book value	383,308	338,728	11,407,498	1,113,862	3,229	1,755,553	223,577,486	275,066	9,716,382	721	3,042,589	580,755	24,300	4,050,703	1,802,078	258,072,258
Amortisation of revaluation surplus	1	2,488					(32,581)		1		1					(30,093)
Additions including transfers	1		4,972,806	51,596		296	14,423,713	402,520	9,763,070	3,284	689,551	2,634,870	919	9,724	369,996	33,323,016
Capitalisation of net exchange loss (note 5.3)	1	1	1	1		1	23,282,056	•	•	,	•	,	•	•		23,282,056
Disposals / Write offs (note 5.5) Cost Accumulated depreciation			(43,968) 4,723 (39,245)	(63,117) (63,117)			(2,086,344) 1,641,846 (444,498)		(86,648) 35,847 (50,801)		(294,354) 109,117 (185,237)		(7,455) 6,507 (948)	1		(2,581,886) 1,861,157 (720,729)
Disposal of subsidiary (note 8.10.2) Oxet Accumulated depreciation									(1,814) 213 (1,601)				(16,627) 13,964 (2,663)	1 1		(18,441) 14,177 (4,264)
Depreciation charge (note 5.4)	•	(46,368)	(630,389)	(78,164)	(1,085)	(83,368)	(10,923,777)	(222,384)	(1,592,569)	(1,134)	(550,970)	(152,073)	(15,814)	(175,096)	(141,794)	(14,614,985)
Reversal of impairment (note 5.5)		111,943		310,120			1,036,234			1		1				1,458,297
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
As at December 31, 2022																
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	1	(90,251)	(1,048,525)	(88,888)	(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		٠	765,090	٠			٠		٠	٠	٠	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 No. of	17,834,481	2,871	2,995,933	3,063,552	5,794	3,885,331	2,030,280	300,765,556
Annual rate of depreciation (%)	,	1 to 30	2.5 to 10	2.5 to 10	10	2 to 6	2.5 to 30	production days	5 to 33	20	5 to 25	14.3	25 to 50	30	5 to 30	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

5.2 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of assets	Address	Total area of land in Acres
Dharki Plant & Colony	District Ghotki, Sindh	734.00
Zarkhez plant	Port Qasim, Karachi	112.50
Rice Processing Plant	13-KM Sheikhupura Road, Lahore	62.95
LNG Terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power plant and associated buildings	Deh Belo Sanghari, Ghotki, Sindh	41.50
Colony Land	Colony Road, Dharki, Ghotki, Sindh	16.40
Leasehold land	Thar Block II, Islamkot District, Sindh	215.00
Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	121.92
Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	3.26
Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2.21
Administration facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	0.60

5.3 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 capitalisation of exchange differences. Accordingly, during the year, the Group has capitalised exchange loss of Rs 23,282.056 million (2021: Rs 8,432.804 millon) arising on foreign currency borrowings of EEL (and its subsidiaries) to the cost of the related property, plant and equipment.

5.4 Depreciation charge for the year has been allocated as follows:

	2022 (Rupees	2021 s in '000)
Cost of goods sold (note 34.1) Capital work-in-progress Cost of services rendered (note 34.2) Selling and distribution expenses (note 35)	11,885,090 5,686 2,035,301 154,212	11,070,934 4,486 401,165 138,007
Administrative expenses (note 36)	564,789 14,645,078	332,477

5.5 During the year ended December 31, 2015, EEAP's management, taking cognizance of the significant losses suffered by EEAP, as an indicator of impairment, conducted an impairment test of its rice processing plant. The recoverable amount so determined was less than the carrying value of the plant and machinery, thereby resulting in an impairment loss of Rs 3,384 million which was recognised in the consolidated statement of profit or loss for the year ended December 31, 2015. Subsequently, during the year ended December 31, 2018, EEAP made a reversal of impairment by Rs 315 million.

As at December 31, 2022, the following indicators triggered the management of EEAP to re-assess the recoverable amount of its property, plant and equipment:

- devaluation of Pak Rupee against the USD; and
- significant increase in steel prices during the years

For the year ended December 31, 2022 (Amounts in thousand)

Based on the aforementioned factors, management engaged its valuation expert to determine the fair values of property, plant and equipment of EEAP. The re-assessment was carried out using the market approach under IFRS 13 (level 2). As a result of this re-assessment, impairment reversal of Rs 1,458.297 million has been recognised in these consolidated financial statements.

The details of operating assets fixed assets disposed of / written off during the year are as follows:

The details of operating a Description and method of disposal	Sold to	Relationship with the purchaser	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain \ (Loss)
Assets having net book value of Rs 0.5 million each or more					(Rupees in '000)	
Plant and machinery							
Bidding	Penta Waste Management Services Company Crescent Metal Trading	External party External party	707,594 46,065	682,887 44,453	24,707 1,612	50,558 261,228	25,85° 259,616
Write Off	Recovery through Insurance Claim Recovery through Insurance Claim	External party External party	90,081 362,825 1,206,565	8,714 27,039 763,093	81,367 335,786 443,472	311,786	(81,367 (335,786 (131,686
ehicles			1,200,000	700,000	110,172	011,700	(101,000
By Group policy to existing / resigned / retired executives / employees	Mr. Muhammad Junaid Zuberi Mr. Arsalan Naeem Ms. Sadia Zahid Mr. Arsalan Naeem Ms. Sadia Zahid Mr. Arshad Naveed Mr. Tanvir Ahmed Khan Mr. Jalal-uddin Akbar Mr. Abdus Samad Mr. Muhammad Hassan Sabih Mr. Junal Ali Mallah Mr. Zahid Amin Shah Mr. Junal Bhatti Mr. Abid Ilyas Mr. Abdul Karim Mari Mr. Adel Ibrahim Mr. Rehman Ahmed Mr. Amadir Salar Qureshi Mr. Adel Ibrahim Mr. Rehman Ahmed Mr. Ammad Hassan Mr. Nadir Nasim Mr. Eram Hassan Mr. Fahad Dar Mr. Eram Hassan Mr. Fahad Dar Mr. Zahi Farooq Mr. Shahbaz Ahmed Dar Mr. Asad Shaikh Mr. Abdullah Zubair Mr. Zouhair Ansari Mr. Muhammad Ashar Mr. Suleh Qamar Mis Tabinda Mr. Muhammad Ashar Mr. Suleh Qamar Mis Tabinda Mr. Muhammad Shar Mr. Mr. Mahammad Shar Mr. Mr. Mahammad Rabar Mr. Mr. Mahammad Rabar Mr. Mr. Mahammad Rabar Mr. Muhammad Raza Tariq Mr. Ahsan Mr. Syed Manzoor Hussain Zaidi Mr. Faiq Hasnain Ms. Anum Irfan Mr. Suleman Malik Mr. Muhammad Saeed Mr. Muhammad Danial Mr. Khalid	Employee	3,323 3,156 2,656 2,657 2,653 2,655 2,555 3,654 3,244 2,666 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 15,056 2,788 1,206 2,789 2,791 2,792 2,793 113,830 2,772 2,731 13,830 2,772 2,731 13,830 2,772 2,731 13,830 2,772 2,731 13,830 2,772 2,731 13,830 2,772 2,731 3,264 14,606 2,741 13,810 2,750 2,741 2,750 3,268 2,741 2,750 3,275 3,27	894 677 548 645 1113 511 225 342 259 1,331 901 708 392 5,046 731 249 265 592 13,552 4,432 2,203 245 62 1,296 61,085 653 662 577 785 858 858 858 858 858 859 840 267 87 87 87 87 87 87 87 87 87 87 87 87 87	2,146 2,262 1,979 2,031 2,008 2,542 2,264 2,371 2,213 3,395 1,909 1,759 2,684 1,986 3,271 2,404 2,193 1,506 4,770 3,351 2,637 3,272 1,955 1,971 3,420 2,421 2,421 2,088 2,816 1,987 4,649 3,266 2,205 2,464 10,303 2,012 2,421 2,346 1,987 3,272 1,955 1,971 2,481	2,743 2,321 2,463 1,907 2,991 2,599 2,263 2,314 4,3199 2,833 2,334 1,000 3,165 3,165 3,165 3,165 2,493 2,395 11,000 3,428 2,243 2,232 2,544 2,615 2,420 2,958 2,43	59, 59, 55, 484, 4124, 6124, 6124, 6124, 6124, 6123, 6124, 6
Bidding	Mr. Syed Aqeel Abbas Mr. Syed Hassan Raza Mr. Muhammad Imran ul Haq Mr. Tahir Saleem Mr. Muhammad Fayyaz	External party External party External party External party External party	10,839 15,645 7,822 42,410 1,137 287,396	6,356 3,178 21,144 262	6,530 9,289 4,644 21,266 875 184,371	4,833 6,667 3,333 4,200 363 202,248	(1,697 (2,622 (1,311 (17,066 (512 17,87
	December 31, 2022		1,493,961		627,843	514,034	(113,809
	December 31, 2021	_	420,099	245,027	175,072	220,613	(45,541

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

		2022	2021
5.7	Capital work-in-progress	(Rupees	in '000)
	Leasehold land	72,788	32,000
	Plant and machinery	15,863,184	13,289,369
	Building and civil works including pipelines	1,088,866	1,267,733
	Furniture, fixture and equipment	269,964	536,102
	Advances to suppliers (note 5.7.1)	5,706,243	1,852,623
	Capital stores and spares	1,747,581	279,026
	Aircraft	-	2,578,022
	Internally generated intangible asset	21,832	32,065
	Other ancillary costs	71,278	400,103
		24,841,736	20,267,043
	Balance as at January 1	20,267,043	26,568,260
	Additions during the year	37,588,841	23,639,955
	Borrowing cost capitalised during the year	42,669	27,645
	Reclassification	28,791	-
	Transferred to:		
	- operating fixed assets (note 5.1)	(32,813,372)	(28,148,457)
	- intangible assets (note 7)	(261,360)	(1,160,673)
	- capital spares	(10,876)	(155,043)
	Write offs	-	(22,022)
	Balance as at December 31	24,841,736	20,749,665

^{5.7.1} This mainly represents advance paid to suppliers for purchase of operating assets. It also includes Rs 636.268 million paid as advance representing EFERT's share in respect of a joint operation related to Pressure Enhancement Facility (PEF), as disclosed in note 59 to these consolidated financial statements.

^{5.8} These include jetty and plant and machinery subject to operating lease having net book value of Rs 3,885.331 million (2021: Rs 4,050.703 million) and Rs 1,882.324 million (2021: Rs 1,784.522 million) respectively.

For the year ended December 31, 2022 (Amounts in thousand)

6	RIGHT-OF-USE-ASSETS

	Office space / rented premises	Storage tanks	Buildings	Vehicles	Total
As at January 1, 2021		((Rupees in '000)		
CostAccumulated depreciationNet book value	5,458,269 (709,611) 4,748,658	3,097,058 (830,212) 2,266,846	66,704 (33,542) 33,162	5,849 (253) 5,596	8,627,880 (1,573,618) 7,054,262
Year Ended December 31, 2021					
Additions - net	3,702,031	172,777	-	-	3,874,808
Transfer to operating assets (note 5.1)	-	-	-	(5,596)	(5,596)
Derecognition of right-of-use-asset - Cost - Accumulated depreciation	(20,418) 5,104	-	-	-	(20,418) 5,104
Depreciation charge for the year (note 6.2)	(15,314) (640,678)	(419,364)	(16,772)	-	(15,314) (1,076,814)
Closing net book value	7,794,697	2,020,259	16,390		9,836,942
As at December 31, 2021 - Cost - Accumulated depreciation	9,139,882 (1,345,185) 7,794,697	3,269,835 (1,249,576) 2,020,259	66,704 (50,314) 16,390	253 (253) -	12,476,674 (2,645,328) 9,831,346
Year ended December 31, 2022					
Opening net book value	7,794,697	2,020,259	16,390	-	9,831,346
Additions	4,775,991	-	126,874	-	4,902,865
Lease matured during the year - Cost - Accumulated depreciation	(41,141) 41,141	-			(41,141) 41,141
Disposal against subsidiary - EMPAK - Cost - Accumulated depreciation	(46,001) 46,001	-			(46,001) 46,001
Depreciation charge for the year (note 6.2) Closing net book value	(885,264) 11,685,424	(449,662) 1,570,597	(30,321) 112,943	<u> </u>	(1,365,247) 13,368,964
As at December 31, 2022					
Cost Accumulated depreciation	13,828,731 (2,143,307)	3,269,835 (1,699,238)	193,578 (80,635)	253 (253)	17,292,397 (3,923,433)
Net book value	11,685,424	1,570,597	112,943		13,368,964

This represents right-of-use asset recognised against lease agreements entered into by the ECL, Enfrashare and EPCL in respect of office space, tenanted sites and storage tank, respectively.

6.2	Depreciation charge for the year has been allocated as follows:	2022	2021
		(Rupees in	'000)
	Capital work-in-progress	17,723	23,630
	Cost of goods sold (note 34.1)	449,662	419,364
	Cost of services rendered (note 34.2)	611,894	361,557
	Selling and distribution expenses (note 35)	25,299	· -
	Administrative expenses (note 36)	260,669	272,263
	• • • •	1 365 247	1 076 814

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

7.	INTANGIBLE ASSETS	Software and licenses	Rights for future gas utilisation	Goodwill (note 7.3)	Total
	As at January 1, 2021		(Rupees	s in '000)	
	Cost	1,924,983	102,312	4,500,401	6,527,696
	Accumulated amortisation and impairment	(889,671)	(50,343)	-	(940,014)
	Net book value	1,035,312	51,969	4,500,401	5,587,682
	Year ended December 31, 2021				
	Opening net book value	1,035,312	51,969	4,500,401	5,587,682
	Additions including transfers	1,665,980	-	-	1,665,980
	Write offs / Disposals				
	Cost Accumulated amortization	(100,795) 24,260	-	-	(100,795) 24,260
	7 Ood Halated affortization	(76,535)		-	(76,535)
	Amortisation charge (note 7.1)	(240,429)	(5,111)	-	(245,540)
	Closing net book value	0.204.200	46,858	4,500,401	
	Glosing Not book value	2,384,328	40,000	4,500,401	6,931,587
	As at December 31, 2021				
	Cost	3,490,168	102,312	4,500,401	8,092,881
	Accumulated amortisation and impairment	(1,105,840)	(55,454)	-	(1,161,294)
	Net book value	2,384,328	46,858	4,500,401	6,931,587
	Year ended December 31, 2022				
	Opening net book value	2,384,328	46,858	4,500,401	6,931,587
	Additions including transfers (note 7.2)	326,711	-	-	326,711
	Disposal against subsidiary - EMPAK				
	Cost Accumulated amortisation	(71,633)	-	-	(71,633)
	Accumulated amortisation	8,595 (63,038)	-	-	8,595 (63,038)
	Amortisation charge (note 7.1)	(415,188)	(5,110)	_	(420,298)
	Closing net book value	2,232,813	41,748	4,500,401	6,774,962
		2,202,010	71,770	4,000,401	0,114,502
	As at December 31, 2022 Cost	3,745,246	102,312	4,500,401	8,347,959
	Accumulated amortisation and impairment	(1,512,433)	(60,564)	-	(1,572,997)
	Net book value	2,232,813	41,748	4,500,401	6,774,962
				2022 (Rupees	2021
7.1	Amortisation charge for the year has been allocated as follows:			(Rupees	in 000)
	Cost of goods sold (note 34.1)			28,543	37,176
	Cost of services rendered (note 34.2)			10,889	63
	Capital work-in-progress Selling and distribution expenses (note 35)			- 4,371	191 4,756
	Administrative expenses (note 36)			376,495	203,354
				420,298	245,540

^{7.2} This mainly includes cost incurred in respect of One SAP project which is being amortised over a period of 8 years.

For the year ended December 31, 2022 (Amounts in thousand)

8.

8.1

7.3 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.

LONG TERM INVESTMENTS	2022 (Rupees	2021 in '000)
Joint venture company - Engro Vopak Terminal Limited (EVTL) - (notes 8.1 to 8.4)	-	-
Investment in associates (notes 8.5 to 8.8) - FrieslandCampina Engro Pakistan (FECPL) 306,075,948 (2021: 306,075,948) ordinary shares of Rs 10 each	29,516,748	28,574,139
Less: Provision for impairment (note 8.5)	(1,224,304)	(1,224,304)
- Sindh Engro Coal Mining Company (SECMC) 191,643,025 (2021: 191,643,025) ordinary shares of Rs 10 each [Percentage of holding 11.9% (2021: 11.9%)] - (note 8.6)	28,292,444 7,163,979	27,349,835 6,190,488
- Others Gross carrying value as at December 31 Less: Impairment recognised there against	1,860,187 1,327,684 532,503	1,860,187 1,327,684 532,503
Others (note 8.9) Other investments at fair value through profit or loss (note 8.10)	92,320 440,023 36,521,269	144,244 34,217,070
Details of investment in EVTL is as follows:	2022 (Rupees	2021 in '000)
At the beginning of the year Add: Share of profit for the year (note 40) Less: Provision adjustment in respect of tax contingency (note 28.6) Less: Dividend received during the year	1,222,769 (290,269) (932,500)	1,175,457 (20,457) (1,155,000)
At the end of the year		

- 8.1.1 As a result of share of profit for the year, the provision for tax contingency amounting to Rs 1,089.727 million (2021: Rs 1,064.885 million) previously set off against the carrying value of the Group's investment has increased by Rs 290.269 million (2021: Rs 20.457 million) representing the difference between the share of profit and dividend received by the Group. Accordingly, the net provision set off against the carrying value of Group's investment in EVTL now amounts to Rs 1,379.996 million (2021: Rs 1,089.727 million).
- 8.2 As at December 31, 2022, ECL held 45,000,000 ordinary shares (2021: 45,000,000 ordinary shares) of EVTL representing 50% of issued, subscribed and paid-up capital of EVTL.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

8.3 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 the Final Tax Regime (FTR) are pending in the Honorable Supreme Court of Pakistan (SCP) and the High Court of Sindh (HCS). In this respect, EVTL has disclosed a contingent liability amounting to Rs 4,124.049 million in its financial statements, representing potential taxation liability that EVTL may have to recognise if the aforementioned cases are decided against EVTL.

On the basis of legal advice, the Group has reversed its proportionate share of the aforementioned amounting to Rs 2,062.024 million (2021: 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 28.6) depicting the Group's constructive obligation to bear the potential exposure.

8.4 The summary of financial information of EVTL as of December 31, 2022 is as follows:

Statement of financia	I position		Statement of profit of other comprehensive		
Particulars	2022 (Rupees in '000)	2021	Particulars -	2022 (Rupees i	2021 n '000)
Cash and cash equivalent Current financial liabilties	494,198 1,000	3,886	Revenue	5,503,117	4,430,160
(excluding trade and other payables) Non-current financial liabilities	503,724 392	2,721	Depreciation and amortization	285,551	271,955
(excluding trade and other payables)	748,219 976	6,376	Interest income	154,141_	51,344
Non-current assets Current assets Non-current liabilities	3,633,484 3,367 2,990,253 1,890 (1,344,162) (1,429	0,857	Income tax expense	1,506,406	955,157
Current liabilities	(2,484,790) 2,794,785 (1,614 2,214	,492)	Total comprehensive income for the year	2,445,537	2,350,915
The Group's share at 50%% (2021: 50%)	1,397,393 1,107	7,124			
Provision against tax contingency Others	(1,379,996) (1,089 (17,397) (17	,727) 7,397)			
Carrying amount					

8.5 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 of its investment in FCEPL resulting in it being recognised as an associate and retained interest in FCEPL valued at the fair value on the date of disposal in accordance with the IFRS. As per the accounting policy of the Group, investment in associates is carried at cost in these consolidated financial statements which is adjusted for post-acquisition change in net assets.

An impairment loss of Rs 1,224.304 million was recognised in these 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, 2022, no further impairment charge is required to be recognised in respect of this investment.

For the year ended December 31, 2022 (Amounts in thousand)

8.6 Details of material investments in associates are as follows:

	20	22	20)21
Particulars	FCEPL	SECMC	FCEPL	SECMC
		(Rupees	s in '000)	
At beginning of the year	27,349,835	6,190,488	26,639,774	4,384,236
Add: - Investment in associates - Share of profit for the year (note 40)	983,804	1,008,703	- 719,827	474,839 1,331,413
Reversal of profit Share of Other Comprehensive loss	(41,195)	(35,212)	(9,766)	-
·	942,609 28,292,444	973,491 7,163,979	710,061 27,349,835	1,331,413 6,190,488

The summary of financial information / reconciliations of associates in which the Group held material investments as of December 31, is as follows:

	FCEPL		SEC	CMC
	2022	2021	2022	2021
		(Ru)	pees in '000)	
Revenue	73,473,687	52,094,197	51,491,274	39,221,368
Profit after tax	2,465,673	1,804,078	8,476,494	11,175,432
Other comprehensive loss	(103,246)	(24,478)	-	-
Total comprehensive income	2,362,427	1,779,600	8,476,494	11,175,432
Non-current assets	12,914,115	11,867,687	97,212,818	87,056,319
Current assets	21,832,496	15,270,425	104,472,423	75,731,535
Total assets	34,746,611	27,138,112	201,685,241	162,787,854
Less:				
Non-current liabilities	1,229,288	2,448,015	74,711,753	60,899,766
Current liabilities	20,827,652	14,362,853	66,060,879	49,156,078
Total liabilities	22,056,940	16,810,868	140,772,632	110,055,844
Net assets	12,689,671	10,327,244	60,912,609	52,732,010
Group's share in %	39.9%	39.9%	11.9%	11.9%
Share of net assets	5,063,180	4,120,571	7,248,600	6,280,382
Recognition of investment at fair value	24,337,818	24,337,818	-	-
Others	115,750	115,750	(84,621)	(89,894)
Provision for impairment	(1,224,304)	(1,224,304)	-	-
Carrying amount	28,292,444	27,349,835	7,163,979	6,190,488

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

8.8 The comparison between quoted fair value and carrying amount of listed associate is given below:

	Name of entity	Place of business	Measurement method	Quoted F	air value	Carrying	g amount
			metriod	2022	2021	2022	2021
				(Rupees	in '000)	(Rupee	es in '000)
	FrieslandCampina Engro Pakistan Limited	5 th Floor, The Harbour Front Building, Plot No. HC-3, Block-4, Scheme No.5, Clifton, Karachi.	Equity Method	20,109,190	25,933,815	28,292,444	27,349,835
8.9	This amount is remeasurement o	net of loss of Rs 51.0 of investment.	081 million (20)	21: gain o	f Rs 39.24	18 million)	arising on
					2022	2	2021
					(Rupees in	'000)
8.10	Other investment	- at fair value through pro	ofit or loss				
	e2e Business Ent Limited - unquo [23,770,701 (202	oted (note 8.10.1)					
	Ordinary shares	·			237	,707	237,707
	Percentage of hol	lding 39.00% (2021: 39.0	00%)				
	Less: Accumulate	ed impairment			(237,	707)	(237,707)
	Octopus Limited - Limited - quote	- (a subsidiary of Avanced d)	on				
		swapping shares in					
	EMPAK (note 8.				440	,023	-
					440	,023	-

8.10.1 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) in this respect 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 the year ended 2020, the Holding Company, on the basis of legal advice, has 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. In this regard, the Holding Company has 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.

For the year ended December 31, 2022 (Amounts in thousand)

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

8.10.2 On December 30, 2022, in accordance with the share swap arrangement, the Group disposed of its entire shareholding in EMPAK to Avanceon Limited in exchange for 7,767,400 ordinary shares of Octopus Limited (a subsidiary of Avanceon Limited) by issuing authorisation to the Central Depository Company of Pakistan Limited in favour of Avanceon Limited. One of the Group's directors nominated on the Board of Directors of EMPAK resigned effective from December 30, 2022 while the other director resigned effective from December 31, 2022. Further, the Company's appointed EMPAK management i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary of EMPAK also resigned by December 31, 2022. In addition to this, EMPAK's Board of Directors through its resolution dated December 31, 2022, approved nominations of new directors / management as bank signatories and authorised representatives before CDC. In view of these, the Group's control in EMPAK ceased to exist on December 31, 2022.

As at December 31, 2022, an amount of Rs 440.023 million has been recognised in these consolidated financial statements as consideration for swapping shares of EMPAK. 7,767,400 ordinary shares of Octopus Limited have been transferred in the Holding Company's name subsequent to the year end on January 3, 2023. In accordance with the share swap arrangement, the Holding Company has agreed to hold the shares of Octopus Limited for at least two (02) years.

9. DEFERRED TAXATION	20	22	20)21
As	sets	Liabilities	Assets	Liabilities
		(Rupe	ees in '000)	
Engro Corporation Limited 10 Engro Fertilizers Limited	1,660	- 8,154,634	73,537	- 11,942,999
Engro Energy Limited	-	1,462,365	6,809	1,038,707
Engro Polymer and Chemicals Limited Engro Elengy Terminal (Private) Limited	-	2,130,680 1,547,614	-	2,029,290 1,231,789
	4,935	- 1,571,017	-	35,685
Net effect of consolidation adjustments	- 06,595	99,921 13,395,214	90 346	13,864 16,292,334
	0,595	10,090,214		10,292,334
9.1 Credit / (Debit) balances arising on account of:			2022 (Rupees in	2021 '000)
Accelerated depreciation allowanceRecoupable carried forward tax losses			21,799,207	18,061,981 (19,245)
ProvisionsNet investment in lease			(7,639,445)	(1,727,308)
- Net investment in lease - Lease liability		(18,910,802 19,035,924)	14,064,429 (14,301,989)
- Right-of-use-asset		`	320,150	51,765
- Share issuance cost, net of equity - Others			(65,149) (1,301,022)	(57,830) 140,185
		_	12,988,619	16,211,988
10. FINANCIAL ASSETS AT AMORTISED COST				
Investment in Term Deposit Receipts (note 10.1)			1,317,506	3,092,784
Investment in Term Finance Certificates (note 10.2) Investment in Pakistan Investment Bonds (note 10.3)			261,000 2,204,759	500,000
invocation and advantage invocation borido (noto 10.0)			3,783,265	3,592,784

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- 10.1 The amount is net of current portion amounting to Rs 2,722.683 million (2021: Rs 2,086.711 million). These denote Term Deposits Receipts aggregating to USD 35 million maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million each, starting from July 15, 2021 and ending on January 15, 2024.
- 10.2 This represents investment in Term Finance Certificates amounting to Rs 261 million (2021: Rs 500 million) carrying mark-up at the rate of 3 months KIBOR with a margin of 1.6%.
- **0.3** These bonds carry interest at the rates ranging between 13.04% to 17.57% per annum and have maturity terms ranging between two to five years.

11. DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2022, 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:

					Fair value	e as at
	Notional Amount	Effective date	Termination	Fixed rate	2022	2021
	(Rupees in '000)		date	%	(Rupees i	n '000)
	1 000 000	luk 0 0001	luna 0, 0006	9.85%	158,797	28,313
	1,000,000 4,000,000	July 2, 2021 July 2, 2022	June 3, 2026 June 3, 2026	10.35%	578,522	64,492
	.,000,000	oa., <u> </u>	34.16 6, 2020	10.0070	737,319	92,805
				2022	20)21
2.	NET INVESTMENT	IN LEASE		(Ru	pees in '000))

NET INVESTMENT IN LEASE	(,
Undiscounted lease payments analysed as:		
Recoverable after 12 months Recoverable within 12 months	72,143,936 11,760,764	65,539,801 9,225,520
Less: unearned finance income	83,904,700 (26,061,002)	74,765,321 (25,557,176)
Net investment in lease	57,843,698	49,208,145
Net investment in lease analysed as:		
Recoverable after 12 months Recoverable within 12 months	52,160,406 5,683,292	45,203,623 4,004,522
Recoverable within 12 months	5,863,292 57,843,698	49,208,145
Maturity analysis of net investment in lease:		
within 1 year	11,760,764	9,186,597
between 1 and 2 years	11,776,622 11,620,709	9,186,597 9,211,141
between 2 and 3 years between 3 and 4 years	11,493,870	9,211,141
between 4 and 5 years	11,493,870	8,958,626
later than 5 years	25,758,865	29,035,763
	83,904,700	74,765,321

- 12.1 EETPL has 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.
- 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. Finance lease gross investment and net investment in lease includes deferred incentive income of Rs 367.522 million (2021: 521.106 million) and Rs 152.519 million (2021: Rs 152.519 million), respectively, offered to the customer on signing of multiple contracts accounted for as a single arrangement as disclosed in note 26.1 to these consolidated financial statements. The deferred incentive income represents discounted rentals offered to the customer for the above mentioned finance lease arrangement.
- 12.3 Lease rentals received during the year aggregate to Rs 10,929.793 million (2021: Rs 8,381.832 million).

For the year ended December 31, 2022 (Amounts in thousand)

13

13.1

LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES - Considered good	(Rupees ii	n '000)
Loans and advances to: Executives (notes 13.1 to 13.4) Other employees (notes 13.2 to 13.4) Deposits to suppliers	113,903 42,408 194,978 351,289	166,333 105,221 9,988 281,542
Less: Current portion shown under current assets (note 17) Receivable from Sui Southern Gas Company Limited (SSGCL) (note 13.5)	(111,057) 240,232 869,985	(200,052) 81,490 923,654
Less: Current portion shown under current assets (note 17) Direct cost of Floating Storage & Regasification Unit (FSRU) (note 13.6) Less: Accumulated amortisation	(64,168) 805,817 1,297,737 (677,708) 620,029	(49,082) 874,572 1,297,737 (591,192) 706,545
Security deposits (note 13.7) Other receivables (note 13.8)	224,548 1,926,162 3,816,788	99,969 853,660 2,616,236
Reconciliation of the carrying amount of loans and advances to executives:		
Balance as at January 1 Add: Disbursements Less: Repayments / amortisation Balance as at December 31	166,333 254,650 (307,080) 113,903	372,420 143,702 (349,789) 166,333

2022

2021

13.2 Long term loans include:

- interest free services incentive loans to executives and other employees according to the Group's policy, repayable in equal monthly installments over a five years period or in one lump sum payment at the end of such period and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees;
- interest free loans given to workers pursuant to Collective Labour Agreement; and
- advances to employees for car earn out assistance, long-term incentive and house rent advance.
- 13.3 The maximum amount outstanding at the end of any month from the executives of the ECL aggregated Rs 120.215 million (2021: Rs 233.816 million).
- 13.4 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- 13.5 In the year 2014, Engro Elengy Terminal (Private) Limited (EETPL) entered into LNG Operations and Services Agreement (LSA) with Sui Southern Gas Company Limited (SSGCL). As per the terms of the LSA, EETPL was required to construct / build a pipeline (SSGCL Branch Pipeline) and transfer it to SSGCL upon commissioning of the LNG Project and recover the cost of construction through recovery of capacity charges to be billed to SSGCL over the term of 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.
- 13.6 On June 19, 2015, EETPL received a notice from Model Customs Collectorate (the 'Customs Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. customs 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 the clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment.

Further, since EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities were not in agreement with EETPL's views on the same and to treat import of FSRU for 15 years as a temporary import. EETPL in response filed a suit before the High Court of Sindh which through its order dated June 29, 2015 had restrained customs authorities from collection of customs duty and advance income tax.

The High Court of Sindh, 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. This is being amortised over the term of 15 years, on the basis of prudence.

- 13.7 These mainly represent security deposits paid by Enfrashare to service providers in respect of utility connections.
- 13.8 This includes accrued infrastructure equalisation revenue of Enfrashare amounting to Rs 1,926.162 million (2021: Rs 853.660 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.

		2022 (Rupees i	2021 n '000)
14.	STORES, SPARES AND LOOSE TOOLS		
	Consumable stores Spares and loose tools including	10,526,425	10,035,794
	in-transit Rs 73.784 million (2021: Rs 20.122 million)	624,777 11,151,202	<u>534,592</u> 10,570,386
	Less: Provision for surplus and slow moving items (note 14.1)	1,316,388 9,834,814	1,260,255 9,310,131
14.1	Provision for surplus and slow moving items	9,004,014	9,310,131
	Balance as at January 1 Charge for the year - net (note 34.1) Write off Balance as at December 31	1,260,255 84,591 (28,458) 1,316,388	1,071,934 195,262 (6,941) 1,260,255

For the year ended December 31, 2022 (Amounts in thousand)

14.2 During the year, the Group has directly written off stores, spares and loose tools amounting to Rs 25.975 million (2021: Rs 98.719 million)

15.	STOCK-IN-TRADE	2022 (Rupees	2021 in '000)
	Raw and packing materials (note 15.1) Unprocessed rice Fuel stock Work-in-process	9,894,583 1,202,364 537,232 133,161	11,462,838 3,532,912 464,731 177,862
	Finished goods: - own manufactured products (notes 15.1 and 15.2) - purchased and packaged products (notes 15.1 and 15.2)	9,469,340 9,313,718	7,351,417 8,669,441
	Less: Provision for impairment against	18,783,058	16,020,858
	stock-in-trade (note 15.3)	307,609	146,194
15.1	Includes:	30,242,789	31,513,007

15

- materials in transit amounting to Rs Nil (2021: Rs 2,484.420 million); and
- inventories amounting to Rs 3,437.422 million (2021: Rs 2,872.148 million) held at storage facilities of third parties.
- 15.1.1 During the year, raw materials and finished goods amounting to Rs 237.549 million (2021: Rs 49.265 million) were written off.
- 15.2 This includes stock-in-trade costing Rs 4,079.147 million (2021: Nil) carried at net realisable value amounting to Rs 3,651.147 million (2021: Nil).

15.3 Provision for impairment against stock-in-tr	ade
---	-----

	2022 (Rupees	2021 in '000)
Balance as at January 1 Charge for the year - net Written off during the year	146,194 179,507 (18,092)	231,661 111,129 (196,596)
Balance as at December 31	307,609	146,194

16.

TRADE DEBTS		
Considered good - secured (notes 16.1 to 16.3) - unsecured	67,536,108 3.659.355	57,923,818 639,502
Considered doubtful (note 16.5)	71,195,463 350,069	58,563,320 338.007
Less: Provision for impairment (note 16.6)	71,545,532	58,901,327
Less. Provision for impairment (note 16.6)	350,069 71,195,463	338,007 58,563,320

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- More than 6 months

- 16.1 This includes trade debts of EPTL and EPQL aggregating to Rs 61,326.079 million (2021: Rs 51,601.480 million) due from Central Power Purchasing Agency (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. This is inclusive of overdue debt of Rs 41,155.626 million (2021: Rs 37,108.764 million) carrying mark up at the rate of 3 months KIBOR plus 2% to 4.5% per annum.
- 16.2 This include an amount of Rs 2,637.756 million (2021: Rs 1,783.800 million) due from SSGCL, in respect of finance income on net investment in lease, operating lease rentals, utilisation / regasification services and operations and maintenance services.
- 16.3 This includes an amount of Rs 6.309 million (2021: Rs 472.177 million) in respect of export sales.
- 16.4 As at December 31, 2022, trade debts aggregating to Rs 29,963.359 million (2021: Rs 20,817.542 million) were neither past due nor impaired.
- 16.5 As at December 31, 2022, trade debts aggregating Rs 350.069 million (2021: Rs 338.007 million) were past due and impaired and have been provided for.

		2022	2021	
16.6	The movement in provision during the year is as follows:	(Rupee	(Rupees in '000)	
	Balance as at January 1	338,007	84,792	
	Add: Provision for doubtful debts (note 38)	12,426	289,094	
	Trade debts written off	(364)	(35,879)	
	Balance as at December 31	350,069	338,007	

- 16.7 During the year, the Group has directly written off trade debts amounting to Rs 2.204 million (2021: Nil).
- 16.8 As at December 31, 2022, trade debts aggregating Rs 41,232.104 million (2021: Rs 37,711.229 million) were past due but not impaired. These relate to various customers for which there is no recent history of default.

	The ageing analysis of these trade debts is as follows: Upto 3 months 3 to 6 months	33,434,497	2021 s in '000) 24,462,914
	More than six months	7,100,949 696,658 41,232,104	7,870,592 5,377,723 37,711,229
16.9	Details of amounts due from associates / related parties are as follows:	2022 (Rupee	2021 s in '000)
	- GEL Utility Limited - Tenaga Generasi Limited	49,073 198,966 248,039	49,849 98,158 148,007
16.10	The ageing analysis of past due receivables from associates / related parties a	are as follows:	
		2022 (Rupee	2021 s in '000)
	- Upto 3 months - 3 to 6 months	16,940 57,022	96,880

51,629

125,591

49,849

146,729

For the year ended December 31, 2022 (Amounts in thousand)

17.

16.11 The maximum amount due from related parties at the end of any month during the year aggregated Rs 288.128 million (2021: Rs 222.715 million)

LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS	2022 (Rupees	2021 in '000)
Current portion of long-term loans and advances to executives and other employees (note 13) Advances to executives and	111,057	200,052
other employees (note 17.1)	4,317	6,112
Advance to associated undertakings (note 17.3)	3,017	4,841
Advance to suppliers	2,679	8,529
Current portion of receivable from SSGCL (note 13)	64,168	49,082
Advances and deposits	4,628,523	2,192,526
Prepayments:		
- insurance	682,125	1,372,697
- freight	164,876	38,251
- others	1,230,781	1,215,844
	6,891,543	5,087,934

- 17.1 This represents interest free advances to executives and employees for house rent, given in accordance with the Group's policy.
- 17.2 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.
- 17.3 These comprise Rs Nil (2021: Rs 1.824 million) and Rs 3.017 million (2021: Rs 3.017 million) due from Inbox Business Technologies (Private) Limited and The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2021: Rs 8.861 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

*		
	2022	2021
	(Rupees	in '000)
OTHER RECEIVABLES		
Pagainable from Covernment of Pakietan (CaD) against		
Receivable from Government of Pakistan (GoP) against: - Sales tax refundable	15,999,317	11,012,377
- Subsidy (note 18.1)	6,523,493	6,523,493
Casalay (Note 10.1)	22,522,810	17,535,870
	0.040.540	1 700 010
Less: Loss allowance on subsidy receivable from GoP (note 18.1.1 and 18.2)	2,319,548	1,796,612
Less: Provision for impairment (note 18.1)	155,127	155,127
	20,048,135	15,584,131
Delayed payment charges (note 18.4)	9,868,982	7,075,436
Workers' profits participation fund	401,745	310,518
Reimbursable cost from CPPA in respect of:		
- Workers' profits participation fund (note 18.10)	2,712,723	2,082,205
- expenses	32,627	21,827
Receivable from:		
- Engro Vopak Terminal Limited	58,253	43,600
- Dawood Corporation (Private) Limited	3,524	5,870
- Dawood Lawrencepur Limited	147	547
- Dawood Foundation	-	2,475
- Inbox Business Technologies (Private) Limited, Karachi	701	613
- Sach International (Private) Limited	922	3,297
- Tenaga Generasi Limited	2,367	538
- Reon Energy Limited	51,458	31,080
- Dawood Investments (Private) Limited (formerly known as Patek (Private) Limited)	2,283	929
- Engro Foundation	112	30,973
- Thar Foundation	1,451	5,625
- Sindh Engro Coal Mining Company Limited - Thar Power Company Limited	17,246	17,001 1,811
- FrieslandCampina Engro Pakistan Limited	3,483 1,753	40,724
- China East Resources Import and Export Corporation	100,305	93,305
- Pebbles (Private) Limited	6	90,000
- Cyan Limited	583	_
- Empiric Al (Private) Limited	68,159	_
	000 004	70.050
Claims receivable - net	620,364	76,650
Insurance claim receivable (note 2.1.1.5)	365,825	
Retirement benefit funds Others (notes 18.7 to 18.9)	125,797	92,830
Others (notes 18.7 to 18.9)	1,607,469 16,048,285	307,799 10,245,653
-	36,096,420	25,829,784
	30,030,420	20,029,704

For the year ended December 31, 2022 (Amounts in thousand)

18.1 During the year 2015, the Government of Pakistan (GoP) had notified payment of subsidy on sold product at the rate of Rs 500 per 50 kg bag of Di-Ammonia Phosphate (DAP), Rs 217 per 50 kg bag of Nitrophos (N) and Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

During the year 2016, another subsidy scheme was announced by the GoP effective June 25, 2016 whereby subsidy was payable on sold product at the rate of Rs 156 per 50 kg bag of Urea, Rs 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and NPK fertilizers (based on phosphorus content).

During the year 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs 100 per 50kg 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	2022 (Rupees	2021 in '000)
Gross subsidy receivable from the GoP Provision against doubtful receivable (note 18.3) Loss allowance on subsidy receivable from the GoP (note 18.2)	6,523,493 (155,127) (2,319,548) 4,048,818	6,523,493 (155,127) (1,796,612) 4,571,754

18.1.1 The movement in loss allowance on subsidy receivable from the GoP is as follows:

2022	2021
(Rupees	in '000)
1,796,612	1,238,912
522,936	557,700
2,319,548	1,796,612
	(Rupees 1,796,612 522,936

- 18.2 As required under IFRS 9, management is required to assess changes in credit risk by taking into account time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognise expected credit loss, if any, based on this management has recomputed expected credit loss amounting to Rs 2,319.548 million (2021: Rs 1,796.612 million) on subsidy receivable 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.
- **18.3** As at December 31, 2022, specific provision in respect of subsidy amounts to Rs 155.127 million (2021: Rs 155.127 million).
- 18.4 This represents mark up on overdue trade debts relating to EPQL and EPTL, of which Rs 7,467.066 million (2021: Rs 5,329.041 million) is overdue.
- 18.5 The ageing analysis of past due receivables from associates / related parties is as follows:

	2022	2021
	(Rupees	in '000)
Upto 3 months 3 to 6 months More than 6 months	29,007 56,692 111,088 196,787	133,896 215,780 79,738 429,414

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- **18.6** The maximum amount due from related parties at the end of any month during the year amounts to Rs 2,472.493 million (2021: Rs 1,544.589 million).
- 18.7 As at December 31, 2022, receivables aggregating to Rs 54.730 million (2021: Rs Nil) were impaired and have been provided for in full.
- 18.8 These include due from Mr. Hussain Dawood and Mr. Abdul Samad Dawood (i.e members of key management personnel of the Holding Company).
- 18.9 This includes non-adjustable sales tax of Rs 740.888 million (2021: Nil) relating to the project phase of EPTL which as per the Tariff Decision (note 33.2.1) is allowed to be claimed as a pass-through item from CPPA-G under the PPA, if disallowed by the relevant authorities.
- **18.10** This includes outstanding invoiced amount of Rs Nil (2021: Rs 170.219 million) which is over due for more than 6 months.

2001

		2022	202 I
19.	CONTRACT ASSET	(Rupees	in '000)
	Capacity Purchase Price component of tariff - EPTL (note 19.1)	12,130,839	5,452,510
	Unbilled revenue	1,993,454	1,034,595
		14,124,293	6,487,105

19.1 This includes unbilled revenue in respect of Capacity Purchase Price (CPP) component of tariff in the Power Purchase Agreement (PPA) for the period July 10, 2019 (date of CoD) to December 31, 2021.

	Purchase Agreement (PPA) for the period July 10, 2019 (date of CoD) to December 31, 2021.			
20.	SHORT TERM INVESTMENTS	2022 (Rupees	2021 s in '000)	
	At fair value through profit or loss Investment in units of mutual funds (note 20.1) Treasury bills (T-Bills) (note 20.2) Quoted shares (note 20.4) Pakistan Investments Bonds (PIBs) (note 20.5) At fair value through other comprehensive income Pakistan Investments Bonds (PIBs) (notes 20.6 and 20.7)	17,166,688 1,899,434 8,613,043 1,799,903 29,479,068	20,005,901 599,379 9,491,779 1,521,602 31,618,661	
	At amortised cost Fixed income placements / Term deposit receipts (note 20.8 and 20.9) Treasury bills (T-Bills) (note 20.3) Pakistan Investment Bonds (PIBs) (note 20.5)	9,525,568 25,326,017 2,924,976 37,776,561 96,635,951	41,542,925 15,835,381 6,905,851 64,284,157 95,902,818	

- **20.1** This represents investment in 111,900,826 units (2021: 601,850,292 units) of mutual funds having cost amounting to Rs 17,166.688 million (2021: Rs 20,005.901 million).
- 20.2 These securities have matured subsequent to the year end on January 5, 2023. The yield on these securities is 16.65% per annum (2021: 10.18% per annum). These securities have been under lien against the running finance facility obtained as disclosed in note 31.1 of these consolidated financial statements.
- 20.3 These Treasury Bills carry interest at the rates ranging between 14.75% to 16.87% (2021: ranging upto 11.35%) per annum and maturing on various dates between 3 to 10 months.

For the year ended December 31, 2022 (Amounts in thousand)

20.4 Particulars regarding quoted shares are as follows:

	As at January 1, 2022	Purchased during the year	Bonus shares received during the year	Sold during the year	As at December 31, 2022	Cost as at December 31, 2022	Fair value as at December 31, 2022	Unrealised (loss)/gain as at December 31, 2022
Automobile & Automobile Parts	76,950	-	- Number of Shares	76,950	-	-		_
Banking, Insurance and Investment companies	46,238,134	20,756,764	364,391	2,111,699	65,247,590	7,514,296	5,798,742	(1,715,554)
Cement	16,160,500	892,884	500,000	7,194,828	10,358,556	621,056	553,709	(67,347)
Engineering	-	100,000	-	-	100,000	7,163	4,831	(2,332)
Exploration and production	8,383,340	818,602	-	760,000	8,441,942	1,269,369	907,545	(361,824)
Fertilizer	1,027,438	2,296,243	-	1,309,699	2,013,982	213,273	198,800	(14,473)
IT & Telecom	1,061,336	416,051	254,299	340,302	1,391,384	284,843	347,930	63,087
Oil Marketing companies	2,346,941	191,000	-	1,156,923	1,381,018	207,684	198,853	(8,831)
Textile	2,736,252	-	62,230	1,180,500	1,617,982	63,354	91,658	28,304
Pharmaceuticals	10,000	-	-	10,000	-	-	-	-
Power	4,838,431	3,635,251	-	200,000	8,273,682	611,931	510,975	(100,956)
Others	240,537	-	-	240,537	-	-	-	-
						10,792,969	8,613,043	(2,179,926)

- 20.5 These bonds carry interest at the rates ranging between 14.84% to 17.66% per annum (2021: ranging upto 11.33%) and maturity on various dates between 1 to 12 months.
- 20.6 These bonds carry yield of 12.75% to 17.56% per annum and have maturity terms ranging between 2 to 10 years.
- 20.7 This amount is net of loss amounting to Rs 854.981 million arising on remeasurement of Pakistan Investment Bonds.
- 20.8 These represent placements with banks and Term Deposit Receipts carrying interest at the rates ranging between 10.25% to 16.00% (2021: ranging upto 12.95%) per annum and maturing on various dates between 1 to 10 months.
- 20.9 As at December 31, 2022, the Holding Company held TDR amounting to Rs 18 million with a commercial bank carrying profit at the rate of 10.25% per annum (2021: ranging from 6.75% to 11% per annum). The TDR is due to mature on April 15, 2023. The Bank has marked lien over this TDR against Corporate Credit Card facilities.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

467,387,116

481,287,116

467,387,116

481,287,116

(Amo	unts in thousand)				
				2022	2021
21.	CASH AND BANK	(BALANCES		(Rupe	es in '000)
	Balances with bank - deposit accounts - deposit accounts - current accounts Cheques / demand Cash in hand	(notes 21.1 and 21 - islamic (note 21.3	1.2)	38,112,814 483 6,868,335 - 13,690 44,995,322	973 4,708,429 67,927 12,403
21.1	Local currency con per annum.	ventional deposits	carry return ranging from 4.5% to	o 16.5% (2021: :	2.14% to 9.35%)
21.2			021: Rs 8,536.344 milliion) held ii 2021: 0.10%) per annum.	n foreign currend	cy bank accounts
21.3	These are shariah 2.94% to 4.22%) p		lances and carry profit at rates	ranging from 4%	% to 9.1% (2021:
22.	SHARE CAPITAL				
22.1	Authorised share c	apital			
	2022	2021		2022	2021
	(Number c	f shares)		(Rupees i	n '000)
	1,000,000,000	1,000,000,000	Ordinary shares of Rs 10 each	10,000,000	10,000,000
22.2	Issued, subscribed	and paid-up share	capital		
	2022	2021		2022	2021
	(Number o	f shares)	0 "	(Rupees i	n '000)
	13,900,000	13,900,000	Ordinary shares of Rs 10 each fully paid in cash	139,000	139,000
			Ordinary shares of Rs 10 each issued as fully paid		

bonus shares

4,673,871

4,812,871

4,673,871

4,812,871

For the year ended December 31, 2022 (Amounts in thousand)

		2022	2021
22.3	Shares held by related parties	(Number of	shares)
	Dawood Lawrencepur Limited Percentage of holding 16.19% (2021: 16.19%)	77,931,896	77,931,896
	The Dawood Foundation Percentage of holding 3.95% (2021: 3.95%)	18,991,988	18,991,988
	Dawood Investments (Private) Limited [formerly known as Patek (Private) Limited] Percentage of holding 9.86% (2021: 9.86%)	47,450,048	47,450,048
	Sach International (Private) Limited Percentage of holding 0.001% (2021: 0.001%)	6,996	6,996
	Directors and Chief Executive Officer of the Holding Company (including their spouse and minor children) Percentage of holding 3.26% (2021: 2.64%)	15,702,728	12,726,327

23. MAINTENANCE RESERVE

In accordance with the Power Purchase Agreement (PPA), Engro Powergen Qadirpur Limited (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 Rs 49.321 million (2021: Rs 49.321 million) as at December 31, 2022. Till such time the amount is deposited again to the required level, EPQL has unutilised short-term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

24.	BORROWINGS - Secured (Non-participatory)	2022	2021
	Domination Cooking (non-parisopatory)	(Rupee	s in '000)
	Islamic Finances (note 24.1)	33,249,513	24,257,432
	Conventional Finances (note 24.2)	45,623,936	45,539,314
	Foreign currency borrowings and others (note 24.3)	106,825,744	94,394,828
		185,699,193	164,191,574
	Less: Current portion shown under current liabilities	(27,699,919)	(23,110,031)
	Less: Government grant (note 24.5)	(1,825,480)	(1,263,327)
		156.173.794	139.818.216

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

				Installments			
		Note	Mark-up	Number	Commenced/ Commencing from	2022 (Runees	2021 in '000)
24.1	Islamic Finances				Commencing from	(Hupoos	11 000)
	Sukuks	24.4.1	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	-	8,667,709
	Bilateral Loan	24.4.2	6 months KIBOR + 0%	6 half yearly	July 15, 2021	2,710,751	4,517,917
	Islamic long-term financing facility (ILTFF)	24.4.3	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,868,317	1,927,386
	Islamic Temporary Economic Refinance	24.4.4	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to	4 740 000	000 445
	Facility (ITERF) Loan under diminishing musharka agreement	24.4.5	3 months KIBOR + 0.4%	6 half yearly	September 2023 June 28, 2023	1,716,699 400,000	663,115 400,000
	Syndicated Long Term Islamic Financing facility		3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,730,846	400,000
	Loan under diminishing musharka agreement	24.4.7	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	_
	Islamic Facility Agreements	24.4.8	3 months KIBOR + 3.5%	20 half yearly		3,322,900	3,581,305
	Meezan Bank Limited	24.4.9	3 months KIBOR + 0.93%	20 quarterly	November 1, 2023	4,500,000	4,500,000
	Meezan Bank Limited - Facility 2	24.4.10	3 months KIBOR + 0.4%	28 quarterly	September 1, 2025	3,000,000	-
	Faysal Bank Limited	24.4.11	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	1,000,000	
24.2	Conventional Finances					33,249,513	24,257,432
24.2							
	MCB Bank Limited - Facility 1	24.4.12	3 months KIBOR + 0.95%	20 quarterly	October 1, 2022	1,000,000	1,000,000
	Bank Alfalah Limited	24.4.13	3 months KIBOR + 0.8%	20 quarterly	March 1, 2023	1,000,000	1,000,000
	Habib Bank Limited - Facility 1	24.4.14	3 months KIBOR + 0.95%	20 quarterly	April 1, 2023	1,700,000	1,700,000
	Habib Bank Limited - Facility 2	24.4.15	3 months KIBOR + 0.7%	20 quarterly	December 1, 2023	2,000,000	2,000,000
	MCB Bank Limited - Facility 3 Habib Bank Limited - Facility 3	24.4.16 24.4.17	3 months KIBOR + 0.4%	28 quarterly 28 quarterly	August 1, 2025 December 1, 2025	2,000,000	-
	United Bank Limited - Facility 3	24.4.17	3 months KIBOR + 0.4% 3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	2,500,000 1,500,000	-
	Facilities of EFert - Senior lenders						
	Allied Bank I imited	24.4.22	3 months KIBOR + 0.35%	16 half yearly	June 8, 2023	312,042	312,042
	Allied Bank Limited	24.4.22	3 months KIBOR + 0.35%	6 half yearly	June 17, 2023	1,000,000	1,000,000
	National Bank of Pakistan	24.4.20 & 24.4.22	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	500,000	1,000,000
	Allied Bank Limited	24.4.20 & 24.4.22	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	1,050,000	2,100,000
	Allied Bank Limited	24.4.20 & 24.4.22	3 months KIBOR + 0.2%	6 half yearly	June 16, 2022	1,666,667	2,500,000
	MCB Bank Limited	24.4.20 & 24.4.22	6 months KIBOR + 0.05%	4 half yearly	March 29, 2021		750,000
	MCB Bank Limited	24.4.20 & 24.4.22	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	2,083,333	2,500,000
	MCB Bank Limited	24.4.20 & 24.4.22	6 months KIBOR + 0.20%	4 half yearly	December 25, 2021	1,500,000	3,000,000
	MCB Bank Limited	24.4.21 & 24.4.22	3 months KIBOR + 0.50%	16 quarterly	January 25, 2023	-	151,800
	MCB Bank Limited Habib Bank Limited	24.4.21 & 24.4.22 24.4.21 & 24.4.22	3 months KIBOR + 0.50% 3 months KIBOR + 1.00%	16 quarterly 36 quarterly	January 21, 2023 March 21, 2023	-	235,335 9,015
	Habib Bank Limited	24.4.21 & 24.4.22	3 months KIBOR + 1.00%	36 quarterly	March 29, 2023		11,048
	Habib Balik Ellilled	24.4.21 Q 24.4.22	3 HIGHLIS RIDOTT + 1.00 /0	oo quartony	Waron 23, 2020	8,112,042	13,569,240
	JS Bank Limited		SBP Rate + 2%	20 quarterly	September 23, 2019	30,000	50,000
	Bank Alfalah		SBP Rate + 2%	20 quarterly	May 1, 2012	78,740	83,455
	National Bank of Pakistan	24.4.8	3 months KIBOR + 3.5%	20 half yearly		2,603,491	2,805,952
	HBL - led consortium	24.4.8	3 months KIBOR + 3.5%	20 half yearly		,,-	15,234,870
	Allied Bank Limited	24.4.23	6 months KIBOR + 0.8%	4 half yearly	June 15, 2022	515,295	1,048,235
	MCB Bank Limited - Syndicate facility	24.4.24	3 months KIBOR + 0.7%	20 quarterly	December 1, 2023	3,500,000 40,675,183	3,500,000 41,991,752
	TERF Loans - EFert	04.4.04	4.50%	Maria	Mb 00, 0000		
	Allied Bank Limited	24.4.21	1.50%	Various	March 30, 2023	676,310	676,310
	Habib Bank Limited	24.4.19 & 24.4.21	2.00%	Various	January 29, 2023	799,841	35,592
	MCB Bank Limited	24.4.19 & 24.4.21	1.50%	Various	January 13, 2023	3,472,602 4,948,753	2,835,660 3,547,562
						45,623,936	45,539,314
						-10,0∠0,930	40,008,014

For the year ended December 31, 2022 (Amounts in thousand)

				Inst	allments		
24.3	Foreign Borrowings and Others	Note	Mark-up	Number	Commenced/ Commencing from	2022 (Rupees	2021 in '000)
	International Financial Corporation (IFC) Deutsche Investitions und	24.4.25 24.4.20, 24.4.22	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,913,259	5,114,204
	Entwicklungsgesellschaft	& 24.4.28	6 months LIBOR + 3.75%	9 half yearly	December 15, 2019	755,646	1,178,246
	Allied Bank Limited (Bahrain) China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industrial and Commercial Bank of	24.4.23 & 24.4.26	6 months LIBOR + 3%	6 half yearly	June 13, 2022	1,945,047	2,297,496
	China Limited (ICBCL)	24.4.27	6 months LIBOR + 4.2%	20 half yearly	December 21, 2015	105,576,723 112,190,675	91,915,326 100,505,271
	Less: Transaction costs	24.4.29				_(5,364,931) 106,825,744	<u>(6,110,443)</u> 94,394,828

- **24.4** Detail of the financings are set out as follows:
- **24.4.1** In the year 2019, EPCL issued listed sukuk bonds of Rs 8,750 million to eligible institutional and other investors by way of private placement for a period of 7.5 years. However, during the year, EPCL has repaid the entire issue amount and is currently in the process of delisting of sukuk bonds from PSX as at the reporting date.
- 24.4.2 In the year 2019, EPCL entered into a Musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge over 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.
- 24.4.3 In the year 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.
- 24.4.4 In the year 2021, EPCL obtained Islamic Temporary Economic Refinance Facility (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 over 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. During the year, EPCL further received Rs 217.685 million on account of ITERF loan facility.

In the year 2021, EPPL entered into Musharaka agreements aggregating to Rs 650 million under the ITERF of SBP. The borrowing is secured by way of hypothecation charge over 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.

During the year, EPPL has entered into another Musharaka agreement amounting to Rs 3,500 million under the ITERF of SBP. The borrowing is secured by way of hypothecation charge over plant and machinery of EPPL with 20% margin.

24.4.5 In the year 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 over 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- **24.4.6** On December 28, 2022, EPCL made a draw down of Rs 8,750 million under syndicate long-term Islamic financing facility to finance buyback of sukuk bond (note 24.4.1). 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.
- 24.4.7 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 the 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.
- **24.4.8** EPTL has entered into the following loan agreements:
 - Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs 17,016 million. As at December 31, 2022, the outstanding balance of the borrowing was Rs 14,135.615 million (2021: Rs 15,234.870 million).
 - Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs 3,134 million. As at December 31, 2022, the outstanding balance of the borrowing was Rs 2,603.491 million (2021: Rs 2,805.952 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, 2022, the outstanding balance of the borrowing was Rs 3,322.900 million (2021: Rs 3,581.305 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 pledge shares in favour of the Security Trustee.

This includes Rs 1,550 million and Rs 200 million borrowed from Habib Bank Limited, a related party in respect of Rupee Facility agreements and Islamic Facility Agreements, respectively.

- 24.4.9 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, 2022 is of Rs 4,500 million (2021: 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 first pari passu hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- 24.4.910 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, 2022 is of Rs 3,000 million (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with two years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 24.4.11 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, 2022 is of Rs 1,000 million (2021: Nil). The total tenor of loan is ten years from the date of

For the year ended December 31, 2022 (Amounts in thousand)

disbursement of finance with 3 years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.

- 24.4.12 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, 2022 is of Rs 1,000 million (2021: Rs 1,000 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 first hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- 24.4.13 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, 2022 is of Rs 1,000 million (2021: Rs 1,000 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 first pari passu hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- 24.4.14 In April 2021, Enfrashare entered into a secured long-term financing facility extended by Habib Bank Limited for an amount up to Rs 1,700 million. Facility availed as at December 31, 2022 is of Rs 1,700 million (2021: Rs 1,700 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 first pari passu hypothecation charge over current assets and fixed assets (excluding land and building) of Enfrashare.
- **24.4.15** In December 2021, Enfrashare entered into a secured long-term financing facility extended by Habib Bank Limited for an amount up to Rs 2,000 million. Facility availed as at December 31, 2022 is of Rs 2,000 million (2021: 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 first pari passu hypothecation charge over current assets and moveable assets (excluding land and building) of Enfrashare.
- 24.4.16 In August 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by MCB Bank Limited for an amount up to Rs 2,000 million. Facility availed as at December 31, 2022 is of Rs 2,000 million (2021: Nil). 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 first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 24.4.17 In December 2022, Enfrashare entered into a secured term finance facility and secured facility extended by Habib Bank Limited for an amount up to Rs 2,500 million. Facility availed as at December 31, 2022 is of Rs 2,500 million (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with three years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.
- 24.4.18 In December 2022, Enfrashare entered into a secured term finance agreement and secured facility extended by United Bank Limited for an amount up to Rs 1,500 million. Facility availed as at December 31, 2022 is of Rs 1,500 million (2021: Nil). The total tenor of loan is ten years from the date of disbursement of finance with three years grace period for principal portion. The financing facility is secured against first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

24.4.19 During the year, EFert acquired long-term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs 744.186 million and Rs 249.807 million respectively under ""Temporary Economic Refinance Facility"" (TERF) introduced by SBP in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installments starting from January 2023. Fair value adjustment arising on account of acquisition of these loans at below market rates has been recognised in the consolidated statement of profit or loss.

In accordance with IFRS 9 Financial instruments, the Group has recognised these loans at their fair value and the differential mark-up as deferred government grant income, as mentioned in note 24.5 to these consolidated financial statements, which will be amortised and set off against finance cost over the period of the facilities.

- 24.4.20 During the year, EFert made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions-und Entwicklungsgesellschaft amounting to Rs 2,666.667 million, Rs 1,883.333 million, Rs 500 million and Rs 721.083 million, respectively.
- **244.21** Further, during the year, after the approval of the SBP, term loans amounting to Rs 407.198 million were converted to TERF loans.
- **24.4.22** All senior debts of Efert are secured by an equitable mortgage upon immovable property of EFert and equitable charge over current and future operating assets excluding immovable property of EFert.

24.4.23 The loans have been secured by way of the following:

- First pari passu hypothecation charge over fixed asset (excluding land and building) of EETPL with 25% margin (disbursement of loan made on ranking charges which will subsequently be upgraded to Pari Passu within due course):
- First Pari passu mortgage charge over immovable assets (including land and building) of EETPL with 25% margin (this security is condition subsequent, creation and perfection of this security shall be completed within due course);
- Assignment of EETPL's receivable / cashflows and any interests in the documents and contract related to EETPL's operations; and
- Establishment and lien over debt payment account of EETPL.

24.4.24 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 2,000 million and Rs 1,500 million (2021: Rs 2,000 million and Rs 1,500 million), respectively. Facilities availed as at December 31, 2022 are of Rs 2,000 million and Rs 1,500 million (2021: Rs 2,000 million and Rs 1,500 million), respectively. 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 first pari passu hypothecation charge over current assets, receivables and fixed assets (excluding land and building) of Enfrashare.

For the year ended December 31, 2022 (Amounts in thousand)

- 24.4.25 In the year 2018, EPCL had entered into a financing agreement with IFC for a total of USD 35 million, the draw down of which was made in December 2019. This is secured by way of hypothecation charge over present and future fixed assets of EPCL (excluding land and building) to the extent of USD 43.750 million which shall rank pari passu with the charges created in favour of existing creditors. The long-term facility agreement is subject to interest rate benchmark reforms, which are yet to transition.
- 24.4.26 In the year 2015, EETPL entered into a Common Terms Agreement (CTA) and financing agreements with Asian Development Bank (ADB), International Finance Corporation (IFC), Askari Bank Limited and MCB Bank Limited as arrangers and ADB, IFC, Allied Bank Limited (ABL), MCB and Pak Brunei Investment Company Limited (PBICL) as lenders. In the year 2021, EETPL entered into a new financing arrangement with ABL and prepaid the lenders of EETPL under the CTA through single payment.
- 24.4.27 EPTL had 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 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 commitment of the shareholders of EPTL is same as more fully explained in note 24.4.8. As at December 31, 2022, the unutilised borrowings amount to USD 155.250 million (2021: USD 100.915 million).
- 24.4.28 On March 5, 2021, the Financial Conduct Authority (FCA) announced the dates on which the panel bank submissions for all LIBOR settings will cease, after which LIBOR rates will no longer be available. The FCA confirmed that all LIBOR settings will cease to be provided by any administrator immediately after December 31, 2021 for 1-week and 2-month USD settings. This will not impact the Group's foreign borrowings since the 6-month LIBOR is applicable on foreign currency borrowings which will be discontinued after June 30, 2023.
- 24.4.29 These primarily represent payments made 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 is being amortised over the term of the respective borrowings.
- **24.4.30** In view of the substance of the transactions, the sale and repurchase of assets under long-term finance have not been recorded in these consolidated financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

24.4.31 Following are the changes in the long term borrowings for which cash flows have been classified as financing activities in the consolidated statement of cash flows:

	financing activities in the consolidated statement of cash flows:	2022	2021
		(Rupees in '000)	
	Balance as at January 1	164,191,574	165,238,637
	Add:		
	Borrowings availed during the year	26,773,322	21,234,460
	Exchange loss Amortisation of transaction cost	27,167,532	9,997,743
	Amortisation of transaction cost	885,074	1,015,851
	Less:	((22 . 22 . 22 .)
	Repayment of borrowings	(33,318,309)	(33,183,034)
	Management fee paid Transaction costs	_	(42,818) (69,265)
	Transaction costs	21,507,619	(1,047,063)
		185,699,193	164,191,574
	Less: Current portion shown under current liabilities	(27,699,919)	(23,110,031)
	Less: Government grant (note 24.5)	(1,825,480)	(1,263,327)
	Balance as at December 31	156,173,794	139,818,216
24.5	Government grant		
	Balance as at January 1	1,263,327	1,326,638
	Add: Grant recognized on loan at below market interest rate	973,820	-
	Less: released to the consolidated statement of profit or loss	(411,667)	(63,311)
		1,825,480	1,263,327
	Less: Current portion of Government grant	(353,201)	(183,624)
		1,472,279	1,079,703
25.	LEASE LIABILITIES		
	Non-current portion	62,397,791	53,163,136
	Current portion	9,062,433	6,131,558
	Total lease liability as at December 31	71,460,224	59,294,694

25.1 This mainly represents EETPL's lease liability amounting to Rs 54,833.722 million (2021: Rs 46,928.886 million). The remaining term of the lease is 7 years and 3 months and ETPL's weighted average incremental borrowing rate is 8.29% per annum.

For the year ended December 31, 2022 (Amounts in thousand)

26.

DEFERRED LIABILITIES	(Rupees	in '000)
Retirement and other service benefits obligations	578,301	523,087
Deferred incentive revenue (note 26.1)	534,814	918,817
Deferred liability on FSRU (note 26.2)	2,606,555	1,854,129
Provision for dismantling & restoration cost (note 26.3)	497,490	293,606
	4,217,160	3,589,639
Less: Current portion shown under current liabilities	(577,116)	(736,953)
	3,640,044	2,852,686

2022

2021

- 26.1 This primarily includes deferred incentive revenue of Rs 488.755 million (2021: Rs 918.817 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 whereby Enfrashare provided a discount:
 - in respect of service fee charged to it for an initial period of three years from the respective site commencement date. The related discount was provided against the discounted cash consideration under the asset sale and purchase agreements. Present value of the discount amounted to Rs 696 million. The said amount has been recognised as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognised in this respect which is amortised over a three years period from the site commencement date on the basis of monthly service fee accrued under the agreement.
 - against total amount of consideration to be charged to the customers for provision of energy solutions and energy management services. Present value of the discount amounted to Rs 475 million. The said amount has been recognised as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognised in this respect which is amortised over a period of four and a half years from the date after six months of the project completion date.
- 26.2 This represents excess of billing over operating lease income in respect of ETPL. Income is recognised over a straight line basis.
- 26.3 This includes provision of Rs 476.425 million (2021: Rs 293.606 million) recognised for cost of dismantling of infrastructure and allied equipment for tenanted sites acquired by Enfrashare from PMCL and Deodar under sale and purchase agreement. The provision has been recorded using a real discount rate of 0.91% per annum (2021: 1.08% per annum).

		2022 (Rupees	2021 in '000)
27.	LONG TERM PROVISIONS		
	Provision for Gas Infrastructure Development Cess (GIDC) (note 27.1) Provision for gas price revision (note 27.2)	27,939,393 517,392	26,165,260 517,392
		28,456,785	26,682,652
	Less: Current portion of provision for GIDC and gas price revision	(25,503,815) 2,952,970	(18,510,399) 8,172,253

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- 27.1 The Honorable Supreme Court of Pakistan ("SCP") through its judgment dated August 13, 2020 ("Judgment") declared that the levy imposed under the Gas Infrastructure Development Cess ("GIDC") Act, 2015 ("the Act") is valid and in accordance with the provisions of the Constitution of Pakistan 1973 ("the Constitution"). The SCP issued the following directions:
 - It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the Act;
 - As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020, and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge ("LPS"); and
 - In case, no work is carried out on the gas infrastructure pipelines in the manner and/or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

Pursuant to the Judgement, the gas suppliers began invoicing the GIDC installments for recovery with effect from August 01, 2020.

Aggrieved by the Judgment, EFert and EPCL filed review petitions before the SCP on various grounds, which were dismissed by the SCP on November 02, 2020, ("Review Decision"). However, the Review Decision noted that the Government of Pakistan is agreeable to recover the unpaid arrears in 48 monthly installments instead of 24 monthly installments provided the time period for the projects was extended to 12 months from 6 months; and (ii) upheld the validity of Section 8(2) of the Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the proviso to Section 8(2) of the 2015 Act.

EPCL and EFert have also filed suits before the High Court of Sindh ("HCS") against collection of GIDC on the grounds that factual determination of the GIDC passed-on to the customers is to be carried out. The HCS granted interim stay to EPCL and EFert restraining the impleaded gas companies from taking coercive action against EPCL and EFert for non-payment of GIDC installments till the finalisation of the matter.

Further, against the GIDC instalment invoice received from Sui Northern Gas Pipelines Limited (SNGPL) to EFert on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11, 2007 ("GSPA"), EFert approached the HCS to challenge this imposition. EFert has obtained a stay order in its favour and the HCS 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 by EFert 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 48 monthly instalment commencing from August 2020, as referred to in the aforementioned decision on the review petition by the SCP), 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. During the year, the amount has been unwinded and resulted in remeasurement losses of Rs 1,102.678 million (2021: Rs 1,401.519 million).

For the year ended December 31, 2022 (Amounts in thousand)

27.2 In the year 2017, EPCL had filed suits in the HCS, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regularity Authority (OGRA) vide SRO no.(1)/2016 dated December 30, 2016, whereby EPCL cited the increase as illegal and unconstitutional. The HCS granted an interim order in favour of EPCL which is still operational. However, EPCL has recognised a provision for the period from December 2017 to September 2018.

2022	2021
(Rupees	in '000)

28. TRADE AND OTHER PAYABLES

Creditors Accrued liabilities (notes 28.1 to 28.4) Provision against tax contingency of EVTL (note 28.6) Advances from customers (note 28.7) Contractors'/ suppliers' deposits and retention money (note 28.7) Workers' welfare fund Workers' profits participation fund Sales tax payable Payable to retirement benefit funds Contract Liability (note 29.7) Withholding tax payable Payable to:	11,143,071 58,871,305 682,028 16,347,911 325,192 1,344,093 2,557,527 203,999 308,868 464,794	14,042,026 39,235,902 972,297 6,248,748 278,131 1,377,860 1,533,031 74,116 280,671 749,276
 Thar Power Company Limited FrieslandCampina Pakistan Holdings B.V. Sindh Engro Coal Mining Company Engro Vopak Terminal Limited Dawood Foundation Engro Foundation FrieslandCampina Engro Pakistan Limited Others (note 28.9) 	210,224 932,367 31,327,765 286,184 39,624 175,954 20,905 626,799 125,868,610	269,527 734,033 28,312,314 261,856 - - 893,139 95,262,927

- **28.1** These include accrual in respect of gas charges amounting to Rs 605.671 million (2021: Rs 602.625 million).
- 28.2 On June 4, 2021, the Sindh High Court (SHC) through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. EFert and EPCL filed a petition against the judgment before the Honorable Supreme Court of Pakistan (SCP) challenging the SHC judgement. In September 2021, SCP suspended the Judgement of SHC along with the recovery of Cess. Management is confident that ultimate outcome of the case will come in its favor, however, on prudence basis, has recognised a provision amounting to Rs 4,869.100 million (2021: Rs 3,668.213 million) of the Cess in these consolidated financial statements.
- 28.3 On June 10, 2021, Efert filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipeline Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale & Purchase Agreement and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. Efert, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs 6,708.128 million (2021: Rs 2,494.496 million) in these consolidated financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

28.4 Includes accruals recorded in respect of the following related parties:

	2022	2021
	(Rupees i	n '000)
Thar Power Company Limited	98,481	-
The Dawood Foundation	22,196	21,658
Reon Energy Limited	21,587	-
Engro Foundation	-	150,000
Sindh Engro Coal Mining Company Limited	<u>7,561,786</u>	4,231,636
	7,704,050	4,403,294

2021

28.5 Ministry of Energy (MoE) vide its letter dated March 01, 2013, had allocated gas from the Reti Maru field to Efert wherein it was specifically mentioned that applicable price for the gas supplied from such field would be as per Petroleum Policy, 2012 ("Petroleum Policy"). Accordingly, the gas supplier has been supplying gas and invoicing EFert on such basis since the execution of the Gas Supply Purchase Agreement ("GSPA") i.e. since 9 years.

During the year, EFert received a letter from one of its gas supplier, referring to a letter issued by MoE, which indicated that the pricing of gas supplied to Efert from the aforementioned gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority ("OGRA") for the fertilizer sector ("MoE Letter") and such charge shall be applicable from the date of execution of the GSPA.

In this regard, EFert has submitted a formal response to the gas supplier contesting the applicability of the higher of the applicable Petroleum Policy or the gas price notified by OGRA for the fertilizer sector.

Without prejudice to the foregoing and any admission of liability, the Group has on prudent basis recorded a provision amounting to Rs 2,380.450 million (2021: Nil) in these consolidated financial statements.

		2022	2021
		(Rupees in	'000)
28.6	The movement in provision is as follows:		
	Balance at the beginning of the year	972,297	992,754
	Provision adjustment in respect of tax contingency (note 8.1)	(290,269)	(20,457)
		682,028	972,297

- 28.7 This represents advances received by the Group from customers and distributors for goods to be delivered.
- 28.8 This includes deposits amounting to Rs 307.664 million (2021: Rs 269.452 million) which have been kept in separate bank accounts. This also includes deposits amounting to Rs 7.400 million (2021: Rs 4.900 million) which are fully utilised in business in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.
- 28.9 This includes liability towards Long Term Incentive Plan (LTIP) amounting to Rs 133.993 million (2021: Nil). During the year, 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 and performance conditions over a three-year period.

For the year ended December 31, 2022 (Amounts in thousand)

2022 2021 ----- (Rupees in '000) ------

29. CONTRACT LIABILITIES

Contract liabilities **12,980,370** 1,102,086

- 29.1 Contract liability pertaining to the year 2021 represented unrecognised revenue in EPQL relating to 'Monthly Energy Shortfall' which CPPA-G is required to pay in the event net electrical output dispatched is lower than minimum monthly energy in accordance with Section 9.6 of the PPA. During the year, EPQL has adjusted the contract liability against the related receivable.
- **29.2** Contract liability as at December 31, 2022 includes an amount of Rs 12,964.194 million relating to EPTL as explained in notes 33.1 and 34.1.4.

	as explained inflotes 55.1 and 54.1.4.		
		2022	2021
30.	ACCRUED INTEREST / MARK-UP	(Rupees in	1 '000)
	Accrued interest / mark-up on secured:		
	- long-term borrowings	2,751,430	877,720
	- short-term borrowings	170,942	538,677
		2,922,372	1,416,397
		2022	2021
		(Rupees in	ı '000)

31. SHORT-TERM BORROWINGS

Running finances utilised under mark-up arrangements (note 31.1) 33,087,283 20,864,577 Shariah compliant short-term finance (note 31.2) 2,250,000 3,000,000 Export refinance facility (note 31.3) 474,360 5,900,214 Short-term loan (note 31.4) 3,660,000 - 39,471,643 29,764,791

- 31.1 The short-term running finances available to the Group from various banks under mark-up arrangements amounts to Rs 54,655 million (2021: Rs 58,527 million). The rates of mark-up on these finances are KIBOR based and range from 0.0% to 13.1% per annum over the relevant period KIBOR (2021: 0.0% to 1.5% over the relevant period 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.
- 31.2 EPTL has entered into a Musharakah agreement with Meezan Bank Limited as Investment Agent and issued Sukuks of face value of Rs 3,000 million (2021: Rs 3,000 million) for the period of five years with a call option exercisable towards the end the of every year. These Sukuks are issued to cater the working capital requirements of EPTL and carry profit at the rate of 3-Month KIBOR plus 1.1% per annum, payable quarterly. The Sukuks are secured by way of first charge, ranking pari passu, over the project assets of EPTL.
- 31.3 This represents export refinancing facility obtained by EPCL and EEAPL carrying mark-up at the rate of 3% on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of EPCL and EEAPL.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

31.4 Short-term loans available to the Group from various banks under mark up arrangements amount to Rs 3,660 million (2021: Nil). These finances are secured by the way of lien over T-Bills and pledge over shares. The rates of mark up on these finances range from 16.10% to 16.11% per annum. Subsequent to the year end, the loans were repaid.

2. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

32.1.1 The Holding Company

- The Holding Company had pledged 15.131 million shares of ECL with Meezan Bank Limited (as agent) in favour of Fatima Fertilizer Company Limited (FFCL) as collateral against guarantee given in favour of DH Fertilizer Limited (DHFL) - ex subsidiary (now FFCL) against potential tax liabilities, WPPF liabilities and WWF liabilities in respect of periods ending on or prior to June 30, 2015. These pledged shares are to be released upon completion of two years from the filing date of Income Tax Return for the year ended December 31, 2015, i.e. September 30, 2016, in case no demand / notice is received from respective authorities.

During the year ended December 31, 2018 out of 15.131 million shares of ECL, 4.639 million shares were released upon expiration of the period stated in the agreement relating to the WPPF liabilities.

The Holding Company had also issued a corporate guarantee which will remain in full force and effective for five years and will be released on the date on which the above tax liabilities are finally settled / disposed of or withdrawn.

32.1.2 Engro Corporation Limited

- 32.1.2.1 In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through the Finance Act, 2022, super tax at ten percent has been imposed on the specified sectors (including the fertilizer and chemical sector) in case the income exceeds Rs 300 million for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. ECL filed a petition against the imposition of super tax before the Sindh High Court (SHC). The SHC in its judgement dated December 22, 2022, declared that "the super tax levy shall only be applicable from the tax year 2023" and the imposition of higher rate on the specified sectors as discriminatory. The ECL's management has recorded provision of super tax for the year ended December 31, 2021 (tax year 2022), at the rate of four percent amounting to Rs 2,604.907 million in these consolidated financial statements (note 41.1) on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent amounting to Rs 2,738.141 million are remote and therefore no provision is recorded thereagainst in these consolidated financial statements.
- **32.1.22** In the year 2017, FCEPL received an order from the Competition Commission of Pakistan, imposing a penalty of Rs 62.293 million in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), ECL is required to reimburse 51% of the amount together with all reasonable cost and expenses to FCP in case any such penalty materialises. ECL, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal, and accordingly, no provision has been recognised in these consolidated financial statements in this respect.

For the year ended December 31, 2022 (Amounts in thousand)

- **32.12.3** 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 materialises ECL, based on the opinion of FCEPL's tax and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognised in these consolidated financial statements in this respect.
- **32.1.2.4** 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, a wholly owned subsidiary, for its PSRA commitments related to EPTL in favour of their project lenders These SBLCs are partially secured by pledging 53,000,000, 58,000,000 and 33,500,000 shares of EFert, EPCL and FCEPL respectively.
- **32.1.2.5** Following are the details of securities pledged by ECL:
 - Standby Letters of Credit (Equity SBLC) have been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 5.660 million (2021: US Dollars 8.635 million) for its equity commitments related to the SECMC, its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) October 31, 2023; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by ECL by pledging Treasury Bills.
 - Standby Letter of Credit (Put Option SBLC) has been provided by EEL, a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21.070 million (2021: US Dollars 21.070 million) in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2029; or (ii) fulfilment of sponsor obligations pursuant to Put Option SSA. This guarantee was secured by pledging ECL's shares of EFert and FCEPL of quantities 97,000,000 and 25,000,000 respectively.
- 32.1.2.6 EETPL has issued SBLCs amounting to US Dollars 22.500 million (2021: US Dollars 22.500 million). This has been secured by ECL by pledging Treasury Bills.

32.1.3 Engro Fertilizers Limited and its subsidiary company

32.1.3.1 In 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of EFert u/s 177 of the Ordinance for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directive issued by FBR. As such, EFert received audit selection notices for all these years.

In respect of sales tax audits, during 2021, the tax department only issued a Show Cause Notice (SCN) for TY 2017. EFert filed Constitutional Petitions before the High Court of Sindh (HCS) 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 HCS granted ad-interim orders in favour of EFert for all three tax years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs 18,566.262 million. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. EFert had filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)) against all amendment orders. During the year, the decision of the

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

CIR(A) has been received for all these years where the legal objections inter alia taken up on the selection / conduct of audit in this manner have been upheld. In these orders favorable decision has been made on majority of the matters while maintaining inadmissibility of certain expenses and disallowance of WPPF aggregating to Rs 581.898 million. EFert has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the unfavorable decision of CIR(A).

EFert's management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

- 32.1.3.2 In 2018, the tax department [i.e. Large Taxpayers Unit (LTU)] raised 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 HCS by filing Sales Tax Reference Application. On October 11, 2021, the HCS 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 in these consolidated financial statements.
- 32.1.3.3 In 2017, the High Court of Islamabad through its order dated June 8, 2017 held that the income derived by the Contractor from its contract with EFert is subject to tax as per Article 5(4) of Double Taxation Treaty between Pakistan and the Netherlands thus confirming the demand raised in the respective orders aggregating to Rs 1,178.391 million. In respect thereof, the Contractor preferred an appeal in the Supreme Court of Pakistan (SCP). In 2019, the SCP decided the case on ex-parte basis against the contractor. In 2021, the SCP accepted the review application for the case restoration. During the year, the case has been heard announcing the appeal in favour of the Contractor. Detailed judgement is awaited. No provision has been made in these consolidated financial statements.
- 32.1.3.4 In 2015, EFert received a sales tax order from the tax department for the tax periods January 01, 2013 to December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs 402.875 million and on 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 in these consolidated financial statements.
- 32.1.3.5 EFert filed a constitutional petition in the HCS against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (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 HCS ordered that SNGPL should supply 100 mmscfd of gas per day to the EFert's new plant. However, five petitions have been filed in the SCP against the aforementioned order of the HCS 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 remote.

Further, EFert upon continual curtailment of gas after the aforementioned decision of the HCS has filed an application in respect of Contempt of Court under Article 199 and 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 the EFert's plant despite the judgment of the HCS in EFert's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the HCS. The application is pending for hearing and no orders have yet been passed in this regard.

For the year ended December 31, 2022 (Amounts in thousand)

32.1.3.6 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 the 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 the 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 HCS wherein stay has been granted in favour of the 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 HCS 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 very good, as confirmed by legal advisor, hence, no provision has been made in this respect in these consolidated financial statements.

32.1.3.7 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 the new plant, with right to first 100 mmcfd gas production from the Qadirpur gas field: and (iii) both EFert and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in SCP. However, EFert's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

32.1.4 Elengy Terminal Pakistan Limited and its subsidiary company

32.1.4.1 The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The law for infrastructure fee thereafter was last amended through the Sindh Finance Act, 2014 according to which infrastructure fee will range from 0.9% to 0.95% of the total value of goods as assessed by the Custom Authorities plus one paisa per kilometer against various slab of net weight of goods.

On July 11, 2014, EETPL filed a petition against the aforementioned levy before HCS where it is currently pending. Earlier, HCS through an interim order on November 11, 2014 on petitions filed by others, directed companies to clear the goods on paying 50% of the amount of levy and furnishing bank guarantee / security for the balance amount.

On June 4, 2021, the HCS through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ("the Cess") promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. However, EETPL has paid 50% of the

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

above levied cess and has provided bank guarantee amounting to Rs 17 million (2021: Rs 17 million) in favour of the Custom Authorities to comply with interim orders of the Court dated November 14, 2014 for the above levied cess. EETPL has filed a petition against the judgement dated June 04, 2021 before SCP challenging the judgement dated June 04, 2021 before SCP. The SCP in its interim order dated September 01, 2021 decided till further orders, operations of the impugned judgement of the HCS dated June 04, 2021 and the recovery of the levy shall remain suspended and that EETPL will continue to comply with the interim order of HCS dated November 14, 2014. EETPL based on the merits of the case and as per the opinion of its legal advisor, EETPL expects a favourable outcome on the matter and accordingly no provision has been made on remaining 50% of the levy in these consolidated financial statements.

- 32.1.4.2 EETPL in connection with the import of Floating Storage and Regasification Unit (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 the 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, which again rejected the request for exemption against which EETPL filed an appeal before CCIR. In 2020, CCIR decided appeal against EETPL vide order dated July 24, 2020 against which EETPL filed an appeal before the HCS on August 6, 2020 and has obtained stay in this regard. EETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favorable outcome on the matter and accordingly, no provision has been made in this respect in these consolidated financial statements.
- **32.1.4.3** In accordance with the clause 18.1 of the Time Charter Party and LNG Storage and Regasification Agreement (TCP) except for the bunkers present onboard the FSRU upon delivery at the commencement of the term of TCP, EETPL is responsible for the bunkers used onboard the FSRU during the term of TCP. EETPL is also required to ensure that at the end of the term of TCP, the FSRU contains bunkers in the same quantities that were present at the time of delivery at the commencement of the Term.

In 2021, the FSRU was substituted for the purpose of dry docking and thereafter redelivered however no intimation was given to EETPL by master of ship under clause 18.3 for bunkers and LNG remaining on board nor any amounts have been claimed by Excelerate Energy Middle East, LLC (EE) so far during the term in this respect. Due to lack of information from EE and / or master of the ship and interpretation of relevant clauses of TCP, EETPL reassessed its position and is of the view that the amount of liability cannot be measured with sufficient reliability at this stage.

32.1.5 Engro Energy Limited and its subsidiary companies

On February 11, 2021, EPQL and CPPA signed Master Agreement, wherein it was agreed that the dispute related to alleged savings will be resolved through arbitration. In accordance with the Master Agreement, EPQL and GoP signed the Arbitration Submission Agreement (ASA) on June 15, 2022. Subsequently, the arbitrators have been appointed as per ASA. EPQL's management believes that there are strong grounds that the matter will ultimately be decided in favour of the EPQL.

32.1.6 Engro Eximp Agriproducts (Private) Limited (EEAP)

In 2017, the tax department had raised a demand of sales tax of Rs 250 million not charging sales tax on rice husk / rice bran for the tax year 2015. There was an error in the order as the department had treated all the by-products falling under the category of rice bran or rice hull / husk; though in reality the proportion of these two products among by-products is comparatively low while rice bran was admittedly exempt during that period. As the value of rice husk was wrongly taken, the CIR(A) has vacated the order and demand but upheld the legal position regarding charging of sales tax on rice husk. EEAP has gone in appeal as it is of the view that the department is not treating husk correctly. Currently, the matter is pending before the Appellate Tribunal and based on the opinion of its tax consultant,

For the year ended December 31, 2022 (Amounts in thousand)

EEAP'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.

32.1.7 Associated Companies and Joint Venture

- **32.1.7.1** Details of material contingency which might affect share of profit from associates and joint venture is as follows:
- **32.1.7.2** FCEPL has provided bank guarantees to The Government of Sindh, amounting to Rs 323.386 million (2021: Rs 268.387 million) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021 SCP through its order dated September 1, 2021 has directed that till further orders operation of the impugned judgement of the HCS dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. SCP's order further stated that the petitioners (including FCEPL) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.
- **32.1.7.3** Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amount to Rs 2,418.431 million (2021: Rs 1,716.093 million). Other commitments include arrangements in respect of standby letters of credit and ligarch which are not material to the Group.
- **32.1.8** Details relating to tax contingencies are disclosed in note 41.

32.1.9 Commitments

Details of commitments as at December 31, 2022 entered by the Group are as follows:

- **32.1.9.1** Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs 43,204.163 million (2021: Rs 31,245.701 million).
- **32.1.9.2** The aggregate facilities available to the Group for opening Letter of credits and bank guarantees, and other commitments other than those disclosed elsewhere in these consolidated financial statements, amount to Rs 33,939.129 million (2021: Rs 28,424.600 million).
- **32.1.9.3** In 2019, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6.993 million. During the year, there was an increase in the project cost by EUR 662 due to increase in price of catalyst. As at December 31, 2022, outstanding commitment for civil works and equipment procurement amounts to EUR 1.331 million (2021: EUR 0.367 million).
- **32.1.9.4** In 2021, Engro Peroxide (Private) Limited, 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, 2022, outstanding commitment for civil works and equipment procurement amounts to CNY 70.592 million (2021: CNY 104.400 million).
- **32.1.9.5** In 2021, Engro Peroxide (Private) Limited, 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. As at December 31, 2022, outstanding commitment amounts to Rs 472.174 million (2021: Rs 741.600 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

- **32.1.9.6** In May 2022, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the manufacturing plant for a consideration of Rs 470 million. As at December 31, 2022, outstanding commitment for equipment procurement amounts to Rs 180.716 million (2021: Nil).
- **32.1.9.7** EPCL has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to Rs 3.600 million (2021: Rs 2.500 million).
- 32.1.9.8 EETPL under the Time Charter Party and LNG Storage and Re-gasification Agreement with Excelerate Energy Middle East, LLC (EE) has furnished SBLC through National Bank of Pakistan amounting to USD 22.500 million (2021: USD 22.500 million) to EE. This SBLC is valid till March 7, 2023 and is renewable annually. The aforementioned guarantee is secured against ECL owned Treasury Bills equivalent to 10% margin of the facility amount and a corporate guarantee and project assets of EETPL.
- 32.1.9.9 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 expire as per the terms of the SSA. The SBLC is secured through lien over cash or cash equivalent of ECL. As of December 31, 2022, the outstanding amount of SBLC is USD 5.600 million (2021: USD 8.635 million).
- 32.1.9.10 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, 2023 or (ii) on payment of the Maximum Amount. It is secured through lien over cash and cash equivalents of ECL.
- **32.1.9.11** EEL has also provided sponsor support contractual commitment for cost overrun, among other commitments, in favour of Senior Lenders amounting to cumulative USD 6.300 million for SECMC Phase I and Phase II Expansion pursuant to the Amended and Restated Sponsor Support Agreements (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.

Phase I and Phase II have been achieved; however, the cost overruns / commitment will be released on finalisation of Project Completion Document (PCD). PCD for Phase I has been filed with lenders and is expected to be concluded in 2023, following which PCD for Phase II will also be initiated.

- 32.1.9.12 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 22.752 million valid till 31 March 2026, Ethylene Di Chloride (EDC) aggregate to USD 11.602 million valid till 31 December 2028 and Vinyl Chloride Monomer (VCM) aggregate to USD 0.655 million valid till 31 December 2023.
- **32.1.9.13** In 2018, EEL took over the operations and maintenance of the power plant owned by Tenaga Generasi Limited (TGL) under an agreement signed between both parties. EEL needs to submit a performance bond equivalent to USD 0.93 million on an annual basis as per the agreement. The bond was furnished by EEL on October 21, 2019 and was extended upto December 20, 2022. It is in the process of being renewed.

For the year ended December 31, 2022 (Amounts in thousand)

- **32.1.9.14**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 Standby Letter of Credit worth USD 23.316 million and Rs 1,029.044 million on behalf of EEL for its commitments related to EPTL in favor of their Senior Lenders.
- **32.1.9.15** EEAP has entered into export selling contracts of 2,100 tons (2021: 26,202 tons) of Super Basmati Rice to various parties on a agreed terms for delivery on various date subsequent to the year end. The sales value of these open commitments at year end amounts to Rs 619.103 million (2021: Rs 3,687.500 million).

32.1.9.16 Following bank guarantees have been extended by other companies of the Group:

- EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to Rs 1,860 million (2021: Rs 1,620 million) and Rs 930 million (2021: Rs 810 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 ETPL and ECL's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2023 and are renewable annually.
- EETPL has provided bank guarantee amounting to Rs 1,952.145 million (2021: Rs 1,881.115 million) from MCB Bank Limited and Rs 1,322.483 million (2021: Nil) from Bank Alfalah Limited, in favor of Nazir of the Court to comply with the interim orders of the HSC. During the last year, tax department filed application to the HSC to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the HSC.
- EFert has issued bank guarantees amounting to Rs 9,117.070 million (2021: Rs 5,332.652 million) in favour of third parties.
- "EPCL has availed aggregate facilities for issuance of performance guarantees by the banks on its behalf as at December 31, 2022 amounting to Rs 7,048 million (2021: Rs 5,148 million). The amount utilised there against as at December 31, 2022 is Rs 6,268.568 million (2021: Rs 3,336.182 million).

The performance guarantees of Rs 73.644 million and Rs 286.682 million given in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of Engro Peroxide (Private) Limited, respectively. With regards to greenfield status, the management of the EPCL is of the view that if any payment on account of sales tax and income tax which amounts to Rs 149.620 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 made in this respect.

- EEL, in order to provide the collateral to all the Bank Guarantees issued by Bank Alfalah Limited, Allied Bank Limited has issued counter guarantee on behalf of EEL amounting to Rs 400 million in favor of Bank Alfalah Limited.
- Bank guarantees amounting to Rs 2,496.126 million (2021: 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 2,066.800 million, respectively, expiring on December 31, 2023, December 28, 2023 and July 6, 2024, respectively. Further, Meezan Bank Limited has issued three guarantees of Rs 1,114.610 million, Rs 900 million and Rs 485 million each expiring on November 21, 2023, December 27, 2023 and August 3, 2023 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

		2022	2021
33.	REVENUE	(Rupees	in '000)
	Own manufactured products (notes 33.1 and 33.2) Less:	292,903,884	273,152,534
	- Sales tax - Discounts	(23,991,695) (2,297,964)	(16,600,268) _(1,827,474)
		266,614,225	254,724,792
	Purchased product Services rendered (note 33.3) Less: Sales tax	63,532,101 31,425,223 (4,928,705) 90,028,619 356,642,844	44,445,348 18,797,816 (6,187,257) 57,055,907 311,780,699
33.1	These includes export sales amounting to Rs 6,817.888 million (2021: Rs	7,916.927 million).	
33.2	These include revenue from sale of Energy which comprises of:	2022 (Rupees	2021 in '000)
	Capacity purchase price (note 33.2.1) Energy purchase price	43,773,052 50,761,902 94,534,954	34,031,257 53,087,941 87,119,198

33.2.1 On June 15, 2022, National Electric Power Regulatory Authority (NEPRA) decided upon the Commercial Operations Date (COD) Adjustment Tariff (Tariff Decision), forming the basis on which future indexations in the EPTL's tariff are to be made and the revenue is to be 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 HCS 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 are certain adjustments disallowed in the Tariff Decision which are applicable on EPTL post CoD and the Group had decided to recognise its impact in these consolidated financial statements 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 recognised contract liability of Rs 833.355 million.

33.3 This includes revenue from services rendered by EETPL which comprises of:

	2022	2021
	(Rupees	in '000)
Operating lease rental income Revenue from O&M services Finance income on sublease Revenue from utilisation / regasification services	1,261,205 4,125,807 6,139,802 4,882,042 16,408,856	983,699 3,137,001 5,153,362 3,685,727 12,959,789

For the year ended December 31, 2022 (Amounts in thousand)

		2022	2021
		(Rupees	s in '000)
34.	COST OF REVENUE		
	Cost of goods sold (note 34.1) Cost of services rendered (note 34.2) Finance cost on lease liability	233,446,118 14,173,711 4,341,277 251,961,106	199,846,819 8,589,234 3,675,852 212,111,905
34.1	Cost of goods sold		
	Raw and packing materials consumed including unprocessed rice (notes 34.1.2 and 34.1.4) Salaries, wages and staff welfare (note 34.1.3) Fuel and power Operation and management Repairs and maintenance Depreciation - Right-of-use Asset (note 6.2) Depreciation - PPE (note 5.4) Amortisation (note 7.1) Consumable stores Staff recruitment, training, safety and other expenses Purchased services Storage and handling / product transportation Travel Communication, stationery and other office expenses Insurance Rent, rates and taxes Provision against surplus and slow moving spares (note 14.1) Write-off Stores and Spares (note 14.2) Write-off Stock in trade - net of proceeds (note 15.1.1) Other expenses Manufacturing cost	120,366,664 5,321,923 28,561,919 7,233,362 449,662 11,885,090 28,543 2,098,563 906,447 3,058,878 2,761,435 626,178 143,721 2,819,284 241,754 84,591 25,975 237,549 128,842 186,980,380	104,667,094 5,767,405 25,642,334 3,730,876 3,671,968 419,364 11,070,934 37,176 2,057,542 733,977 2,040,589 2,329,666 357,868 77,786 2,351,378 259,316 195,262 98,719 49,265 64,249 165,622,768
	Add: Opening stock of work-in-process (note 15) Less: Closing stock of work-in-process (note 15)	177,862 (133,161) 44,701	135,688 (177,862) (42,174)
	Cost of goods manufactured	187,025,081	165,580,594
	Add: Opening stock of finished goods manufactured (note 15) Less: Closing stock of finished goods manufactured (note 15)	7,351,417 (9,469,340) (2,117,923)	7,588,920 (7,351,417) 237,503
	Cost of goods sold - own manufactured product - purchased product (note 34.1.1)	184,907,158 48,538,960 233,446,118	165,818,097 34,028,722 199,846,819

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

	2022 (Rupees i	2021 in '000)
34.1.1 Cost of goods sold - purchased product		
Opening stock - net of NRV Add: Purchases Less: Closing stock - net of NRV	8,523,247 49,469,428 (9,453,715) 48,538,960	1,020,662 41,531,307 (8,523,247) 34,028,722

- **34.1.2** This includes an amount of Rs 2,402 million representing downward adjustment of inventory relating to the Group's subsidiary EEAP, identified during the third quarter of the current year based on an exercise carried out by the management of EEAP to reconcile inventory balances as appearing in books and the inventory available in warehouses.
- 34.1.3 These include Rs 396.648 million (2021: Rs 337.450 million) in respect of staff retirement benefits.
- **34.1.4** This includes reversal of cost amounting to Rs 12,130.839 million to be charged by SECMC based on the decision given by Thar Coal Energy Board (TCEB) on December 29, 2022 related to the COD stage tariff for 3.8 mpta tariff true up of SECMC. Resultantly, the Group has also accounted for consequential adjustment in revenue by the same amount and recognised contract liability of Rs 12,130.839 million (note 29).

		2022	2021
34.2	Cost of services rendered	(Rupees i	n '000)
	Charles and a second		
	Fixed expenses	0.500.050	1 050 007
	Variable expenses (notes 34.2.2)	2,539,978	1,852,227
	Operational and maintenance services	3,289,463	2,367,451
	Depreciation - PPE (note 5.4)	996,950	1,193,140
	Depreciation - Right-of-use asset (note 6.2)	2,035,301	401,165
	Amortisation of intangible assets (note 7.1)	611,894	361,557
	Amortisation of direct cost on FSRU	10,889	63
	Salaries, wages and benefits (note 34.2.1)	86,516	86,516
	Fuel and Power	878.949	925.011
		-,-	,-
	Purchased services	2,143,452	541,992
	Communication and other office expenses	160,218	214,630
	Stores and spares consumed	89,105	100,727
	Repairs and maintenance	-	77,983
	Travelling and entertainment	504,839	284,008
	Security and other expense	157,238	68,671
	Others	525,328	96,054
		143,591	18,039
		14,173,711	8,589,234
			<u> </u>

- **34.2.1** This includes Rs 39.718 million (2021: Rs 55.073 million) in respect of staff retirement benefits.
- **34.2.2** This includes Rs 1,989.088 million (2021: Rs 1,724.391 million) in respect of royalty charges paid to Port Qasim Authorities as per LSA.

For the year ended December 31, 2022 (Amounts in thousand)

35.

	2022	2021
	(Rupees in	n '000)
SELLING AND DISTRIBUTION EXPENSES		
Salaries, wages and staff welfare (note 35.1)	1,629,617	1,435,788
Staff recruitment, training, safety and other expenses	196,958	196,309
Product transportation and handling	5,448,535	4,684,979
Repairs and maintenance	19,225	10,258
Advertising and sales promotion	755,244	435,539
Rent, rates and taxes	554,666	577,379
Communication, stationery and other office expenses	49,988	31,004
Travel	307,305	98,513
Depreciation - PPE (note 5.4)	154,212	138,007
Depreciation - Right-to-use asset (note 6.2)	25,299	-
Amortisation (note 7.1)	4,371	4,756
Purchased services	96,926	121,366
Others	83,504	85,393
	9,325,850	7,819,291

35.1 These include Rs 137.130 million (2021: Rs 119.723 million) in respect of staff retirement benefits.

36. ADMINISTRATIVE EXPENSES	2022 (Rupees ir	2021 1 '000)
30. ADMINISTRATIVE EXPENSES	(i talpede ii	
Salaries, directors' remuneration and other benefits (note 36.1)	5,587,947	3,937,322
Staff recruitment, training, safety and other expenses	222,203	206,122
Repairs and maintenance	94,688	76,126
Advertising	418,551	235,118
Rent, rates and taxes	528,400	389,672
Communication, stationery and other office expenses	517,290	481,475
Travel	871,365	446,676
Depreciation - Right-of-use Asset (note 6.2)	260,669	272,263
Depreciation - PPE (note 5.4)	564,789	332,477
Amortisation of intangibles (note 7.1)	376,495	203,354
Purchased services	1,960,888	1,792,365
Donations (note 55)	804,050	1,270,030
Share based compensation expense (note 36.2)	133,993	-
Legal and professional charges	31,604	164,260
Insurance	7,422	11,031
Subscription and periodicals	24,347	91,809
Others	562,109	84,471
	12,966,810	9,994,571

- **36.1** These include Rs 406.238 million (2021: Rs 318.761 million) in respect of staff retirement benefits.
- 36.2 This represents expense recognised for cash settled share based payment transactions of Rs 133.993 million (2021: Nil) (note 28.9).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

		2022 (Rupees i	2021
37.	OTHER INCOME	(rtapood r	11 000)
	Financial assets: Income on deposits / other financial assets Exchange gain	13,144,871 -	8,171,029 11,418
	Interest on receivable from SSGCL Gain on disposal of subsidiary - EMPAK (note 8.10.2) Others	161,969 465,898 45	170,749 - 4,378
	Non financial assets: Insurance claims Gain on disposal of property, plant and equipment Income from sale of spares / scrap Delayed payment charges on overdue receivables Reversal of impairment of property, plant and equipment (note 5.5) Others	106,743 264,024 181,248 5,233,201 1,458,297 302,085 21,318,381	54,803 7,642 120,418 3,702,727 422,635 12,665,799
38.	OTHER OPERATING EXPENSES	2022 (Rupees i	2021 n '000)
	Workers' profits participation fund Workers' welfare fund Legal and professional charges Human resources development Research and development Exchange loss Impairment against long-term investments and off	2,006,619 627,473 547,066 21,351 2,507,929 2,998,075	2,566,039 745,505 823,958 134,701 1,579,583 724,598
	balance sheet obligation of investee company Write off of property, plant and equipment Auditors' remuneration (note 38.1) Provision for doubtful debts (note 16.6) Others (note 38.2)	71,146 270 159,719 12,426 285,877 9,237,951	691,371 120,968 100,166 289,094 334,062 8,110,045

38.1 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:

	2022 (Rupees ir	2021 n '000)
Fee for: - audit of annual financial statements - review of half yearly financial statements	21,236 5,588	19,251 5,865
Special audit, certifications, review of compliance with Code of Corporate Governance and other advisory services Tax services Reimbursement of expenses	49,311 78,245 5,339 159,719	30,759 39,422 4,869 100,166

For the year ended December 31, 2022 (Amounts in thousand)

38.2 This includes an amount 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 till December 31, 2022.

2021

2022

		2022	2021
39.	FINANCE COST	(Rupees in	n '000)
	Interest / mark-up on: - long-term borrowings - short-term borrowings	15,553,638 4,300,565	10,128,459 1,303,857
	Mark-up on Shariah compliant borrowings Interest on lease liabilities Unwinding of deferred incentive revenue Foreign exchange loss - net Amortisation of transaction cost Delayed payment charges Financial / bank charges Default surcharge on GIDC Others	151,940 1,542,016 79,313 789,319 885,075 3,806,908 1,771,306 503,733 77,038 29,460,851	136,315 909,677 121,417 344,883 1,012,054 2,055,404 1,115,181 156,583 135,514 17,419,344
40.	SHARE OF INCOME FROM JOINT VENTURE AND ASSOCIATES	2022 (Rupees i	2021 n '000)
	Joint venture:	(Hapoos II	1 000)
	Engro Vopak Terminal Limited Share of profit before taxation Less: Share of provision for taxation Associates	1,975,972 (753,203) 1,222,769	1,653,036 (477,579) 1,175,457
	Share of profit / (loss) from: - Sindh Engro Coal Mining Company Limited - Friesland Campina Engro Pakistan Limited	1,008,703 983,804 1,992,507 3,215,276	1,331,413 719,827 2,051,240 3,226,697
41.	TAXATION		
	Current - for the year - for prior years	22,243,812 6,768,661 29,012,473	19,367,438 (1,460,424) 17,907,014
	Deferred - for the year - for prior years	(5,335,658) 1,174 (5,334,484) 23,677,989	1,652,645 (6,092) 1,646,553 19,553,567

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

41.1 Includes super tax aggregating to Rs 2,953.129 million and Rs 2,845.6 million for the year ended December 31, 2021 [(tax year 2022) as explained in note 32.1.2.1] and December 31, 2022 (tax year 2023) respectively, on account of provision made in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance through Finance Act, 2022.

The management of ECL believes that the tax authorities will file an appeal before the Supreme Court of Pakistan (SCP) against the decision of HCS. However, legal advisors have opined that there are reasonable chances that SCP will uphold the decision of HCS on the matter of 6% discriminatory super tax. Accordingly, ECL, based on legal advice, has recognised provision at the rate of 4% for all eligible companies in the Group including those falling under the notified sectors for the year ended December 31, 2021 and 2022.

- 41.2 This includes an amount of Rs. 6,457.059 million (2021: Nil) relating to the disallowance of GIDC provision by the income tax department on account of non-payment. ECL has therefore recognised the prior year charge and a corresponding impact on deferred tax asset which shall be realised once the matter is settled by the Court as disclosed in note 27.
- 41.3 During the year, ECL's management has reassessed its income tax provisions based on the finalisation of its income tax assessments of prior tax years from 2011 to 2022 by the income tax department. Upon such assessment, ECL's management has recognised a reversal of tax provisions amounting in aggregate to Rs 1,444.225 million in these consolidated financial statements.

Details of significant income tax matters are as follows:

41.4 The Holding Company

41.4.1 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 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 in these consolidated financial statements.

For the year ended December 31, 2022 (Amounts in thousand)

41.4.2 During the year ended December 31, 2017, the Holding Company received a show cause notice dated May 11, 2017 from the Additional 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 Additional 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 instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of. 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 in these consolidated financial statements

Commissioner Inland Revenue Appeals (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 Additional CIR to adjust the order to the extent of Rs 547 million on account of super tax on intercorporate dividend.

With respect to tax on inter corporate dividend and capital gain, 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 in these consolidated financial statements.

41.4.3 During the year ended December 31, 2020, the Holding Company received an income tax demand dated June 18, 2020 amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seems an apparent error for which a rectification application has been submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Holding Company granting complete credit of Rs 92 million. The remaining demand of Rs 109.196 million was made to the Holding Company as the taxation authorities are of the view that the Holding Company's interest income does 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'. An appeal has been filed by the Holding Company before the Commissioner Inland Revenue (Appeals), the decision of which is pending to date.

Commissioner Inland Revenue Appeals (CIRA) issued an order on December 31, 2021, wherein CIRA ordered that profit on debt / interest income should be classified as '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 have directed the ADCIR to reassess the apportionment accordingly. The Holding Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. However, on a prudent basis tax accrual amounting to Rs 109 million is being maintained by the Holding Company.

During the year ended December 31, 2021, the Holding Company received an income tax demand dated March 31, 2021 amounting to Rs 159.66 million in relation to the tax year 2020. Out of such demand, an amount of Rs 15.9 million has been paid in protest to obtain the stay order till the decision of appeal by the Commissioner (Appeals). The taxation authorities are of the view that the Holding Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result, the common expenses incurred by the Holding Company cannot be allocated to 'income from other sources' resulting in increased tax liability.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

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'. On April 21, 2021 an appeal was filed by the Holding Company before the Commissioner Inland Revenue (Appeals), against which an order was passed dated December 31, 2021 under section 122(9) of the Income Tax Ordinance, 2001. In the said order Commissioner Inland Revenue (Appeals) upheld the action of Commissioner (Appeals). In this regard, an appeal has been filed before the Appellate Tribunal Inland Revenue (ATIR) the hearing of which is pending. The Holding Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. Consequently, no provision has been recorded in these consolidated financial statements.

During the year on December 13, 2022, the Holding Company received a show cause notice from the Deputy Commissioner Inland Revenue (DCIR) under section 4C of the Income Tax Ordinance, 2001 wherein DCIR observed that the Holding Company has not discharged its super tax liability amounting to Rs 254.785 million. Accordingly, DCIR required the Holding Company to furnish an explanation in this respect, failing which the same will be recovered under section 4C(5) of the Ordinance.

The notice was duly responded by informing the DCIR that the Holding Company has filed a constitution petition No. D-5905/2022 before the Honourable Sindh High Court (SHC) against levy of the super tax under section 4C of the Ordinance. In this respect, the SHC has granted interim relief vide its order dated October 7, 2022 wherein the SHC has directed the Federal Board of Revenue (FBR) to allow the petitioner to submit the return of income for subject tax year without admitting the super tax liability under section 4C of the Ordinance. Further in fulfilment of the condition imposed by the SHC, the Company has also submitted a cheque against the liability of super tax under section 4C of the Income Tax Ordinance, 2001 before the Nazir of SHC.

The Holding Company's management has recorded provision of super tax for the tax year 2022, at the rate of 4% amounting to Rs 255.919 million in these consolidated financial statements.

41.5 Engro Corporation Limited

41.5.1 During the year ended December 31, 2016, an amendment was introduced in the Ordinance, via the Finance Act, 2016 imposing tax on Inter-Corporate Dividends (ICD) which were previously exempt to companies designated as a Group under section 59B of the Ordinance. Subsequently, in December 2019, the exemption on ICD was restored through amendment in the Ordinance vide Tax Laws (Second Amendment) Ordinance, 2019 (the Amendment Ordinance). However, in respect of the dividends received before the said amendment, ECL had challenged the imposition of tax on ICD in HCS and has been granted a stay in this respect.

During the year ended December 31, 2020, the Amendment Ordinance was laid down before the Parliament and enacted as Tax Laws (Amendment) Act 2020 (the 2020 Act). The 2020 Act ratified the exemption on ICD restored by the Amendment Ordinance, however, the provision granting exemption from application of withholding tax on ICD, as previously deleted by Finance Act 2016, was not restored. Hence, in respect of the ICD received by ECL from its subsidiaries during the year 2020, ECL obtained stay from the HCS against deduction of withholding of tax.

Subsequently in 2021, the exemption of income tax on ICD was again withdrawn via Tax Laws (Second Amendment) Ordinance, 2021 in March 2021 and subsequently by Finance Act 2021. ECL has again challenged the amendment before the HCS and stay has been granted in this respect. The management, on prudent basis, has recognised a tax charge of Rs 9,218.658 million (2021: Rs 6,408.991 million) in these consolidated financial statements pertaining to periods during which exemption of income tax on ICD remained withdrawn.

For the year ended December 31, 2022 (Amounts in thousand)

41.5.2 Through the Finance Act 2015, levy of 'Super Tax for rehabilitation of temporarily displaced persons' under section 4B of the Ordinance was introduced for tax year 2015. The said levy was extended and made applicable on succeeding years via subsequent Finance Acts upto financial year ended December 31, 2018. In the year 2019, through Finance Supplementary Act, 2019, the levy of Super Tax is prescribed at zero percent from financial year ended December 31, 2019 onwards for companies other than banking companies.

During the year ended December 31, 2020, the petition filed by ECL along with other taxpayers against the imposition of Super Tax in the HCS was rejected vide order dated July 21, 2020. ECL, in consultation with its legal and tax advisors, has filed an appeal against the decision of the HCS in the Supreme Court of Pakistan (SCP). Consequent to the High Court judgement, the tax authorities issued notices to ECL and subsequently framed orders for recovery of Super Tax for tax years 2017 to 2019 with total tax demand of Rs 2,232.966 million. Appeal was filed against these orders with Commissioner Inland Revenue (Appeals) (CIR(A)) on certain contentions and factual grounds. The CIR(A) has decided all appeals against ECL and maintained the levy of Super Tax considering the HCS judgement. ECL has filed a further appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending to be heard.

In November 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including ECL) subject to them depositing 50% of the impugned outstanding tax amount.

ECL has till date paid Super Tax amounting to Rs 265.389 million through adjustments of excess tax refunds against the demand for tax years 2018 and 2019. Adequate provision for Super Tax for the respective tax years is being maintained in these consolidated financial statements.

- **41.5.3** Following is the position of the ECL's open tax assessments:
- **41.5.3.1** During the year, the Deputy Commissioner Inland Revenue (DCIR) Audit has finalised the tax audit proceedings for tax year 2018 which is a "Group Return" filed under section 59AA of the Ordinance with its wholly owned subsidiaries EEL and EEAP. The Amended Order dated January 9, 2023, creates tax demand of Rs 211.992 million which is mainly on account of disallowances made of the provision pertaining to retirement benefits in the case of ECL, a portion of disallowance of 'Purchases' for alleged non-withholding of taxes thereon in the case of EEAP and taxation of project management fee in the case of EEL as 'services rendered' at the rate of 7 percent vis a vis 8 percent as per the return.

Super Tax under section 4B of the Ordinance has also been reworked to Rs 321.581 million in this order based on the revised amounts of taxes determined. Moreover, the entire amount has been considered recoverable despite the adjustments made.

ECL is in the process of filing an appeal against the order before the CIR(A). The management of ECL is confident of a positive outcome of the case.

41.5.3.2 During the year ended December 31, 2020, the Assistant Commissioner Inland Revenue (ACIR) - Audit through order dated December 22, 2020 amended the return for the tax year 2017 by creating tax demand of Rs 4,335.176 million mainly on account of tax levied on undistributed profits under section 5A and Super Tax under section 4B. ECL had obtained stay from HCS against the levy of tax on undistributed profits, therefore the said demand was not recoverable by the tax department. In April 2021, the HCS disposed of the appeal against the levy of tax under section 5A as ultra vires to the Constitution. During the year, the ACIR passed the order dated December 30, 2022 rectifying the earlier order in relation to the levy of tax on undistributed profits. Thereafter, the demand of Rs 4,335.176 million was reduced and refundable of Rs 392.231 million was determined. As normal recourse, ECL filed an appeal against the order of ACIR - Audit before the CIR(A) which has been heard on January 31, 2023 and is reserved for order. The management of ECL is confident of a positive outcome of the case.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

41.5.3.3 During the year ended December 31, 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 Additional Commissioner Inland Revenue (ACIR) has levied tax on capital gains on disposal of shares of listed subsidiary, apportioned expenses against dividend income, disallowed the classification of 'Interest Income' as "Income from Business" as well as not allowing the adjustment of brought forward capital losses and brought forward minimum tax paid under section 113(2)(c) of the Ordinance. As a normal recourse, ECL filed an appeal against the order of ACIR before the CIR(A). During the year, Appellate order has been framed by CIR(A) and favorable decision was made in respect of taxation of capital gains on disposal of shares of listed subsidiary whereas other matters have been remanded back to the ACIR for reconsideration.

During the year ended December 31, 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 was remanded back. ECL has preferred an appeal before ATIR on all issues adjudicated against it. ECL, based on the advice of its tax consultant, is confident that these matters will be decided in favour of ECL. However, on prudence, ECL has recorded provision against Super Tax.

- 41.5.3.4 During the year ended December 31, 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 tax have been linked to the pending decisions of the HCS (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.
- 41.5.3.5 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.

During the year ended December 31, 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".

41.5.3.6 During the year, Appellate Order has been framed by the CIR(A) wherein the levy of Super Tax under section 4B of the Ordinance has been maintained. An appeal has been filed before the ATIR which is pending.

In addition to the above, the ACIR issued a further amendment order dated November 24, 2020 for the same tax year and determined additional income tax liability of Rs 21.808 million on account of capital gain tax on debt securities. The same has been discharged by ECL.

For the year ended December 31, 2022 (Amounts in thousand)

41.53.7 During the year ended December 31, 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 DCIR - Audit 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) 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 denovo proceedings, thereby accepting ECL's contention. The income tax department, in response there against, had filed an appeal with ATIR, which was dismissed during 2016.

During the year ended December 31, 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 denovo proceedings.

During the year ended December 31, 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 HCS from initiating any recovery proceedings in respect of both tax years. During the year ended December 31, 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. During the year ended December 31, 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 denovo proceedings.

During the year ended December 31, 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 the year, Appellate order was framed by CIR(A) and favorable decision was made in respect of classification of interest income as "Income from Business" and allocation of expenses to dividend income and capital gains. The income tax department, in response thereagainst, had filed an appeal with ATIR, which is still pending.

41.6 Engro Fertilizers Limited (EFert) and its subsidiary companies

41.6.1 Subsequent to the year end, EFert received an amendment order in respect of TY 2021, creating disallowances having a tax impact of Rs 916.584 million. The disallowances mainly pertain to disallowance of WPPF and minimum tax on stock-in-trade.

EFert's management considers, based on its tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

41.6.2 During the year, in respect of TY 2018, EFert received an order from ACIR restricting brought forward losses having a tax impact of Rs 580.910 million. This disallowance has been made in the assessment orders relating to prior years which are pending in appeals. Certain errors have been made in relation to allowance of credits which are being taken up in rectification.

EFert 's management, based on its tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

41.6.3 During the year ended December 31, 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.

During the year, 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 appeal before ATIR against the unfavorable decision of CIR(A).

Subsequently, the tax department has passed 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 amendment.

During the year ended December 31, 2019, the income tax department amended the assessment filed by EFert for the tax years 2015, 2016 and 2017. EFert filed appeals before CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from EEAP under section 59B of the Ordinance, resulting in cumulative demand of Rs 1,980.698 million (cumulative addition of Rs 16,173.826 million to taxable income) for these tax years Subsequently, CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by 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 CIR(A)'s order before ATIR.

Through order dated February 26, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favor of EFert, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 01, 2020, the tax department filed reference application before HCS for questions of law arising out of the ATIR order.

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

41.6.4 During the year ended December 31, 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 HCS 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, HCS held that of Section 4B was intra vires the Constitution (HCS Judgment). Thereafter, EFert filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the HCS Judgment. The CPLA was filed by EFert only in relation to TY 2018 i.e. the year which was challenged before the HCS as well.

For the year ended December 31, 2022 (Amounts in thousand)

Pursuant to the HCS Judgement, the tax department passed orders to EFert for TY 2015 to 2019 in relation to recovery of Super Tax amounting in aggregate of Rs 2,110.491 million. EFert filed appeals against the orders before CIR(A).

On November 26, 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the EFert) subject to them depositing 50% of the impugned outstanding tax amount.

- 41.6.5 During the year ended December 31, 2014, the income tax department amended the assessment filed by EFert for tax years 2010 and 2011. EFert filed appeals thereagainst before ATIR against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011, and loss on derivative for tax year 2011 raising a demand in respect of these years in aggregate of Rs 1,075.466 million. EFert had challenged the said decision before the HCS. In the year 2020, the matter was heard, and was reserved for judgement. The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.
- 41.6.6 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with EFert, all pending tax issues of EXIMP have been transferred to EFert. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs 796 million. The tax department had not accepted the said treatment for tax year 2013, however, the matter was decided in favor of EFert by the Commissioner Income Tax Appeals (CIT(A)), against which the tax department has filed an appeal with the ITAT. However, the department has given appeal effect order to the aforementioned favorable decision of the CIT(A) for tax year 2013.

During the year ended December 31, 2019, in respect of tax year 2013, the matter was decided by the ITAT in favor of EFert and the department's appeal in this respect was rejected. EFert's management is confident for a favorable outcome on this case.

41.6.7 As a result of demerger in the year 2009, all pending tax issues of the then ECL, Engro Chemical Pakistan Limited had been transferred to EFert. Major issues pending before the tax authorities are described below:

In previous years, the taxation department had filed reference applications in the HCS 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 and 2008): Rs 336.5 million
- G.P. Apportionment (Financial years 1995 to 2002): Rs 653 million

Adequate provision has been maintained in these consolidated financial statements and Efert is confident of an ultimate favorable outcome.

41.7 Engro Polymer & Chemicals Limited (EPCL) and its subsidiary companies

41.7.1 Through the notice dated January 20, 2020, ACIR raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required EPCL to pay Rs 552.331 million being the amount short paid with the return. EPCL filed a Constitutional Petition in the HCS challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the HCS in respect of another company.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

However, HCS directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further thirty days to enable EPCL to approach the SCP. EPCL has filed Civil Petition for Leave to Appeal against HCS order in SCP, which was heard on March 18, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by EPCL. EPCL based on the advice of its legal advisor, is confident of a favorable decision. Accordingly, no provision is recognised in these consolidated financial statements.

41.7.2 Through the Finance Act 2015, section 4B of the Ordinance was inserted which levied super tax at specified rates on income for the tax year 2015. This levy was subject to the threshold of taxable income of Rs 500 million. The levy was extended uptil tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the levy of super tax has amended the rate of super tax to 0% from tax year 2020 and onwards for companies other than banking companies. On August 01, 2018, EPCL filed petition against the levy of super tax in the HCS and based on the opinion of its legal advisor, EPCL has made a provision for full amount of Super tax of Rs 328 million. During the year ended December 31, 2020, super tax was declared intra vires by HCS and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, EPCL received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. EPCL filed appeal against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 to 2019. EPCL filed an appeal before Appellate Tribunal against the decision of CIR(A) which is pending adjudication.

In the meanwhile, EPCL also filed petition in SCP against the order of HCS, which is pending adjudication. In November 2020, the SCP conditionally granted stay subject to deposit of 50% of super tax demand.

41.7.3 DCIR through order dated November 30, 2010 raised a tax demand of Rs 163.206 million. The demand arose as a result of disallowance of finance cost of Rs 457.282 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 36.687 million, addition of imputed interest on loans to employees and executives of Rs 20.599 million and not considering net loss.

During the year ended December 31, 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position except for additions on account of SED provision of Rs 36.687 million and imputed interest on loans to employees and executives to the extent of Rs 17.430 million, which were maintained. EPCL filed a reference with HCS against the additions maintained by ATIR. Likewise, the tax department has also filed reference with HCS against the order passed by the ATIR in favour of EPCL. The Group, based on the advice of EPCL's tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognised the effects for the same in these consolidated financial statements.

41.7.4 DCIR through an order dated November 26, 2009, raised a tax demand of Rs 213.172 million from EPCL for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs 47.582 million under Section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs 5.899 million; addition of imputed interest on loans to employees and executives of Rs 16,069 to income, disallowance of finance cost of Rs 134.414 million and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

EPCL filed an appeal against the aforesaid order before the CIR(A) but discharged the entire demand through adjustment against assessed refunds of Rs 180.768 million and payment of the balance of Rs 32.404 million 'under protest'. Through the appellate order, the CIR(A) maintained certain additions aggregating Rs 189.810 million including finance cost amounting to Rs 134.414 million and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by EPCL before the ATIR. The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

For the year ended December 31, 2022 (Amounts in thousand)

During the year ended December 31, 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs 20.280 million and minimum turnover tax for tax years 2004 to 2007 to the extent of Rs 26.992 million which were maintained.

During the year ended December 31, 2013, EPCL filed a reference with the HCS against the additions maintained by ATIR. Likewise, the tax department also filed reference with the HCS against the order passed by the ATIR in favor of the EPCL. In 2018, the HCS disposed of EPCL's appeal on the ground that the issues raised by EPCL requires factual verification whereas the petition of the tax department is still pending before the HCS. The Group based on the advice of EPCL's tax consultants, decided to accept the decision of the HCS and accordingly, has recognised the provision of Rs 108.882 million in respect of additions maintained by ATIR in these consolidated financial statements.

41.8 Elengy Terminal Pakistan Limited (ETPL) and its subsidiary company

41.8.1 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 of the Ordinance. However, the Commissioner rejected the EETPL's request. Thereafter, EETPL filed Revision Application with the Chief Commissioner Inland Revenue, who maintained the action of the Commissioner. EETPL in consultation with the lawyer filed Constitution Petition before the HCS and through the interim orders HCS 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 HCS. EETPL in compliance with the HCS directions is submitting BG and, based on assessment, has recognised the current tax charge based on the withholding tax deductible considering this as a minimum tax liability of EETPL as per the applicable provisions of the Ordinance.

41.9 Engro Energy Limited (EEL) and its subsidiary companies

- 41.9.1 During the year ended December 31, 2021, the ACIR under section 122 (5A) of the Ordinance, amended the tax return for the tax year 2020 vide order dated September 28, 2021 (Rectified Order November 8, 2021) and made certain additions and disallowances that primarily pertains 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 (NTR) / Minimum Tax Regime (MTR). EEL filed an appeal before CIR(A) dated October 26, 2021, which is pending for hearing.
- 41.9.2 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. Based on the advice of its tax advisor, EPTL has filed an appeal before CIR(A) dated September 8, 2021, for which hearing was held on December 29, 2022 and is reserved for order. EPTL based on the advice of its tax advisor, is confident that chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.
- 41.9.3 During the year ended December 31, 2020, the ACIR under section 122 (5A), amended the tax return for the tax year 2017 vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertains to apportionment of administrative expenses against profit on debt and receipts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR). EEL has filed an appeal before CIR(A) dated December 28, 2020, which was heard on December 31, 2021 and is pending adjudication.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

41.9.4 EEL's income tax return for the tax year 2016 was selected for audit under section 214C of the Ordinance. The DCIR after conducting audit made certain additions and disallowances, and hence, amended the return filed by EEL vide order dated November 2, 2018, framed under section 122(1)/(5) of the Ordinance. These additions primarily relate to treating reimbursement from subsidiary as services, additions on account of apportionment of administrative expenses and receipts on account of the project management services to be taxed under normal tax regime / minimum tax regime and resulted in tax demand of Rs 80.888 million. EEL being aggrieved filed an appeal before the CIR(A). EEL also approached the HCS for stay against recovery of demand which was duly granted till the adjudication of appeal by the CIR(A).

ATIR annulled the order of DCIR and CIR(A) and the return position was reinstated vide appeal effect order 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.

During the year ended December 31, 2019, EEL received an order from CIR(A) in which certain issues were remanded back to the DCIR while the other issues were decided in favor 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 the tax advisors and legal consultant of EEL, EEL's management is confident that EEL has a good case on merit and expects a favorable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

- 41.9.5 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. The ACIR also showed an intention to levy super tax on dividend income for tax years 2015 and 2016. EEL challenged these notices before the HCS which has restrained the tax authorities from taking any coercive action including passing an order on the basis of the said notices. Accordingly, no provision has been made in this respect in these consolidated financial statements.
- 41.9.6 EEL's income tax return for the tax year 2014 was selected for audit under section 214C of the Ordinance. The DCIR after conducting the audit made certain additions and disallowances, and, hence amended the return filed by EEL vide order dated January 12, 2017, framed under section 122(1)/(5) of the Ordinance and raised a tax demand of Rs 268.584 million. EEL being aggrieved filed an appeal before CIR(A). EEL also approached the HCS for a stay against recovery of said demand which was duly granted till the adjudication of appeal by the CIR(A).

During the year ended December 31, 2019, EEL received an order of CIR(A) in which certain issues were remanded back to the DCIR while other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, EEL's management believes that EEL has a good case on merits and expects a favourable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

Associated Company and Joint Venture

41.10 FrieslandCampina Engro Pakistan Limited (FCEPL)

Following is the position of FCEPL's open tax assessments:

41.10.1 The DCIR issued show cause notices to FCEPL for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for 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 the FCEPL had filed Constitutional Petitions before HCS 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 HCS vide its order dated November 18, 2020 has upheld FCEPL's view with respect to 'Tarang' in view of the decision of the

For the year ended December 31, 2022 (Amounts in thousand)

Classification Committee obtained by FCEPL on February 11, 2019. With respect to 'Omung' the HCS has suspended the notice, advising that the FBR may refer the matter to the Classification Committee, 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 Classification Committee (for Omung) decides against FCEPL, FCEPL can avail all legal remedies available to it. FCEPL has filed an appeal against this decision with respect to Omung in the SCP. Further, FBR has also challenged the order dated November 18, 2020 in the SCP. SCP disposed-off cross appeals filed against the HCS order dated November 18, 2020. SCP has allowed the FECPL's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. After the SCP order, show cause notices issued to FECPL have been completely set aside. On March 15, 2022, the Classification Committee (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 from the date of the final decision by the Collector of Customs. The Collector of Customs held various hearings and FCEPL has submitted its responses however decision of the Collector of Customs is pending. The Parties in LHC case have also further appealed the LHC's order in the SCP. 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.

- **41.10.2** On January 29, 2009, 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 has filed appeal before the CIR(A) on March 11, 2009, which is pending for adjudication. However, FCEPL, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and hence no provision has been recognised in these consolidated financial statements.
- **41.10.3** 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 there against before the HCS, 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

41.11 Relationship between tax expense and accounting profit

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2022 (Rupees i	2021 n '000)
Profit before taxation	66,598,319	70,258,819
Tax calculated at the rate of 29% (2021: 29%) Effect of exemption from tax on certain income Effect of applicability of lower tax rate, FTR and other tax credits / debits Impact of change in tax rate Effect of super tax Tax effect of expenses not allowed for tax purposes Effect of prior year charges and deferred tax charge Un-recoupable minimum turnover tax Tax effect of minimum tax liability on imports, exports and local trading Effect of surrender of tax losses Others	19,313,512 (5,716,960) 2,582,996 (1,326,196) 348,206 2,927,055 6,769,835 4,870 897,734 (2,171,249) 48,186	20,375,058 (4,319,691) 2,333,604 - 1,214,697 (1,466,516) 5,298 541,986
Tax charge for the year	23,677,989	19,553,567

42. PROFIT FROM DISCONTINUED OPERATIONS

As stated in note 2.1.3.1, the Board of Directors of EDL has decided to discontinue its operations. As a result, financial performance of EDL has been classified as discontinued operations, a summary of which is as follows:

	2022	2021
	(Rupees in	'000)
Administrative expenses Other operating expenses Other income Profit from operations	(197) 268 71	(2,642) (4,365) 32,389 25,382
Finance cost Profit before taxation	71	(7,308) 18,074
Taxation Profit for the year	71	11,209 29,283
Net cash inflow / (outflow) from operating activities	204	(21,688)
Net increase / (decrease) in cash generated by EDL	204	(21,688)

For the year ended December 31, 2022 (Amounts in thousand)

43. EARNINGS PER SHARE - BASIC AND DILUTED

43.1 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, 2022, there is no dilutive on the basic earnings per share of the Group earnings per share is based on following:

	2022	2021
	(Rupees ir	า '000)
Profit / (loss) for the year, attributable to:		
- continuing operations	5,866,154	8,512,767
- discontinued operations	14	10,900
·	5,866,168	8,523,667
Weighted average number of ordinary shares for determination of basic and diluted EPS	(Number in th	iousands)
	481,287	481,287
Earnings / (loss) per share - Basic and Diluted		
- continuing operations	12.19	17.69
- discontinued operations	-	0.02
	12.19	17.71

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

41.1 The aggregate amounts for remuneration, including all benefits, to the Chief Executive Officer and Directors of the Holding Company and Executives of the Group are as follows:

		2022			2021	
	Chief Executive Officer	Directors (Rupees in '000)	Executives	Chief Executive Officer	Directors Rupees in '000)	Executives
Managerial remuneration Remuneration to Non executive directors Retirement benefits funds including ex-gratia Rent and Utilities Medical Other benefits Total	15,466 2,936 8,000 1,044 484 27,930	- - - - - - -	9,149,815 - 870,233 4,315 2,073 544,019 10,570,455	18,581 4,335 10,220 1,548 481 35,165	263,401 - 37,816 4,075 7,842 313,134	6,886,315 -734,455 62,040 6,222 797,078 8,486,110
Number of persons including those who worked part of the year	1	9	1,503	1	4	1,254

- 44.2 In addition, the Chief Executive Officer (CEO), certain directors and executives are provided with Group owned and maintained cars.
- 44.3 Meeting fees aggregating Rs 22 million (2021: Rs 16 million) were paid to 9 directors (2021: 5 directors).
- 44.4 The names of the key management personnel of the Group and directors are stated in note 53.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

45. **RETIREMENT BENEFITS**

45.1 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 Fund, the Act, the Ordinance and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

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

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 year Special Savings Certificates, Regular Income Certificates, Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

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

In addition to above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

45.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2022 for the Holding Company, ECL and its subsidiary companies, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

For the year ended December 31, 2022 (Amounts in thousand)

		Defined Benefit Gratuity Plans Funded		Defined I Pensior Funded (C	Plan
		2022	2021	2022	2021
			(Rupees	in '000)	
45.1.2	Consolidated statement of financial position reconciliation				
	Present value of defined benefit obligation Fair value of plan assets Deficit / (Surplus) Unrecognised asset	555,972 (358,530) 197,442	476,398 (357,626) 118,772	19,103 (43,900) (24,797) 24,797	22,324 (42,821) (20,497) 20,497
	Net liability recognised in the statement of financial position	197,442	118,772		
		Defined Gratuity Fund	Plans	Defined I Pensior Funded (C	Plan
		2022	2021	2022	2021
			(Rupees	in '000)	
45.1.3	Movement in liability recognised in the consolidated statement of financial position				
	Net liability at beginning of the year Expense / (income) for the year Net contribution by the Group	118,772 42,116 (3,846)	39,525 35,471 (7,704)	- (2,278) -	(978) -
	Remeasurement loss recognised in Other Comprehensive Income	40,399	61,636	2,278	978
	Payments made to outgoing members	-	(10,156)	-	-
	Net liability at end of the year	197,441	118,772		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

(thounto in thousand)					
	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed		
	2022	2021	2022	2021	
45.1.4 Movement in present value of defined benefit obligation		(Rupees	in '000)		
As at beginning of the year Current service cost	476,398 28,652	570,000 33,777	22,324	26,836	
Interest cost Benefits due but not paid	55,393	47,951 (7,922)	2,400 -	2,118	
Benefits paid during the year Fund transferred to other group company Remeasurement loss / (gain) recognised in Other	(13,070) (10,122)	(220,529)	(3,059)	(3,192)	
Comprehensive Income	18,721	53,121	(2,562)	(3,438)	
As at end of the year	555,972	476,398	19,103	22,324	
	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)		
	2022	2021	2022	2021	
45.1.5 Movement in fair value of plan assets		(Rupees	in '000)		
As at beginning of the year Expected return on plan assets Contributions by the Group	357,626 41,928 3,846	540,631 46,257 7,704	42,821 4,678	38,820 3,096	
Benefits paid during the year Benefits due but not paid	(13,070)	(220,529) (7,922)	(3,059) -	(3,192)	
Fund transferred to other group company Remeasurement (loss) / gain recognised in Other	(10,122)	-	-	-	
Comprehensive Income	(21,678)	(8,515)	(540)	4,097	
As at end of the year	358,530	357,626	43,900	42,821	
45.1.6 Charge for the year					
Current service cost Net Interest cost / (income)	28,651 13,465 42,116	33,777 1,694 35,471	(2,278) (2,278)	(978) (978)	

For the year ended December 31, 2022 (Amounts in thousand)

45.1.7 Principal actuarial assumptions used in the actuarial valuation	2022	2021	2022	2021
Discount rate Expected rate of return on plan	13.25% - 14.5%	11.75%	13.25%	11.75%
assets - per annum	13.25%	11.75%	13.25%	11.75%
Expected rate of increase in	12.25% - 13.5%	10.75% - 11.75%	-	-
future salaries - per annum		(Rupees in '00	00)	
45.1.8 Actual return on plan assets	21,209	37,742	7,581	7,193

5.1.8.1 Plan assets comprise of the following	2022		2021	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Defined Benefit Gratuity Plans				
Debt	257,437	74%	240,397	72%
Mutual fund units	81,213	23%	92,699	28%
Others	10,323	3%	376	0%
	348,973	100%	333,472	100%
Defined Benefit Pension Plan				
Debt	30,000	56%	42,821	100%
Others	23,457	44%	24,154	0%
	53,457	100%	66,975	100%

- **45.1.9** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the consolidated statement of financial position date.
- **45.1.10** Expected contribution for the year ending December 31, 2023 is as follows:

(Rup	ees in '000
Defined benefit gratuity plans	57,742
Defined benefit pension plan	(3,087)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

45.1.11 Remeasurement (loss) / gain recognised in Other Comprehensive Income	Defined Benefit Gratuity Plans Funded		Gratuity Plans Pension		Plan
	2022	2021 (Rupees	2022 in '000)	2021	
Gain / (loss) from change in experience adjustments Gain / (loss) from change in financial assumptions Remeasurement (loss) / gain of Obligation Actual return on plan assets Expected return on plan assets Difference in opening fair value of plan assets Remeasurement (loss) / gain of Plan Assets	(18,172) (549) (18,721) 21,209 (41,928) (959) (21,678)	(52,058) (1,063) (53,121) 37,742 (46,257) (8,515)	1,332 1,230 2,562 7,581 (4,678) (3,443) (540)	(286) 3,724 3,438 7,193 (3,096) - 4,097	
Effect of asset ceiling	(40,399)	(61,636)	(4,300) (2,278)	(8,513) (978)	

45.1.12 Sensitivity analysis

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

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption (Rupees	Increase in Assumption in '000)	Decrease in Assumption
Discount rate Long-term salary increases Long-term pension increases	522,409 594,099 -	555,778 483,194	18,363 - 20,008	19,906 - 18,261

45.1.13 Maturity Profile

Time in years	Gratuity Plans (Rupees	Pension Plan in '000)
1 2 3 4 5-10 11-15 16-20 20+	74,419 143,861 47,697 59,391 362,234 734,187 706,977 2,787,164	3,370 3,088 2,810 2,538 10,114 3,437 1,121 445
Weighted average duration	8.03	3.87

45.2 **Defined contribution plans**

An amount of Rs 944.603 million (2021: Rs 555.428 million) has been charged during the year in respect of defined contribution plans maintained by the Group.

For the year ended December 31, 2022 (Amounts in thousand)

46.

46.1

	2022 (Rupees	2021 in '000)
CASH GENERATED FROM OPERATIONS		
Profit before taxation	66,598,390	75,887,915
Adjustment for non-cash charges and other items: Depreciation on PPE Depreciation ROU assets Return on Investment Remeasurement gain on provision for GIDC Rent concession on lease liability Gain on termination of lease liability Reversal of Impairment of Intangible and operating assets Amortisation of intangible assets Amortisation of direct cost on FSRU Charge in respect of defined benefit liabilities Provisions, net Gain on disposal of subsidiary - EMPAK Gain on disposal of property, plant and equipment - net Income on deposits / other financial assets Share of income from joint venture and associated companies Financial charges Foreign currency translation Impairment of investment Finance income on net investment in lease Finance cost on lease liability Amortisation of deferred income Write-off assets and liabilities - net Impairment of long-term investment Default surcharge on GIDC Loss allowance on subsidy receivable from GoP Working capital changes (note 46.1)	14,645,078 1,357,024 (13,310,188) 1,102,678 (12,729) (1,458,297) 420,298 86,516 6,996 (465,898) (264,582) (3,215,276) 23,025,809 3,793,725 35,212 (6,139,802) 5,931,308 (360,721) 503,733 522,936 11,150,689 103,952,899	11,911,999 1,076,814 (6,012,505) 1,123,547 (24,205) 18 245,540 86,516 8,616 811,707 (7,642) (7,756,358) (3,226,697) 12,494,284 754,554 (5,153,362) 3,933,976 (177,078) 130,662 691,371 156,583 557,700 (26,765,720) 60,748,235
Working capital changes		
 (Increase) / decrease in current assets Stores, spares and loose tools Stock-in-trade Trade debts Loans, advances, deposits and prepayments Other receivables - net Increase in current liabilities	(524,683) 1,270,218 (20,313,325) (1,812,869) (10,251,850) (31,632,509)	(1,853,932) (12,476,649) (8,178,465) (192,677) (10,270,944) (32,972,667)
- Trade and other payables and provisions	42,783,198 11,150,689	6,206,947 (26,765,720)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

() (i i i i			
		2022 (Rupees	2021 in '000)
47.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances (note 21) Short-term investments (note 20) Short-term borrowings (note 31)	44,995,322 11,801,728 (36,660,982) 20,136,068	40,515,980 72,639,373 (26,333,204) 86,822,149
48.	FINANCIAL INSTRUMENTS BY CATEGORY		
48.1	Financial assets		
	- Financial assets at amortised cost Long-term investments Net investment in lease Long-term loans and other receivables Trade debts Loans, advances and deposits Other receivables Accrued income Short-term investments Cash and bank balances	3,783,265 57,843,698 3,371,984 71,195,463 4,638,536 16,048,285 2,279,037 37,776,561 44,995,322 241,932,151	3,592,784 49,208,145 2,158,825 59,597,915 1,902,825 10,245,653 647,250 64,284,157 40,867,935 232,505,489
	- Financial assets measures at fair value	241,932,131	232,000,469
	through other comprehensive income Pakistan Investments Bonds Derivative financial instruments Other investments	29,380,322 737,319 92,320 30,209,961	92,805 144,244 237,049
	Financial assets measured at fair value through profit or loss		201,010
	Mutual fund units Pakistan Investment Bonds Quoted shares Treasury Bills	17,166,688 1,799,903 8,613,043 1,899,434 29,479,068	20,005,901 1,521,602 9,491,779 599,379 31,618,661
48.2	Financial liabilities		
	- Financial liabilities at amortised cost Long-term borrowings Lease liabilities Trade and other payables Short-term borrowings Unclaimed dividend Accrued interest / mark-up	183,873,713 71,460,224 104,268,258 39,471,643 13,340,127 2,922,372 415,336,337	162,928,247 59,294,694 84,307,599 29,764,791 1,565,689 1,416,397 339,277,417

For the year ended December 31, 2022 (Amounts in thousand)

49. FINANCIAL RISK MANAGEMENT

49.1 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 of 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 or prepayments, etc. subject to the prevailing foreign exchange regulations.

At December 31, 2022, 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 59.820 million.

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 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, 2022, 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, 2022, had there been increase / decrease of 100 basis points in KIBOR, with all other variables held constant, profit after taxation for the year then ended would have been higher / lower by Rs 843.319 million mainly as a result of interest income (net).

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

iii) Other price risk

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

As at December 31, 2022, 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 lower / higher by Rs. 11.747 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 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 business in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees inland letter of credits.

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 significant 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 debt, other 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 telcom segment is not materially exposed to credit risk on balances with banks and financial institution, 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:

2022

2001

	2022	2021
	(Rupees	in '000)
Loans and advances Trade debts Contract assets Other receivables Short-term investments Bank balances Accrued income	3,028,248 29,963,359 14,124,293 9,407,541 26,692,256 44,981,632 2,279,037 130,476,366	3,094,426 20,846,974 6,487,105 2,384,219 88,996,967 40,867,935 647,250 163,324,876

For the year ended December 31, 2022 (Amounts in thousand)

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturity upto one year	2022 Maturity after one year	Maturity Total upto one year(Rupees)		Maturity after one year	Total
Financial liabilities			(Kup	oees)		
Borrowings Lease liabilities Trade and other payables Unclaimed Dividend Accrued interest / mark-up	69,755,196 12,814,445 104,950,286 13,340,127 2,922,372	165,197,151 86,210,125 - - -	234,952,347 99,024,570 104,950,286 13,340,127 2,922,372	58,753,357 10,426,259 84,216,038 1,565,689 1,416,075	143,349,916 78,538,247 - -	202,103,273 88,964,506 84,216,038 1,565,689 1,416,075
	203,782,426	251,407,276	455,189,702	156,377,418	221,888,163	378,265,581

50. 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 Power Purchase Agreement for changes in USD / 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:

	2022 (Rupees	2021 in '000)
Total Borrowings Total Equity	190,360,396 248,660,216	169,422,724 253,990,304
Gearing ratio	439,020,612 76,55%	423,413,028
acaming ratio	10.55 /0	00.7070

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

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.

51. FAIR VALUE ESTIMATION

The carrying value of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different fair value 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).

As at December 31, 2022	Level 1	Level 2 (Rupees		Total
Fair value through profit or loss - Mutual funds - Treasury bills (T-Bills) - Quoted shares - Pakistan Investment Bonds (PIBs) Fair value through other	8,613,043 - 8,613,043	17,166,688 1,899,434 - 1,799,903 20,866,025	- - - - -	17,166,688 1,899,434 8,613,043 1,799,903 29,479,068
comprehensive income - Derivative financial statements - Pakistan Investment Bonds (PIBs) - Other Investments	- - - -	737,319 29,380,322 92,320 30,209,961	- - - -	737,319 29,380,322 92,320 30,209,961
As at December 31, 2021				
Fair value through profit or loss - Mutual funds - Treasury bills (T-Bills) - Quoted shares - Pakistan Investment Bonds (PIBs)	9,491,779 - - - - -	20,005,901 599,379 - 1,521,602 22,126,882	- - - -	20,005,901 599,379 9,491,779 1,521,602 31,618,661
Fair value through other comprehensive income - Derivative financial statements - Other Investments	139,244 139,244	92,805 5,000 97,805	- - -	92,805 144,244 237,049

For the year ended December 31, 2022 (Amounts in thousand)

Level 1 fair value instruments comprise quoted shares.

Level 2 fair value instruments have been recorded 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.

52. SEGMENT REPORTING

52.1 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 and also to Board of Directors of ECL for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organised 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 includes a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro and Engro DAP optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phosphatic fertilizers. The Company carrying on the fertilizer business is listed on Islamic Index.
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals all over Pakistan and few Central Asian countries. 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 and operations and management services in Pakistan and Nigeria.
Connectivity and telcom	This part of the business includes buying, building, maintaining and operating telecommunication infrastructure and ancillary products and services.
Other operations	It includes management of investments in associates and joint ventures by ECL. It also includes investments made in the foods, dairy segment.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of 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 these consolidated financial statements. Segment results and assets include items directly attributable to a segment.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FINANCIAL (

	Ferti	Fertilizer	Polymer	ner	Terminal	inal	Power and mining		Connectivity and telcom	and telcom	Other operations	rations	Elimination - net	on - net	Consolidated	dated
								-(Rupees in '000)	(000,							
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from external customers (note 33)	157,016,931	157,016,931 132,363,138	82,059,583	70,021,678	16,408,856	12,959,789	83,069,965	87,525,307	9,094,633	4,489,277	75,461,756	25,186,074	(66,468,880)	(20,764,564)	356,642,844	311,780
Segment gross profit / (loss)	42,847,140	42,847,140 44,074,160	23,379,899	24,035,625	5,611,632	4,281,671	29,371,094	24,139,901	3,830,597	2,085,645	22,993,544	21,209,766	(23,352,168)	(20,435,947)	104,681,738	99,390
Segment expenses - net of other income	(14,979,123)	(14,979,123) (13,655,222)	(5,029,383)	(3,439,552)	(546,548)	(723,140)	2,267,909	1,096,415	(795,503)	(929,772)	(8,598,565)	(6,085,347)	2,593,522	997,389	(25,087,691)	(22,739,
Income on deposits / other interest income	1,838,431	1,631,204	1,437,332	1,294,603	692,804	486,850	3,527,054	1,065,730	546,632	835,351	13,756,434	10,149,985	(8,025,904)	(7,106,149)	13,772,783	8,357
Finance cost (note 39)	(2,621,808)	(1,602,197)	(3,091,904)	(1,903,508)	(965,141)	(811,304)	(18,846,137)	(11,755,063)	(3,603,487)	(2,711,648)	(1,581,589)	(474,706)	1,249,215	1,839,082	(29,460,851)	(17,419,
Loss allowance on subsidy receivable from GoP	(522,936)	(557,700)	•	•		•	•		•		•	,	•	•	(522,936)	(557,
Share of income from joint venture and associates (note 40)	,	1			1,222,769	1,175,457	1,008,703	1,331,413			983,804	719,827			3,215,276	3,226
Income tax (charge) / credit (note 41)	(10,558,414)	(8,797,588)	(5,006,829)	(4,926,657)	(2,323,766)	(1,672,342)	(1,976,879)	(1,230,392)	308,915	139,515	(3,979,727)	(2,658,070)	(141,289)	(408,033)	(23,677,989)	(19,553,
Segment profit / (loss) after tax - continued operations	16,003,290	16,003,290 21,092,657	11,689,115	15,060,511	3,691,750	2,737,192	15,351,744	14,648,004	287,154	(280,909)	23,573,901	22,861,455	(27,676,624)	(25,113,658)	42,920,330	50,705
Segment gain / (loss) - discontinued operations	'	,	•	,			•	•	7	29,283	•		'		77	23
	16,003,290	21,092,657	11,689,115	15,060,511	3,691,750	2,737,192	15,351,744	14,648,004	287,225	(551,626)	23,573,901	22,861,455	(27,676,624)	(25,113,658)	42,920,401	50,734
Segment assets	145,413,332	145,413,332 132,818,383	85,400,579	77,985,743	74,971,634	64,339,032	292,796,191	243,371,269	60,974,587	44,859,768	127,501,222	122,676,956	(57,508,215)	(57,421,977)	729,549,331	628,629
Investment in joint venture / associates (note 8)	'	•	•	,	•	•	7,696,482	6,722,991	•		28,292,444	27,349,835	•		35,988,926	34,072
Total segment assets	145,413,332	145,413,332 132,818,383	85,400,579	77,985,743	74,971,634	64,339,032	300,492,673	250,094,260	60,974,587	44,859,768	155,793,666	150,026,791	(57,508,215)	(57,421,977)	765,538,257	662,702
Total segment liabilities	100,359,904	85,731,575	58,278,863	48,017,833	67,330,086	56,715,706	228,595,228	178,169,148	42,760,262	27,071,529	34,202,006	24,750,246	(14,648,308)	(19,704,051)	516,878,041	400,751
Capital expenditure	8,377,514	10,567,296	9,095,716	3,600,670	463,889	102,530	4,671,204	1,469,212	17,626,696	4,323,274	619,548	458,388	1	(18,337)	40,854,567	20,503
Impairment of long-term investment			1	1	<u>'</u>	1	1	383,829		j	1	1	1	<u> </u>		383
Depreciation	3,256,411	2,884,200	2,934,134	2,251,063	442,703	400,486	6,486,824	5,718,469	2,276,585	1,156,702	613,669	577,933	1	30,100	16,010,325	13,018
Amortisation of intangible assets (note 7.1)	181,908	144,891	97,446	33,740	12,332	9,250	64,171	26,741	10,811	2,749	62,462	32,035	(8,832)	(3,866)	420,298	242

20,000 20,000

For the year ended December 31, 2022 (Amounts in thousand)

52.3 Revenue derived from CPPA-G which is in excess of 10% or more of the Group's revenue amounting to Rs 82,548.083 million (2021: Rs 87,119.198 million), attributable to power and mining segment.

53. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Following are the details of associated undertakings and other related parties with whom the Group entered into transactions or had agreements and arrangements in place during the year:

S.No	. Name of Related parties	Direct shareholding % of the Holding Company	Relationship
1	Arabian Sea Country Club	N/A	Associated CompanyAssociated Company
2	Engro Foundation	N/A	Associated Company
3	FrieslandCampina Engro Pakistan Limited	N/A	Associated Company
4	Habib Bank Limited	N/A	Associated Company
5	Javed Akbar Associates (Private) Limited	N/A	Associated Company
6	Mitsubishi Corporation	N/A	Associated Company
7	Pakistan Institute of Corporate Governance (PICG)	N/A	Associated Company
8	Pakistan Stock Exchange - PSX	N/A	Associate / Common Directorship
9	Reon Energy Limited	N/A	Associated Company
10	Siddiqsons Energy Limited	N/A	Associated Company
11	Signify Pakistan Limited	N/A	Associated Company
12	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
13	Sui Southern Gas Company Limtited - SSGC	N/A	Associated Company
14	Thar Foundation	N/A	Associated Company
15	Thar Power Company Limited	N/A	Associated Company
16	Vopak LNG Holding B.V., incorporated in the Netherlands	N/A	Joint Venture
17	Engro Vopak Terminal Limited	N/A	Chief Executive Officer of Group Company
18	Mr. Ghias Khan	N/A	Chief Financial Officer of Group Company
19	Mr. Mazhar Abbas Hasnani	N/A	Associate / Common Directorship
20	Dawood Corporation (Private) Limited	N/A	Common Directorship
21	Hagler Bailly Pakistan	N/A	Common Directorship
22	Inbox Business Technologies Private Limited	N/A	Common Directorship
23	Karachi School for Business & Leadership	N/A	Common Directorship
24	Overseas Investors Chamber of Commerce & Industry	N/A	Common Directorship
25	Pakistan Oxygen Limited	N/A	Common Directorship
26	Tenaga Generasi Limited	N/A	Associate / Common Directorship
27	The Karachi Education Initiative	N/A	Director of the Holding Company
28	Mr. Abdul Samad Dawood	N/A	Director of the Group Company
29	Mr. Hussain Dawood	N/A	Director of the Group Company
30	Mr. Khawaja Iqbal Hassan	N/A	Director of the Group Company
31	Mr. Mohammad Abdul Aleem	N/A	Director of the Group Company
32	Mr. Rizwan Diwan	N/A	Director of the Holding Company
33	Mr. Shahzada Dawood	N/A	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
34	Ms. Dominique Russo	N/A	Director of the Group Company
35	Ms. Henna Inam	N/A	Director of the Group Company
36	Ms. Sabrina Dawood	N/A	Director of the Holding Company
37	Ms. Azmeh Dawood	N/A	Daughter of Director
38	Mrs. Ayesha Dawood	N/A	Spouse of Director
39	Mrs. Humera Aleem	N/A	Spouse of Director
40	Ms. Kulsum Dawood	N/A	Spouse of Director
41	Dr. Shamshad Akhtar	N/A	Director of Group Company
42	Mr. Asad Said Jafar	N/A	Director of Group Company
43	Mr. Asim Murtaza Khan	N/A	Director of Group Company
44	Mr. Feroz Rizvi	N/A	Director of Group Company
45	Mr. Hideki Adachi	N/A	Director of Group Company
46	Mr. Ismail Mahmud	N/A	Director of Group Company
47	Mr. Javed Akbar	N/A	Director of Group Company
48	Mr. Nazoor Ali Baig	N/A	Director of Group Company
49	Mr. Noriyuki Koga	N/A	Director of Group Company
50	Ms. Ayesha Aziz	N/A	Director of Group Company
51	Mr. Shahab Qader	N/A	Key Management Personnel
52	Mr. Abdul Qayoom	N/A	Key Management Personnel
53	Mr. Adil Mushtaq	N/A	Key Management Personnel
54	Mr. Ahsan Zafar Syed	N/A	Key Management Personnel
55	Mr. Aneeq Ahmed	N/A	Key Management Personnel
56	Mr. Asghar Ali Khan	N/A	Key Management Personnel
57	Mr. Athar Abrar Khawaja	N/A	Key Management Personnel
58	Mr. Eram Hasan	N/A	Key Management Personnel
59	Mr. Fahd Khawaja	N/A	Key Management Personnel
60	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
61	Mr. Farooq Nazim Shah	N/A	Key Management Personnel
62	Mr. Imran Ahmed	N/A	Key Management Personnel
63	Mr. Jahangir Piracha	N/A	Key Management Personnel
64	Mr. Kalimuddin A Khan	N/A	Key Management Personnel
65	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
66	Mr. Khawaja Bilal Mustafa	N/A	Key Management Personnel
67	Mr. Khusrau Nadir Gilani	N/A	Key Management Personnel
68	Mr. Mahmood Siddiqui	N/A	Key Management Personnel
69	Mr. Mohammad Omer	N/A	Key Management Personnel
70	Mr. Mohammed Saqib	N/A	Key Management Personnel
71	Mr. Muhammad Idrees	N/A	Key Management Personnel
72	Mr. Muhammad Majid Latif	N/A	Key Management Personnel
73	Mr. Muhammad Saad Khan	N/A	Key Management Personnel

For the year ended December 31, 2022 (Amounts in thousand)

Mr. Nadir Salar Qureshi Mr. Rizwan Masood Raja Mr. Salman Hafeez Nr. Salman Hafeez Nr. Shahzad Nabi Nr. Shahzad Nabi Nr. Shahzad Nabi Nr. Shahzad Nabi Nr. Shariq Abdullah Nr. Shariq Abdullah Nr. Shariq Abdullah Nr. Shariq Abdullah Nr. Syed Aliabas Raza Nr. Syed Aliahbar Nr. Key Management Personnel Nr. Saliahar Nr. Syed Aliahbar Nr. Key Management Personnel Nr. Saliahar Nr. Syed Aliahbar Nr. Key Management Personnel Nr. Saliahar Nr. Key Management Personnel Nr. Key Management Personnel Nr. Key Management Personnel Nr. Key	S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
Mr. Salman Hafeez Mr. Shahzad Nabi Mr. Syed Abbas Raza N/A Key Management Personnel N/A Key Management Personne	74	Mr. Nadir Salar Qureshi	N/A	Key Management Personnel
77 Mr. Shahzad Nabi N/A Key Management Personnel Resonnel	75	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
Mr. Shariq Abdullah Mr. Syed Abbas Raza Mr. Syed Ali Akbar Mr. Syed Ali Akbar Mr. Syed Ali Akbar Mr. Syed Management Personnel Mr. Tariq Zafar Mr. Syed Management Personnel Mr. Turiq Zafar Mr. Yusuf Siddiqui Mr. Key Management Personnel Mr. Sey Management Personnel Mr. Kapi Wanagement Personnel Mr. Kapi Wana	76	Mr. Salman Hafeez	N/A	Key management personnel
Mr. Syed Albas Raza N/A Key Management Personnel Mr. Syed Ali Akbar N/A Key Management Personnel Mr. Syed Ali Akbar N/A Key Management Personnel Mr. Syed Ammar Shah N/A Key Management Personnel Mr. Syed Maracor Hussain Zaidi N/A Key Management Personnel Mr. Syed Saheer Mehdi N/A Key Management Personnel Mr. Yusuf Siddiqui N/A Key Management Personnel Mr. Key Management Personnel Mr. Setta Sitani N/A Key Management Personnel Mr. Fatima Khushnud N/A Key Management Personnel Mr. Kabia Wafah Khan N/A Key Management Personnel Mr. Kabia Wafah Khan N/A Key Management Personnel Mr. Kabia Wafah Khan N/A Key Management Personnel Mr. Kapar Zakaria N/A Key Management Personnel Mr. Vaqar Zakaria N/A Key Management Personnel Mr. Kaiser Bengali N/A Key Management Personnel Mr. Kaiser Bengali N/A Key Management Personnel Mr. Kaiser Bengali N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A	77	Mr. Shahzad Nabi	N/A	Key Management Personnel
Mr. Syed Abbas Raza Mr. Syed Ali Akbar Mr. Syed Ali Akbar Mr. Syed Ammar Shah N/A Key Management Personnel Mr. Syed Manzoor Hussain Zaidi Mr. Syed Manzoor Hussain Zaidi Mr. Syed Monzoor Hussain Zaidi Mr. Syed Monsin Hassan Mr. Syed Monsin Hassan Mr. Syed Zaheer Mehdi Mr. Syed Zaheer Mehdi N/A Key Management Personnel Mr. Tariq Zatar N/A Key Management Personnel Mr. Tariq Zatar N/A Key Management Personnel Mr. Yusuf Siddiqui N/A Key Management Personnel Mr. Yusuf Siddiqui N/A Key Management Personnel Mr. Statina Khushnud N/A Ms. Fatima Khushnud N/A Ms. Fatima Khushnud N/A Ms. Rabia Wafah Khan N/A Key Management Personnel Ms. Rida Fatima Hashmi N/A Key Management Personnel Ms. Rizwana Halepoto N/A Key Management Personnel Mr. Vaqar Zakaria N/A Mr. Vaqar Zakaria N/A Mr. Vaqar Zakaria N/A Ms. Rabia Wafah Khan N/A Key Management Personnel Mr. Kajare Bengali N/A Key Management Personnel Mr. Kaiser Bengali N/A Key Management Personnel Mr. Kaiser Bengali N/A Key Management Personnel Mr. Kaiser Bengali N/A Key Management Personnel Mr. Kaingwei Duan N/A Key Management Personnel N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A Key Management Personnel Mr. Kan Li N/A Key Management Personnel N/A Key Management	78	Mr. Shariq Abdullah	N/A	Key Management Personnel
81 Mr. Syed Ali Akbar N/A Key Management Personnel 82 Mr. Syed Anmar Shah N/A Key Management Personnel 83 Mr. Syed Manzoor Hussain Zaidi N/A Key Management Personnel 84 Mr. Syed Mohsin Hassan N/A Key Management Personnel 85 Mr. Syed Zaheer Mehdi N/A Key Management Personnel 86 Mr. Tariq Zafar N/A Key Management Personnel 87 Mr. Yusuf Siddiqui N/A Key Management Personnel 88 Ms. Ekta Sitani N/A Key Management Personnel 89 Ms. Fatima Khushnud N/A Key Management Personnel 90 Ms. Nida Fatima Hashmi N/A Key Management Personnel 91 Ms. Rizwana Halepoto N/A Key Management Personnel 92 Ms. Rizwana Halepoto N/A Key Management Personnel 93 Ms. Shomaila Loan N/A Key Management Personnel 94 Mr. Vaqar Zakaria N/A Key Management Personnel 95 Ms. Fauzia Viqar N/A Key Management Personnel 96 Mr. Kaiser Bengali	79	Mr. Sulaiman Ijaz	N/A	Key Management Personnel
Mr. Syed Ammar Shah Mr. Syed Manzoor Hussain Zaidi Mr. Syed Mohsin Hassan Mr. Syed Mohsin Hassan Mr. Syed Mohsin Hassan Mr. Syed Zaheer Mehdi Mr. Syed Zaheer Mehdi Mr. Syed Zaheer Mehdi Mr. Tariq Zafar Mr. Yusuf Siddiqui Mr. Yusuf Siddiqui Mr. Key Management Personnel Mr. Yusuf Siddiqui Mr. Key Management Personnel Mr. Yusuf Siddiqui Mr. Key Management Personnel Mr. Syed Zaheer Mehdi Mr. Key Management Personnel Mr. Yusuf Siddiqui Mr. Key Management Personnel Mr. Yusuf Siddiqui Mr. Key Management Personnel Mr. Key Management Personnel Mr. Key Management Personnel Mr. Salai Wafah Khan Mr. Key Management Personnel Mr. Rabia Wafah Khan Mr. Key Management Personnel Mr. Shomaila Loan Mr. Key Management Personnel Mr. Vaqar Zakaria Mr. Vaqar Zakaria Mr. Vaqar Zakaria Mr. Key Management Personnel Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kan Li Mr. Sami Aziz Mr. Kay Management Personnel Mr. Xinjie Wei Mr. Xinjie Wei Mr. Amir Qasim Mr. Amir Gasim Mr. Amir Casim Limited - MPT Employees DC Pension Fund Mr. Amir Dasi Employement Benefits Mr. Engro Corporation Limited - MPT Employees DC Pension Fund Mr. Amir Qasim Mr. Amir Qas	80	Mr. Syed Abbas Raza	N/A	Key Management Personnel
Mr. Syed Manzoor Hussain Zaidi Mr. Syed Mohsin Hassan N/A Key Management Personnel Mr. Syed Zaheer Mehdi N/A Key Management Personnel Key Management Personnel N/A Key Management Personnel N/	81	Mr. Syed Ali Akbar	N/A	Key Management Personnel
84 Mr. Syed Mohsin Hassan 85 Mr. Syed Zaheer Mehdi 86 Mr. Tariq Zafar 87 Mr. Yusuf Siddiqui 88 Mr. Sued Sidaiqui 89 Ms. Ekta Sitani 89 Ms. Ekta Sitani 89 Ms. Fatima Khushnud 90 Ms. Nida Fatima Hashmi 91 Ms. Rabia Wafah Khan 92 Ms. Rizwana Halepoto 93 Ms. Shomaila Loan 94 Mr. Vaqar Zakaria 95 Ms. Fatima Shawaria 96 Mr. Kaiser Bengali 97 Mr. Kaiser Bengali 98 Mr. Kan Li 99 Mr. Kan Li 99 Mr. Xiangwei Duan 100 Mr. Xinjie Wei 101 Mr. Sami Aziz 102 Mr. Wang Pu 103 Mr. Sami Aziz 104 Post Employement Personnel 105 Engro Corporation Limited - MPT Employees DC Pension Fund 106 Engro Fertilizers Limited NMPT Gratuity Fund 107 Engro Forots Employement Benefits 108 Engro Fertilizers Limited Pension Fund 109 Engro Forots Employement Benefits 100 Emprice All (Private) Limited 101 Empric All (Private) Limited 102 Mr. Apost Employement Benefits 103 Empric All (Private) Limited 104 Empric Powood Lawrencepur Limited 105 Empro Fortilizers Limited Pension Fund 106 Engro Fortilizers Limited NMPT Gratuity Fund 107 Empro Forots Employement Benefits 108 Empric All (Private) Limited 109 Mr. A Ex- Subsidiary 100 Dawood Lawrencepur Limited 101 Mr. Earniployement Benefits 102 Empric All (Private) Limited 103 Mr. Apost Employement Benefits 104 Empro Fortilizers Limited NMPT Gratuity Fund 105 Engro Fortilizers Limited Pension Fund 106 Engro Fords Employement Benefits 107 Engro Forost Employement Benefits 108 Engro Fortilizers Limited Pension Fund 109 Engro Fords Employement Benefits 109 Engro Fords Employemen	82	Mr. Syed Ammar Shah	N/A	Key Management Personnel
85 Mr. Syed Zaheer Mehdi N/A Key Management Personnel 86 Mr. Tariq Zafar N/A Key Management Personnel 87 Mr. Yusuf Siddiqui N/A Key Management Personnel 88 Ms. Ekta Sitani N/A Key Management Personnel 89 Ms. Fatima Khushnud N/A Key Management Personnel 89 Ms. Fatima Khushnud N/A Key Management Personnel 90 Ms. Nida Fatima Hashmi N/A Key Management Personnel 91 Ms. Rabia Wafah Khan N/A Key Management Personnel 92 Ms. Rizwana Halepoto N/A Key Management Personnel 93 Ms. Shomaila Loan N/A Key Management Personnel 94 Mr. Vaqar Zakaria N/A Key Management Personnel 95 Ms. Fauzia Viqar N/A Key Management Personnel 96 Mr. Kaiser Bengali N/A Key Management Personnel 97 Ms. Nausheen Ahmed N/A Key Management Personnel 98 Mr. Kan Li N/A Key Management Personnel 99 Mr. Xiangwei Duan N/A Key Management Personnel 100 Mr. Xinjie Wei N/A Key Management Personnel 101 Mr. Sami Aziz N/A Key Management Personnel 102 Mr. Wang Pu N/A Key Management Personnel 103 Mr. Amir Qasim N/A Key Management Personnel 104 Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Post Employement Benefits 105 Engro Corporation Limited - MPT Employees DC Pension Fund N/A Post Employement Benefits 106 Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits 107 Engro Fortilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits 108 Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits 109 Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits 110 Engro Fordisz Employement Benefits 111 Empiric AI (Private) Limited N/A Post Employement Benefits 111 Empiric AI (Private) Limited 112 Dawood Lawrencepur Limited 113 N/A Ex - Subsidiary 112 Dawood Lawrencepur Limited 116 N/A Common Directorship	83	Mr. Syed Manzoor Hussain Zaidi	N/A	Key Management Personnel
86Mr. Tariq ZafarN/AKey Management Personnel87Mr. Yusuf SiddiquiN/AKey Management Personnel88Ms. Ekta SitaniN/AKey Management Personnel89Ms. Fatima KhushnudN/AKey Management Personnel90Ms. Nida Fatima HashmiN/AKey Management Personnel91Ms. Rabia Wafah KhanN/AKey Management Personnel92Ms. Rizwana HalepotoN/AKey Management Personnel93Ms. Shomalia LoanN/AKey Management Personnel94Mr. Vaqar ZakariaN/AKey Management Personnel95Ms. Fauzia ViqarN/AKey Management Personnel96Mr. Kaiser BengaliN/AKey Management Personnel97Ms. Nausheen AhmedN/AKey Management Personnel98Mr. Kan LiN/AKey Management Personnel99Mr. Xianjie WeiN/AKey Management Personnel100Mr. Xinjie WeiN/AKey Management Personnel101Mr. Sami AzizN/AKey Management Personnel102Mr. Wang PuN/AKey Management Personnel103Mr. Amir QasimN/AKey Management Personnel104Engro Corporation Limited - MPT Employees DC Pension FundN/APost Employement Benefits105Engro Corporation Limited Gratuity FundN/APost Employement Benefits106Engro Corporation Limited Gratuity FundN/APost Employement Benefits107Engro Fertilizers Limited N	84	Mr. Syed Mohsin Hassan	N/A	Key Management Personnel
87Mr. Yusuf SiddiquiN/AKey Management Personnel88Ms. Ekta SitaniN/AKey Management Personnel89Ms. Fatima KhushnudN/AKey Management Personnel90Ms. Nida Fatima HashmiN/AKey Management Personnel91Ms. Rabia Wafah KhanN/AKey Management Personnel92Ms. Rizwana HalepotoN/AKey Management Personnel93Ms. Shomaila LoanN/AKey Management Personnel94Mr. Vaqar ZakariaN/AKey Management Personnel95Ms. Fauzia ViqarN/AKey Management Personnel96Mr. Kaiser BengaliN/AKey Management Personnel97Ms. Nausheen AhmedN/AKey Management Personnel98Mr. Kan LiN/AKey Management Personnel99Mr. Xiangwei DuanN/AKey Management Personnel100Mr. Xinjie WeiN/AKey Management Personnel101Mr. Sami AzizN/AKey Management Personnel102Mr. Wang PuN/AKey Management Personnel103Mr. Amir QasimN/AKey Management Personnel104Engro Corporation Limited - MPT Employees DC Gratuity FundN/APost Employement Benefits105Engro Corporation Limited Gratuity FundN/APost Employement Benefits107Engro Corporation Limited Gratuity FundN/APost Employement Benefits108Engro Fertilizers Limited NMPT Gratuity FundN/APost Employement Benefits109 </td <td>85</td> <td>Mr. Syed Zaheer Mehdi</td> <td>N/A</td> <td>Key Management Personnel</td>	85	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
Ms. Ekta Sitani Ms. Fatima Khushnud Ms. Nida Fatima Hashmi Ms. Rabia Wafah Khan Ms. Rabia Wafah Khan Ms. Rabia Wafah Khan Ms. Rizwana Halepoto Ms. Rizwana Halepoto Ms. Shomaila Loan Ms. Shomaila Loan Ms. Fatima Khushnud Mr. Vaqar Zakaria Mr. Vaqar Zakaria Ms. Fauzia Viqar Ms. Fauzia Viqar Ms. Rabia Washeen Ahmed Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kandagement Personnel Mr. Kaingwei Duan Mr. Xianjie Wei Mr. Xianjie Wei Mr. Xianjie Wei Mr. Wang Pu Nr. Wang Pu	86	Mr. Tariq Zafar	N/A	Key Management Personnel
Ms. Fatima Khushnud Ms. Nida Fatima Hashmi Ms. Rabia Wafah Khan Ms. Rizwana Halepoto Ms. Rizwana Halepoto Ms. Shomaila Loan Ms. Key Management Personnel Ms. Fauzia Viqar Ms. Fauzia Viqar Ms. Fauzia Viqar Ms. Raiser Bengali Ms. Kaiser Bengali Ms. Kaiser Bengali Ms. Kan Li Ms. Kay Management Personnel Ms. Xiangwei Duan Ms. Xiangwei Duan Ms. Xinjie Wei Ms. Sami Aziz Ns. Key Management Personnel Ns. Sami Aziz Ns. Key Management Personnel Ns. Wang Pu Ns. Wang Pu Ns. Wang Pu Ns. Akey Management Personnel Ms. Akey Management Personnel Ms. Akey Management Personnel Ns. Key Manageme	87	Mr. Yusuf Siddiqui	N/A	Key Management Personnel
90 Ms. Nida Fatima Hashmi N/A Key Management Personnel 91 Ms. Rabia Wafah Khan N/A Key Management Personnel 92 Ms. Rizwana Halepoto N/A Key Management Personnel 93 Ms. Shomaila Loan N/A Key Management Personnel 94 Mr. Vaqar Zakaria N/A Key Management Personnel 95 Ms. Fauzia Viqar N/A Key Management Personnel 96 Mr. Kaiser Bengali N/A Key Management Personnel 97 Ms. Nausheen Ahmed N/A Key Management Personnel 98 Mr. Kan Li N/A Key Management Personnel 99 Mr. Xiangwei Duan N/A Key Management Personnel 100 Mr. Xinjie Wei N/A Key Management Personnel 101 Mr. Sami Aziz N/A Key Management Personnel 102 Mr. Wang Pu N/A Key Management Personnel 103 Mr. Amir Qasim N/A Key Management Personnel 104 Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Post Employement Benefits 105 Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits 106 Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits 107 Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits 108 Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits 109 Engro Foods Employees Gratuity Fund N/A Post Employement Benefits 109 Engro Foods Employees Gratuity Fund N/A Post Employement Benefits 109 Engro Foods Employees Gratuity Fund N/A Post Employement Benefits 109 Engro Foods Employees Gratuity Fund N/A Post Employement Benefits 110 Engro Foods Employees Gratuity Fund N/A Post Employement Benefits 111 Empiric AI (Private) Limited N/A Post Employement Benefits 111 Empiric AI (Private) Limited N/A Post Employement Benefits 111 Empiric AI (Private) Limited N/A Post Employement Benefits 112 Dawood Lawrencepur Limited N/A Post Employement Benefits 113 Empiric AI (Private) Limited N/A Post Employement Benefits 114 Empiric AI (Private) Limited N/A Post Employement Benefits 115 Empiric AI (Private) Limited Pension Fund N/A Post Employement Benefits 116 Empiric AI (Private) Limited Pension Fund N/A Post Employement Benefits 117 Empiric AI (Private) Limited Pension Fund N/A Post Employement Benefits 118 E	88	Ms. Ekta Sitani	N/A	Key Management Personnel
91 Ms. Rabia Wafah Khan 92 Ms. Rizwana Halepoto 93 Ms. Shomaila Loan 94 Mr. Vaqar Zakaria 95 Ms. Fauzia Viqar 96 Mr. Kaiser Bengali 97 Ms. Nausheen Ahmed 98 Mr. Kan Li 99 Mr. Xiangwei Duan 99 Mr. Xiangwei Duan 99 Mr. Xiangwei Duan 90 Mr. Xinjie Wei 90 Mr. Xami Aziz 91 Mr. Wang Pu 92 Mr. Wang Pu 93 Mr. Amir Qasim 94 Mr. Amir Qasim 95 Mr. Amir Qasim 96 Mr. Amir Qasim 97 Ms. Nausheen Ahmed 98 Mr. Xiangwei Duan 99 Mr. Xiangwei Duan 99 Mr. Sami Aziz 90 Mr. Wang Pu 90 Mr. Wang Pu 91 Mr. Wang Pu 91 Mr. Amir Qasim 92 Mr. Amir Qasim 93 Mr. Amir Qasim 94 Mr. Amir Qasim 95 Mr. Amir Qasim 96 Mr. Amir Qasim 97 Ms. Nausheen Ahmed 98 Mr. Kan Li 99 Mr. Sami Aziz 90 Mr. Wang Pu 91 Mr. Wang Pu 91 Mr. Wang Pu 92 Mr. Wang Pu 93 Mr. Amir Qasim 94 Mr. Amir Qasim 95 Mr. Amir Qasim 96 Mr. Amir Qasim 97 Mr. Amir Qasim 98 Mr. Amir Qasim 99 Mr. Amir Qasim 90 Mr. Amir Qasim 90 Mr. Amir Qasim 90 Mr. Amir Qasim 91 Mr. Amir Qasim 91 Mr. Amir Qasim 91 Mr. Amir Qasim 92 Mr. Amir Qasim 93 Mr. Amir Qasim 94 Mr. Amir Qasim 95 Mr. Amir Qasim 96 Mr. Wang Pu 97 Ms. Nausheen Ahmed 98 Mr. Key Management Personnel 99 Mr. Wang Pu 90 Mr. Wang Pu 91 Mr. Wang Pu 91 Mr. Wang Pu 91 Mr. Wang Pu 91 Mr. Wang Pu 92 Mr. Wang Pu 93 Mr. Wang Pu 94 Mr. Wang Pu 95 Mr. Wang Pu 96 Mr. Xinjie Wei 97 Ms. Wey Management Personnel 98 Mr. Key Management Personnel 99 Mr. Xinjie Wei 90 Mr.	89	Ms. Fatima Khushnud	N/A	Key Management Personnel
Ms. Rizwana Halepoto Ms. Shomaila Loan Ms. Shomaila Loan Mr. Vaqar Zakaria Mr. Vaqar Zakaria Mr. Vaqar Zakaria Mr. Kay Management Personnel Ms. Fauzia Viqar Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kan Li Mr. Kan Li Mr. Kan Li Mr. Xinjie Wei Mr. Xinjie Wei Mr. Xanije Wei Mr. Wang Pu Mr. Wang Pu Mr. Wang Pu Mr. Wang Pu Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qaror Dorporation Limited - MPT Employees DC Gratuity Fund Mr. Bengro Corporation Limited Gratuity Fund Mr. Bengro Corporation Provident Fund Engro Corporation Provident Fund Engro Fertilizers Limited NMPT Gratuity Fund Mr. Bengro Foods Employees Gratuity Fund Mr. Bengro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Empiric Al (Private) Limited Nr. Apost Employement Benefits Empiric Al (Private) Limited Engro Foods Employees Gratuity Fund Mr. Apost Employement Benefits Empiric Al (Private) Limited 90	Ms. Nida Fatima Hashmi	N/A	Key Management Personnel	
Ms. Shomaila Loan N/A Mr. Vaqar Zakaria N/A Key Management Personnel N/A Rey Management Personnel N/A R	91	Ms. Rabia Wafah Khan	N/A	Key Management Personnel
Mr. Vaqar Zakaria N/A Key Management Personnel N/A Rey Management Personel N/A Rey Management N/A Rey Management N/A Rey Management	92	Ms. Rizwana Halepoto	N/A	Key Management Personnel
Ms. Fauzia Viqar Ms. Fauzia Viqar Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kaiser Bengali Mr. Kan Li Mr. Kan Li Mr. Kan Li Mr. Xiangwei Duan Mr. Xinjie Wei Mr. Xinjie Wei Mr. Sami Aziz Mr. Wang Pu Mr. Wang Pu Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qasim Mr. Engro Corporation Limited - MPT Employees DC Gratuity Fund Engro Corporation Limited Gratuity Fund Mr. Engro Corporation Provident Fund Engro Corporation Provident Fund Mr. Bengro Fertilizers Limited NMPT Gratuity Fund Mr. Bengro Fertilizers Limited Pension Fund Mr. Apost Employement Benefits Dengro Fords Employees Gratuity Fund Mr. Apost Employement Benefits Mr. Apost Employement B	93	Ms. Shomaila Loan	N/A	Key Management Personnel
Mr. Kaiser Bengali N/A Key Management Personnel N/A Post Employement Benefits Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Post Employement Benefits Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric Al (Private) Limited N/A Post Employement Benefits Dawood Lawrencepur Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited	94	Mr. Vaqar Zakaria	N/A	
Mr. Kan Li N/A Wey Management Personnel N/A W	95	Ms. Fauzia Viqar	N/A	Key Management Personnel
Ms. Nausheen Ahmed Mr. Kan Li Mr. Kan Li Mr. Xiangwei Duan Mr. Xiangwei Duan Mr. Xinjie Wei Mr. Xinjie Wei Mr. Sami Aziz N/A Key Management Personnel Mr. Sami Aziz N/A Key Management Personnel N/A Rey Management Personnel N/A Post Employement Benefits Dempiric Al (Private) Limited N/A Post Employement Benefits	96	Mr. Kaiser Bengali	N/A	
Mr. Xiangwei Duan Mr. Xinjie Wei Mr. Sami Aziz Mr. Sami Aziz Mr. Wang Pu Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qasim Mr. Engro Corporation Limited - MPT Employees DC Gratuity Fund Mr. Engro Corporation Limited - MPT Employees DC Pension Fund Mr. Engro Corporation Limited Gratuity Fund Mr. Engro Corporation Limited Gratuity Fund Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qasim N/A Engro Corporation Limited - MPT Employees DC Pension Fund Mr. Amir Qasim N/A Post Employement Benefits Mr. Amir Qasim N/A Post Employement Benefits Dempiric Al (Private) Limited N/A Post Employement Benefits N/A Post Employement Benefits N/A Post Employement Benefits Dempiric Al (Private) Limited N/A Post Employement Benefits Common Directorship	97	Ms. Nausheen Ahmed	N/A	
Mr. Xiangwei Duan Mr. Xinjie Wei Mr. Sami Aziz Mr. Sami Aziz Mr. Wang Pu Mr. Amir Qasim Mr. Amir Qasim Mr. Amir Qasim Mr. Engro Corporation Limited - MPT Employees DC Gratuity Fund Engro Corporation Limited - MPT Employees DC Pension Fund Engro Corporation Limited Gratuity Fund Mr. Engro Corporation Limited Gratuity Fund Mr. Amir Qasim N/A Engro Corporation Limited - MPT Employees DC Pension Fund Mr. Amore Employement Benefits Engro Corporation Limited Gratuity Fund Mr. Amore Employement Benefits N/A Post Employement Benefits Dempiric Al (Private) Limited N/A Ex - Subsidiary Common Directorship	98	Mr. Kan Li	N/A	Key Management Personnel
Mr. Xinjie Wei Mr. Sami Aziz N/A Key Management Personnel N/A Fost Employement Benefits N/A Post Employement Benefits	99	Mr. Xiangwei Duan	N/A	
Mr. Wang Pu Mr. Wang Pu Mr. Amir Qasim Mr. Amir Qasim N/A Engro Corporation Limited - MPT Employees DC Gratuity Fund Mr. Engro Corporation Limited - MPT Employees DC Pension Fund Mr. Wang Pu Mr. Amir Qasim N/A Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Post Employement Benefits N/A Ex - Subsidiary Common Directorship	100	Mr. Xinjie Wei	N/A	Key Management Personnel
Mr. Wang Pu Mr. Amir Qasim Mr. Amir Qasim N/A Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Engro Corporation Limited - MPT Employees DC Pension Fund N/A Post Employement Benefits Description Corporation Limited Gratuity Fund N/A Post Employement Benefits Description Fund N/A Post Employement Benefits N/A Post Employement Benefits N/A Post Employement Benefits Description Fund Description Fund Description Fund Description Fund Des	101	Mr. Sami Aziz	N/A	Key Management Personnel
Mr. Amir Qasim N/A Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Post Employement Benefits Engro Corporation Limited - MPT Employees DC Pension Fund N/A Post Employement Benefits Dempiric Al (Private) Limited N/A Dawood Lawrencepur Limited N/A Common Directorship	102	Mr. Wang Pu	N/A	
Engro Corporation Limited - MPT Employees DC Gratuity Fund N/A Post Employement Benefits Engro Corporation Limited - MPT Employees DC Pension Fund N/A Post Employement Benefits Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits Engro Corporation Provident Fund N/A Post Employement Benefits Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric Al (Private) Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited 16.19% Common Directorship	103	Mr. Amir Qasim	N/A	
Engro Corporation Limited - MPT Employees DC Pension Fund N/A Post Employement Benefits Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits N/A Post Employement Benefits Engro Corporation Provident Fund N/A Post Employement Benefits Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric AI (Private) Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited 16.19% Common Directorship	104	Engro Corporation Limited - MPT Employees DC Gratuity Fund	N/A	
Engro Corporation Limited Gratuity Fund N/A Post Employement Benefits Engro Corporation Provident Fund N/A Post Employement Benefits Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric Al (Private) Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited 16.19% Common Directorship	105		N/A	
Engro Corporation Provident Fund N/A Post Employement Benefits Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric Al (Private) Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited 16.19% Common Directorship	106	Engro Corporation Limited Gratuity Fund	N/A	
Engro Fertilizers Limited NMPT Gratuity Fund N/A Post Employement Benefits Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric Al (Private) Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited 16.19% Common Directorship	107			
Engro Fertilizers Limited Pension Fund N/A Post Employement Benefits Engro Foods Employees Gratuity Fund N/A Post Employement Benefits Empiric Al (Private) Limited N/A Ex - Subsidiary Dawood Lawrencepur Limited 16.19% Common Directorship				
110Engro Foods Employees Gratuity FundN/APost Employement Benefits111Empiric AI (Private) LimitedN/AEx - Subsidiary112Dawood Lawrencepur Limited16.19%Common Directorship		-		
111 Empiric AI (Private) Limited N/A Ex - Subsidiary 112 Dawood Lawrencepur Limited 16.19% Common Directorship	110			
Dawood Lawrencepur Limited 16.19% Common Directorship				
·				
		·		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
114	Inbox Business Technologies Limited	N/A	Common Directorship
115	The Dawood Foundation	3.95%	Associate / Common Directorship
116	Sach International (Private) Limited	0.001%	Common Directorship
117	Reon Alpha Limited	N/A	Common Directorship
118	Dawood Investments (Private) Limited		
	(formerly known as Patek (Private) Limited)	9.86%	Common Directorship
119	Shell Pakistan Limited	N/A	Common Directorship
120	Pakistan Business Council	N/A	Common Directorship
121	Muller & Phipps Pakistan (Private) Limited	N/A	Common Directorship
122	Karachi School of Business & Leadership	N/A	Common Directorship
123	Engro Fertilizer Limited	N/A	Common Directorship
124	HRSG BPO	N/A	Common Directorship
125	WWF – Pakistan (World Wide Fund For Nature)	N/A	Common Directorship
126	Overseas Investors Chambers of Commerce and Industry	N/A	Common Directorship
127	Mr. Shamoon Chaudry	N/A	Chief Executive Officer of Holding Company
128	Mr. Zamin Zaidi	N/A	Key Management Personnel
129	Mr. Kamran Hanif	N/A	Chief Financial Officer of Holding Company
130	Mr. Asim Akhund	N/A	Ex- Key Management Personnel
131	Mr. Imran Sayeed	N/A	Key Management Personnel
132	Mr. Arif Janjua	N/A	Key Management Personnel
133	Mr. Imran Chagani	N/A	Key Management Personnel
134	Mr. Shabbir Hussain Hashmi	N/A	Director of the Holding Company
135	Mr. Muhammad Imran Sayeed	N/A	Key Management Personnel
136	Ms. Ayesha Zeba Gias	N/A	Family members of KMP
137	Mr. Parvez Ghias	N/A	Director of the Holding Company
138	Mr. Hasan Reza Ur Rahim	N/A	Director of the Holding Company
139	Mr. Samad Dawood	N/A	Director of the Holding Company
140	Mr. Kamran Nishat	N/A	Director of the Holding Company
141	DHCL Staff Provident Fund	N/A	Post Employment Contribution Fund
142	DHCL Staff Gratuity Fund	N/A	Post Employment Benefit Fund

For the year ended December 31, 2022 (Amounts in thousand)

53.1 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:

	2022	2021
	(Rupees	in '000)
Subsidiary disposed during the year - EMPAK Investment made Divestment	375,000 475,000	-
Short-term loans extended Mark up on loans Penalty of default payment	17,107 -	96,500 20,223 240
Associated Companies		
Associated Companies Purchases and services Donations	51,177,849 673,910	45,654,241 859,478
Payments against EPC contract Short-term loan received Reimbursement of expenses made to associated companies	2,849,878 366,323	289,825 3,500,000 240,466
Reimbursement of expenses made by associated companies Dividends paid / payable Loans repaid	431,408 2,703,394 113,052	650,728 2,292,461 98,083
Finance costs Repayment of overdraft facility	4,175,664 3,609,879	2,277,706 500,000
Joint Ventures Purchase of services	3,178,688	2,540,891
Reimbursements Dividend received Expenses paid on behalf of joint venture company	78,865 932,400 399,456	35,041 1,155,000 177,884
Dividend paid	1,078,176	, -
Retirement funds Contribution to retirement benefit and contribution funds	1,061,004	1,073,795
Key management personnel Dividend paid	191,867	120,900
Directors' fees Remuneration and other benefits paid	22,000 150,780	16,000 140,587
Sale of vehicle to key management personnel Reimbursement to key management personnel Remuneration of key management personnel	2,190 1,808 1,561,448	765 1,458 1,685,167

- 53.2 Details of balances with related parties are stated in respective notes to these consolidated financial statements.
- 53.3 Details of related parties incorporated outside Pakistan with whom the Group had transactions or arrangements in place during the year are as follows:

Related Party	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	Vopak LNG Holding B.V.
Country of Incorporation	Nigeria	People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates	Netherlands
% of effective holding	16.75%	N/A	N/A	37.22%	37.22%	37.22%	37.22%	37.22%	N/A
Basis of relationship	indirectly through subsidiary	indirectly through subsidiary	indirectly through subsidiary	indirectly through subsidiary	indirectly through subsidiary	indirectly through subsidiary	indirectly through subsidiary	indirectly through subsidiary	Associate

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

54. **PROVIDENT FUND**

The employees of the Group participate in the provident funds maintained by the Holding Company and ECL and ECL's subsidiaries. Monthly contributions are made both by the companies and the employees to the fund at the rate ranging from 10% to 15% 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.

55. **DONATIONS**

55.1 Donations include the following in which the Directors of the Holding Company or Group companies are interested:

Director	Interest in Donee	Name of donee	2022 (Rupees in '000)
Ghias Khan	Director	Engro Foundation	497,218
Hussain Dawood Shahzada Dawood Sabrina Dawood Abdul Samad Dawood	Chairman Trustee Trustee Trustee	The Dawood Foundation	2,726_
Director	Interest in Donee	Name of donee	2021 (Rupees in '000)
Hussain Dawood Sabrina Dawood Dominique Russo Abdul Samad Dawood Ghias Khan Hussain Dawood	Director Director Director Director Director Chairman	Karachi Education Initiative Engro Foundation	37,936
Ghias Khan Hussain Dawood Shahzada Dawood Sabrina Dawood Abdul Samad Dawood	Chairman Trustee Trustee Trustee Trustee	The Dawood Foundation	41,216

For the year ended December 31, 2022 (Amounts in thousand)

55.2 In addition to the details stated in note 55.1, 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:

	2022 (Rupees in '000)
Engro Foundation	497,218
Thar Foundation	167,619
R. B. Udhawdas Tarachand Hospital, DC Office, Shikarpur	49,728
Prime Minister Flood Relief Fund	22,845
Flood Relief	12,582
NED University of Engineering & Technology	9,890
Dawood Foundation	2,726
Developments in Literacy	2,150
The Kidney Centre Post Graduate	2,000
Lady Dufferin Hospital	1,500_
Strengthening Participatory Organization	1,213_
Behbud Foundation	1,000_

56. PRODUCTION CAPACITY

56.1

		Desigi	ned		
		Annual Ca	apacity	Actual Pro	oduction
		2022	2021	2022	2021
Urea (note 56.1)	Metric Tons	2,275,000	2,275,000	1,954,528	2,104,722
NPK (note 56.1)	Metric Tons	100,000	100,000	137,075	144,564
PVC Resin (note 56.1)	Metric Tons	295,000	295,000	239,000	243,000
EDC (note 56.1)	Metric Tons	127,000	127,000	102,000	94,000
Caustic soda (note 56.1)	Metric Tons	106,000	106,000	97,000	92,000
Caustic flakes (note 56.1)	Metric Tons	20,000	20,000	9,000	8,000
VCM (note 56.1)	Metric Tons	254,000	254,000	219,000	203,000
Power (note 56.2)	Mega Watt Hou	urs 7,139,758	7,141,295	4,454,614	5,076,068
Power	Mega Watt	66	66	55	55
Milling / Drying unit of rice					
processing plant (note 56.3)	Metric Tons	414,000	414,000	87,856	148,839

Production planned as per market demand and in house consumption needs.

Output produced by the plants of EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

Three months season design capacity and production is dependent on availability of rice paddy.

The annual capacity of EETPL as service provider to SSGCL is 4.5 MTPA and there has been no
shortfall during the year.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

57. NUMBER OF EMPLOYEES OF THE GROUP

		Number of as		Average No Employe	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
F0	Management employees Non-management employees	2,364 611 2,975	2,397 469 2,866	2,314 617 2,931	2,325 469 2,794
58.	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.

59. INTEREST IN JOINT ARRANGEMENTS

During the year, 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 recognised its share of jointly held asset in these consolidated financial statements.

60. NON-ADJUSTING EVENT AFTER REPORTING DATE

- 60.1 The Board of Directors of the Holding Company in its meeting held on March 02, 2023 has proposed a final cash dividend of Rs Nil per share for the year ended December 31, 2022 amounting to Rs Nil for approval of the members at the Annual General Meeting to be held on April 26, 2023.
- 60.2 These consolidated financial statements 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, 2023.

For the year ended December 31, 2022 (Amounts in thousand)

Gel Utility Limited (GEL)

Siddigsons Energy Limited (SEL)

Pakistan Energy Gateway Limited (PEGL)

Magboro Power Company Limited (MPCL)

61. LISTING OF SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE

LISTING OF SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE			
Name of Subsidiary	Financial year end		
Engro Corporation Limited (ECL)	December 31		
Name of subsidiaries of ECL			
Engro Fertilizers Limited (EFert) EFERT Agritrade (Private) Limited (EAPL) Engro Polymer and Chemicals Limited (EPCL) Think PVC (Private) Limited Engro Peroxide (Private) Limited Engro Plasticizer (Private) Limited Engro Energy Limited (EEL) Engro Power Services Limited (EPSL) Engro Power International Holding B.V. (EPIH)	December 31		
Engro Power Services Holding B.V. (EPSH B.V.) Name of subsidiaries of ECL	December 31		
Engro Power Investment International B.V. (EPII B.V.) Engro Powergen Qadirpur Limited (EPQL) Engro Powergen Thar (Private) Limited (EPTPL) Elengy Terminal Pakistan Limited (ETPL) Engro Elengy Terminal (Private) Limited (EETPL) Engro Eximp FZE (FZE) Engro LNG FZE (ELNG) Engro Eximp Agriproducts (Private) Limited (EEAPL) Engro Connect (Private) Limited Engro Infiniti (Private) Limited Engro Enfrashare (Private) Limited Engro Energy Services Limited (EESL)	December 31		
Name of Joint Venture of ECL	D		
Engro Vopak Terminal Limited (EVTL)	December 31		
Name of Associates of ECL			
FrieslandCampina Engro Pakistan Limited (FCEPL) Sindh Engro Coal Mining Company Limited (SECMC)	December 31 December 31		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (Amounts in thousand)

Set out below is summarised financial information of ECL which has Non-Controlling Interests (NCI). The amounts disclosed are before inter-company eliminations:

amounts disclosed are before inter-company eliminations.	2022 ECL (Rupees in '000)
Total Assets	749,415,652
Total Liabilities	508,831,695
Total Comprehensive Income	46,443,267
Total Comprehensive Income allocated to NCI	21,771,194
Accumulated NCI Cash and cash equivalents	73,762,386 26,596,049
Cash generated from / (utilized in) - operating activities - investing activities - financing activities	76,719,935 (88,882,042) (54,758,770)
Dividend paid / payable to NCI	12,297,576
Interest of NCI	62.78%

62. 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.

63. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 02, 2023 by the Board of Directors of the Holding Company.

Kamran Hanif Chief Financial Officer Mohammad Shamoon Chaudry
Chief Executive

Shabbir Hussain Hashmi Director

Dawood Hercules Corporation Limited

Annual Report 2022

December 31

December 31

December 31

June 30

PATTERN OF SHAREHOLDING

As at December 31, 2022

SHARESHOLDINGS				
Number of Shareholders	From	То	Numbers of Shares Held	
693	1	100	26,585	
724	101	500	242,249	
377	501	1,000	320,835	
1,463	1,001	5,000	3,203,550	
250	5,001	10,000	1,860,823	
99	10,001	15,000	1,224,113	
46	15,001	20,000	805,211	
20	20,001	25,000	443,045	
17	25,001	30,000	485,964	
10	30,001	35,000	337,131	
11	35,001	40,000	415,247	
10	40,001	45,000	422,115	
17	45,001	50,000	833,456	
7	50,001	55,000	365,399	
4	55,001	60,000	229,804	
4	60,001	65,000	255,321	
3	65,001	70,000	207,780	
2	70,001	75,000	149,000	
3	80,001	85,000	251,500	
3	85,001	90,000	263,519	
3	90,001	95,000	277,796	
4	95,001	100,000	396,528	
1	100,001	105,000	102,000	
1	105,001	110,000	109,000	
1	110,001	115,000	114,900	
1	115,001	120,000	115,411	
1	120,001	125,000	120,596	
1	155,001	160,000	160,000	
1	170,001	175,000	172,500	
2	195,001	200,000	397,352	
1	230,001	235,000	231,000	
2	245,001	250,000	500,000	
1	295,001	300,000	300,000	
1	325,001	330,000	327,500	
1	335,001	340,000	336,072	
1	340,001	345,000	344,500	
1	360,001	365,000	362,500	
1 1	545,001	550,000	549,205	
1	555,001	560,000 625,000	558,700 631,103	
2	620,001 995,001	1,000,000	621,192	
1	1,195,001	1,200,000	2,000,000 1,195,500	
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	4,180,001	4,185,000	4,181,200	
i	5,905,001	5,910,000	5,906,612	
i	5,995,001	6,000,000	6,000,000	
i	12,200,001	12,205,000	12,204,788	
i	16,805,001	16,810,000	16,809,280	
i	18,990,001	18,995,000	18,991,988	
i	20,930,001	20,935,000	20,930,568	
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	45,720,001	45,725,000	45,722,500	
1	47,450,001	47,455,000	47,450,048	
1	77,930,001	77,935,000	77,931,896	
3,812			481,287,116	

CATEGORIES OF SHAREHOLDING

As at December 31, 2022

Shareholder's Category	Number of sharehoders	Total shares held	Percentage %
Directors, Chief Executive Officer, and their spouse and minor children	10	12,791,116	2.66
Associated Companies, Undertakings and Related Parties	4	144,380,928	30.00
NIT and ICP	-	-	0.00
Banks, Development Financial Institutions,	11	8,594,699	1.79
Insurance Companies	2	14,424,888	3.00
Modarabas and Mutual Funds	6	1,934,455	0.40
Shareholders holding 10%	1	77,931,896	16.19
General Public : Local Foreign	3,729 7	21,350,912 259,167,892	4.44 53.85
Others	43	18,642,226	3.86
Total (excluding : shareholders holding 10% or more)	3,812	481,287,116	100.00

PATTERN OF SHAREHOLDING

As at December 31, 2022

	Shareholders' Category	Number of shares held
1	Associated Companies, Undertaking and Related Parties	01141 00 11014
	Dawood Lawrencepur Limited Dawood Investments (Private) Limited Dawood Foundation Sach International (Private) Limited	77,931,896 47,450,048 18,991,988 6,996
2	Mutual Funds	
	CDC- Trustee National Investment (Unit) Trust CDC - Trustee Akd Index Tracker Fund CDC - Trustee Nit-equity Market Opportunity Fund	549,205 90,596 10,000
3	Directors and their spouse	
	Hussain Dawood Kulsum Dawood (W/o. Mr. Hussain Dawood) Abdul Samad Dawood Sabrina Dawood Shahzada Dawood Sultan Muhammad Parvez Ghias Ayesha Zeba Gias (W/o. Mr. Parvez Ghias) Hasan Reza Ur Rahim Shabbir Hussain Hashmi Kamran Nishat	6,000,000 3,000,000 1,790,316 1,000,000 1,000,000 250 250 100 100
4	Executives	1000
5	Public Sector Companies and Corporations	16,203,212
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	8,444,652
7	Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)	
	Alzarat Limited Calfran Limited Dawood Investments (Private) Limited Dawood Lawrencepur Limited Hercules Enterprises Limited Palmrush Investments Limited Persica Limited Zincali Limited	38,376,008 45,722,500 47,450,048 77,931,896 43,281,216 36,240,796 36,240,796 38,376,008

کی بحالی کے دوران نئی اقد اربھی تلاش کی جائیں گی۔

ا ینگروکار پوریشن کا پورٹ فولیوکا فی لچک دار ہے اور مشکلات سہار نے کی صلاحیت رکھتا ہے۔ پاکستان کو در پیش مسائل کے طل میں مدد دینے والے شعبوں میں کام کرنے کا مطلب ہے کہ اینگروکار پوریشن کے بیشتر کاروبارا ہم ترین نوعیت کے ہیں اور مشکل وقتوں میں بھی جاری رہیں گے۔ 2023 میں اینگرو، عمودی انداز میں اپنا کام جاری رکھتے ہوئے اپنے وطن اور اسٹیک ہولڈروں کے لئے بار آ ور ثابت ہوتی رہے گی۔

G_بعدازاں ہونے والے واقعات کے سبب مادّی تبدیلیاں

ز برجائزہ مالی سال کے اختتام اورز برنظر رپورٹ کی تاریخ کے درمیان ایسی کوئی مادّی تبدیلیاں یا معاہدے مل میں نہیں آئے ہیں جو ہماری مالیاتی حیثیت پرکسی بھی طرح سے اثر انداز ہوسکیس۔

H_اظهارتشكر

بورڈ آف ڈائر کیٹرزاپنے تمام شیئر ہولڈروں کاشکرگزارہے کہانہوں نے ہم پراپنااعقاداور بھروسہ قائم رکھاہے۔ہم تمام مالیاتی ادروں وغیرہ سمیت تمام اسٹیک ہولڈروں کو بھی تہنیت پیش کرتے ہیں جنہوں نے ہمیں اعانت اور مدوفراہم کی ہےاور یقین دلاتے ہیں کہان کے مفادات کی پاس داری کرتے رہیں گے۔

ہم ڈی ایچ کورپ کی ترقی اور آسودہ حالی کے لئے مخلصا نہ جدوجہد کرنے پرانتظامیداور ملاز مین کا بھی شکریدادا کرتے ہیں۔

محر شمعون چو ہدری چیف ایگز یکٹیوآ فیسر دائر یکٹر

۲ مارچ۲۰۲۳

XIII_بورڈ کے اجلاس

سال2022 کے دوران بورڈ کے چیر (06) اجلاس منعقد ہوئے اور تمام اجلاسوں کی صدارت، چیئر مین نے کی ۔کوڈ آف کارپوریٹ گورنینس کی شرائط کے مطابق ممپنی سیریٹری اور چیف فٹانشل آفیسر بھی اجلاسوں میں شریک ہوئے۔تمام ڈائر بکٹروں کی حاضری کی صورت حال درج ذیل ہے:

بورڈ انویسٹمنٹ کمیٹی	ہیومن ریسورس اینڈ معاوضہ مینٹی	بورڈ آڈٹ کمیٹی	بوردميننگز	ڈائر کیٹرکانام
-	-	-	6/6	جناب حسين داؤد
5/5	3/3	-	6/6	جناب عبدالصمد داؤد
_	-	-	5/6	جناب شنراده داؤد
-	1/3	-	5/6	محتر مهسبر بيندداؤد
-	3/3	-	6/6	جناب پرویزغیاث
5/5	ı	4/4	6/6	جناب شبير حسين ہاشمی
4/4	_	4/4	5/6	جناب كامران نشاط
5/5	3/3	4/4	5/6	جناب حسن رضا الرسيم
1/1	_	-	5/5	جناب عمران سعيد *
_	-	-	1/1	جناب ضامن زیدی*
-	-	-	6/6	جناب محمر شمعون چو مدری

^{*} جناب مجمة عمران سعيد نے ڈائر يكٹر كے عهدے سے استعفى دياجب كہ جناب ضامن زيدى ان كى جگه پر 25 اكتوبر 2022 كوڈائر يكٹر مقرر كئے گئے۔

XIV_ڈائریکٹرز کےمعاوضے

ڈی ایج کورپ ڈائر بکٹروں کے معاوضے کی ایک رسمی اور شفاف پالیسی کی بیروی کرتی ہے جوآ رئیکز آف ایسوی ایشن آف دی کمپنی اورکیپنیز ایک 2017 کے عین مطابق

XV_ ڈائر کیٹرز کی ذمہداری کا بیان

ڈائر کیٹرز، پاکستاناسٹاک ایجیجنج کے سٹنگ ریگولیشنز کے مطابق کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کانتمیل کی بمطابق ذیل تصدیق کرتے ہیں:۔ a) ڈی ایچ کورپ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوار ہے کمپنی کے معاملات، اس کے آپریشنوں کے نتائج، نقذی کے بہاؤ اورا یکویٹی میں

تبدیلیوں کی صورتحال غیر جانب داری سے پیش کرتے ہیں۔

- b) ڈی ایج کورپاینے کھاتوں کی کتب کا نظام موزوں انداز سے کرتی ہے۔
- c) مالیاتی گوشواروں کی تیاری میں مستقل اورموزوں اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اورا کاؤنٹنگ کے تخمینے مختاط اورمعقول فیصلوں پر بنیاد کرتے ہیں۔ d) مالیاتی گوشواروں کی تیاری میں پاکستان پر قابل اطلاق مالیاتی رپورٹنگ کے عالمی معیارات کی پیروی کی گئی ہےاوران سے کئے گئے کسی بھی انحراف کوموزوں طور سے ظاہر بھی کیا گیا ہے۔
 - e) اندرونی انضباط کا نظام اینے ڈیز ائن میں مضبوط ہے جسے مئوثر طور سے نافذ بھی کیا گیا ہے اور اسے مانیٹر بھی کیا جاتا ہے۔
 - f) ڈی ایج کورپ کی ایک چلتے ہوئے کاروبار کے طور پر کام جاری رکھنے کی صلاحیت پر کوئی خاص شک وشبہیں ہے۔
 - g) گزشتہ چے برسوں کا اہم عملیاتی اور مالیاتی ڈیٹا خلاصے کی صورت میں زیر نظرر پورٹ کے ساتھ منسلک ہے۔

XVI_ڈائر یکٹروں کاتر بیتی پروگرام

تمام ڈائر کیٹر، ڈائر کیٹرزٹریننگ پروگرام کے باضابطہ سڑتیفکیٹوں کے حامل یاتر ہیت ہے مشتیٰ ہیں

XVII_منسلکہ یارٹی کے سودے

کوڈ آف کارپوریٹ گورنینس کی شرائط کی تعمیل کرتے ہوئے ڈی ایچ کورپ نے منسلکہ پارٹی کے تمام سودے آڈٹ کمیٹی کے جائزے اور بورڈ کی منظوری کے لئے پیش کئے

یا کستان کی حکومت حالیہ طور سے آئی ایم ایف کے ساتھ مذاکرات میں مشغول ہے تا کیقطل کا شکار EFF پروگرام دوبارہ بحال کروایا جا سکے اور 1.1 بلین امریکی ڈالر کے رکے ہوئے فنڈ ز حاصل کئے جاسکیں جود بگر دوست مما لک کی جانب سے ممکنہ فنڈ ز کے حصول کے بعد یا کستانی کے غیرملکی زرمبادلہ کے ذخائر کی دگر گوں صور تحال میں بہتری لانے میں مدددے گا۔اس سے پاکستان کوجون کے مہینے تک مددل سکے گی جب آئی ایم ایف کے پروگرام کا خاتمہ ہوگا تاہم پیواضح نہیں کہ آیاعام انتخابات کے انعقاد تک اقتصادی حالات قابومیں رہیں گے یا پھرہمیں ایک بار پھرآئی ایم ایف کے پاس جانا پڑے گا۔اس غیریقینی کےساتھ ساتھ مہنگائی میں بدستوراضا نے کاامکان ہے کیوں کہ حکومت نے ایک تو توانائی کی قیمتیں بڑھائی ہیں اور دوسرے روپے کی قدر میں مزید کمی کی ہے اورٹیکسوں کی شرح بڑھا کر سبسڈیاں واپس لے کرآمدنی میں اضافے کی کوشش کی ہےتا کہ آئی ایم ایف کی جانب ہے روگی گئی قسط بحال ہو سکے۔ بیواقعہ مالی سال 2023 کے دوران شرح سودزیادہ رہنے کی وجہ ہوسکتا ہے۔اس کے بعدا نتہائی کم قدر کاری (چند تمسکات کے طویل مدتی اوسط ڈسکاؤنٹ کی شرح%60 تک ہے)، یہ بات قابل بحث طور سے سمجھ میں آتی ہے کہا یکو پٹیز کی قیمتیں بھی زیادہ تر کم ہی ہوئی

ا یکویٹی کے پورٹ فولیوکا نتظام انتہائی سرگرمی،احتیاط اور دانائی سے کیاجائے گا اور سرماییکاری کے لئے پہلے سے بار آ ورشدہ آئیڈیاز کام میں لانے کے ساتھ ساتھ معیشت

X-كار پورىپ گورنىنس

ڈی ایج کورپ کارپوریٹ گورنینس کے اعلیٰ ترین معیارات پر کار بندر ہنے کا عہد کئے ہوئے ہے اور اپنا کاروبار کوڈ آف کارپوریٹ گورنینس اینڈلسٹنگ ریگولیشنز آف دی پاکستان اسٹاک ایجینج کے بہترین ضابطہ کل کے عین مطابق انجام دیتا ہے جن میں بورڈ آف ڈائریکٹرزاورڈی ایچ کورپ کی انتظامیہ کی ذمہ داریوں اور کردار کی تصریح کی گئے ہے۔ مزید تفصیلات کے لیے براہ مہر بانی اسٹیٹنٹ آف کمپلائنس ودھ لے کہنیز (کوڈ آف کارپوریٹ گورنیس) ریگولیشنز 2017ء ملاحظہ کیجیے۔

XI ـ رسک مینجمنٹ

ڈی ان کی کورپ کی کاروباری سرگرمیاں اسے مختلف النوع مالیاتی خطرات (رسک) جیسے مارکیٹ رسک (بشمول انٹریسٹ ریٹ رسک، کرنبی رسک اور پرائس رسک)، کریڈٹ رسک اورلکویڈیٹی رسک کا سامنا کرنے پر مجبور کرتی ہیں۔ ڈی ان کی کورپ کا رسک مینجمنٹ کا نظام مالیاتی مارکیٹوں کی غیریقینیوں کومرکز نگاہ رکھتا ہے اور مالیاتی کارکردگی کولاحق مضرا ثرات میں کمی لانے کے طریقے تلاش کرتا ہے۔

چناں چہڈی انچ کورپ کو درپیش خطرات کو قابو میں رکھنے،خطرات کی موزوں حداورا نضباط مقرر کرنے ،ان حدود پڑمل درآمد کی غرض سے رسک مینجمنٹ پالیسیاں بنائی جاتی ہیں۔اس کے علاوہ مارکیٹ کی صورت حال اور سرگرمیوں کی مناسبت سے رسک مینجمنٹ پالیسیوں اور نظام کا وقتاً فو قتاً جائزہ بھی لیاجا تا ہے۔

XII ـ بوردْ آف دْ ائر يكشرز

کمپنی کابورڈ دس (10) ڈائر یکٹرز پرشتمل ہے۔ بورڈ تر کیب درج ذیل ہے:

03	نڈییپیڈنٹ ڈائر یکٹرز
	ان ایگزیکٹیوڈ ائر یکٹرز
05	- مرد
01	- خاتون
01	ىگىز يكڻيو دائر يكثر

IV_شيئرز كا كاروبار،اوسط قيمتين اوريا كستان اسٹاك اليسينج فيح

سال کے دوران ڈیا بچ کورپ نے پاکتان اسٹاک ایجینج میں 4.78 ملین شیئر ز کا کاروبار کیا۔روزانہ بند ہونے کی قیمتوں کی بنیاد پر ڈی ایچ کورپ کے شیئر کی اوسط قیمت 95.58روپے تھی جبکہ 2022 کے 52 ہفتوں کے اتار چڑھاؤ کی بنیاد پریہ قیمت بالتر تیب88.26روپے اور105.08روپے فی شیئر رہی۔

V_شیئرز کی ملکیت کے نمونے

1 دیمبر 2022 کوڈی ایج کورپ کے شیئر زکی ملکیت کانمونہ ہمراہ دیگر ضروری معلومات زیر نظر رپورٹ کے آخری میں پراکسی فارم کے ساتھ دستیاب ہے۔

VI_ماركيث كيطلائزيش اوربك ويليو

سال کے اختتام پر مارکیٹ میں ڈی آج کورپ کے سرمائے کی مالیت 45,482 ملین روپے(2021 میں 45,973 ملین روپے)، مارکیٹ ویلیو94.50 روپے فی شیئر (2021 میں55.52روپے)اور ہریک اپ ویلیو55.86روپے فی شیئر (2021 میں 63.18روپے)

VII - تصرف (Appropriation)

زیر جائزہ سال کے لئے قابل تصرف منافع منقسمہ 15.00 روپے فی شیئر (%150) تھاجس کی سال کے دوران ادائیگی کی گئی۔

VIIIدریٹنگ (Entity Rating) الکاریٹنگ

2022 کے دورانPACRA نے اپنے سالا نہ جائزہ میں ڈی آئے کورپ کی قلیل اور طویل المدتی کریڈٹ ریٹنگ کی توثیق کی ہے۔

یہ کریڈٹ ریٹنگ ادارے کے انتظامی اور مالیاتی استحکام کے ساتھ ساتھ نقتری کی دستیابی کی مظہر ہے اور ہماری مضبوط بیلنس شیٹ، ان تھک کارکردگی اور منافق منقسمہ کی مسلسل ادائیگی کا بیان ہیں۔

IX ـ پراویڈنٹ اور گریجو یٹی فنڈ ز

ڈی ایج کورپ کے ملازمین کی فنڈ ڈریٹائرمنٹ مراعات کا آ ڈٹ سال میں ایک بارمنعقد کیا جا تا ہےاورموز وں طور سے آنہیں سر مایہ کاری کے لئے استعمال کیا جا تا ہے۔ غیرآ ڈٹ شدہ کھاتوں کے مطابق پراویڈنٹ فنڈ کی سر مایہ کاریوں کی گل جملہ مالیت 14.71 ملین روپے (2021 میں 34.51 ملین روپے) ہے۔

گریجویٹی پلان کے فنڈ ڈا ثاثوں کی فیئر ویلیو 1 3 دئمبر 2022 کو 9.43 ملین روپے (2021 میں 31.94 ملین روپے)تھی۔

تعلیم دینے کے مقصد کے تحت 1984 سے مصروف کارغیر نفع بخش تنظیم''ڈیف رپچ'' کے ساتھ مل کر فلاحی سرگرمیاں انجام دے رہی ہے۔

شرا کت داریاں

ڈی ایج کورپ نے ورلڈا کنا مک فورم، برٹش ایثین ٹرسٹ، بل اینڈ میلنڈ اکٹیس فاؤنڈیش، ورلڈ وائلڈ لائف فنڈ ، انڈس ہپتال اور گارنج CAN کے ساتھ شراکت داری کی ہے۔

E_فنانشل ربورك

I_مالياتی کار کردگی

کمپنی کی منظم آمدنی میں %14 اضافہ ہوا جو2021 میں 311,78 ملین روپ سے بڑھ کر2022 کے اختتام پر356,643 ملین روپ تک بڑنج گئے۔زیر جائزہ سال کے کے منظم آمدنی میں 42,920 ملین روپ سے 42,920 ملین روپ سے کے منظم بعداز ٹیکس نفع 42,920 ملین روپ سے 15% ملین روپ سے 15% ملین روپ سے 15% ملین روپ سے گئے کہ تھا، جبکہ شیئر ہولڈروں کو قابل تقسیم بعداز ٹیکس منافع 2021 میں 8,524 ملین روپ سے گئے تھی کہ بھٹ کر2022 کے اختتام پر38,66 ملین روپ ہوا۔اس کی کی بڑی وجدا کیو ٹیٹیز کے پورٹ فولیو میں غیر تصرف شدہ نقصانات اور سپرٹیکس کی ادائیگی تھی۔

انفرادی بنیاد پرسر ماییکاریوں پر آمدنی 6,222 ملین روپے رہی جو 2021 کے اختیام پر 6,013 ملین روپے رہی تھی ،اس بڑھوتی کی بڑی وجہ منافع منقسمہ کی آمدنی کا کافی زیادہ ہونا تھالیکن 2,439 ملین روپے کے غیر حاصل شدہ سر مائے کے نقصان کی بدولت اس میں کمی واقع ہوئی۔البنتہ گزشتہ برس کے 3,981 ملین روپے کے برخلاف 2022 کے اختیام پر بعداز ٹیکس منافع 3,692 ملین روپے رہا۔

II_فی شیئر کمائی

سال2022 کے لئے غیر منظم فی شیئر کمائی7.67روپے رہی جو 2021 کے اختتام پر8.27روپے رہی تھی۔ زیر جائزہ سال کے لئے فی شیئر منظم کمائی 12.19روپے رہی (سال2021 کے اختتام پر7.71روپے)۔

III_آڈیٹرز

موجودہ آڈیٹرز،اےایف فرگون اینڈ کمپنی، چارٹرڈاکا وَعُینٹس آئندہ ہونے والے سالانہ اجلاس عام کے اختتام پرریٹائر ہورہے ہیں اور انہوں نے دوبارہ تقرررکے لئے اپی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے 31 دیمبر 2023 کے اختتام پذیر ہونے والے سال کے لئے ڈی ایچ کورپ کے آڈیٹرز کے طور پراے ایف فرگون اینڈ کمپنی، چارٹرڈاکا وعمینٹس کے دوبارہ تقرر کی سفارش کی ہے اور بورڈ آف ڈائر کیٹرزنے اس سفارش کی توثیق بھی کی ہے۔ کی لانا اور توانائی، کاغذ اور ایندهن کے استعال کی مانیٹرنگ کرنا ہے تا کہ بھر پور طریقے ان سے کام لیا جا سکے۔ہم نے کاغذ کے بغیر نظام اپنایا ہے اور چالان اور بل وغیرہ کاغذ کے بغیر جاری کئے جاتے ہیں جب کہ 95 بینکنگ ڈی تھیٹلا ئزڈ کی جاتی ہے۔کوڑا کرکٹ کا انتظام ہم کام کی جگہ کے معمولات وضع کر کے اور سی سائیکلنگ اور اپ کاغذ کے بغیر جاری کئے جاتے ہیں جب کہ 2020 سے ڈی ایچ کورپ نے اپنی حدود کے اندر ماحولیات کے لئے مصر 500ml والی پانی کی ڈسپوزیبل ہوتل کے سائیکلنگ کی اہمیت اجا گر کر کے کرتے ہیں۔2020 سے ڈی ایچ کورپ نے اپنی حدود کے اندر ماحولیات کے لئے مصر 500ml والی پانی کی ڈوٹل کے استعال پر پابندی لگا دی ہے اور اس کے استعال کی تعداد 2,676 ہوتلیں سالانہ سے صفر تک لے آئے ہیں۔اس طرح ہم نے اپنے ادارے میں پلاسٹک کی پانی کی ہوتل کے پاک ماحول کی تروزی کی ہے۔

الحچى صحت اور بهبود كى كوششيں

ڈی انچ کورپ میں ملاز مین کی بہبوداولین ترجیج ہے۔ تمام شعبوں کے سربراہوں پرمشتمل ایک کرائسس مینجمنٹ کمیٹی تشکیل دے دی گئی ہے۔ یہ 24/7 تیز رفتاری سے رقمل دینے والی کمیٹی ہے جو ڈینگی ،ملیریا، کووڈ اور 2022 میں آنے والے سلاب جیسی تمام حالیہ اورنٹی ہونے والی بیاریوں/مصیبتوں میں تمام ملازمین اوران کے خاندانوں کومدوفراہم کرتی ہے۔زیادہ سے زیادہ تحفظ کی فراہمی کے لئے ہیلتھ انشورنس کی سہولت تمام ملازمین کوفراہم کی گئی ہے۔

ا پنے ملاز مین کو کھانے پینے ، مختلف مقابلوں میں شامل ہونے ، سالگرہ وغیرہ کی تقریبات ، ورزشوں ، بوٹ کیمپ ، کونسلنگ کی سہولت اور تربیت میں مشغول رہنے کی حوصلہ افزائی کرنے کی خاطرہ DH Revitalise کے نام سے ادارے میں ایک اندرونی تحریک شروع کی گئی ہے۔ ہماری آرگنا ئزیشن اوقات کار میں رعایت کے علاوہ چار ماہ تک کی زچگی رخصت بھی دیتی ہے۔

سى ايس آر كى سرگرمياں

سکینے اور تجسس کے ذریعے لوگوں کو ہا ختیار بنانے کے اپنے ویژن سے منسلک رہتے ہوئے ڈی ایچ کورپ نے غریب خاندانوں اور سندھ کے مختلف علاقوں سے تعلق رکھنے والے 400 طلباء وطالبات اوران کے اساتذہ کے دی ممبلی فیسینس سینٹر (MSC) کے دورے کے انتظامات کئے۔ MSC ایک سائنس حب کے طور پر کام کرتا ہے جہاں تعلیمی تفریح مہیا کی جاتی ہے،سائنس میں طلباء کی دلچیہی پیدا کی جاتی ہے اور سائنسی اصول اور سوچ اپنانے میں مددد کے کرلوگوں کو بااختیار بنایا جاتا ہے۔

اس دورے کے لئے منتخب کئے گئے اسکول غریب علاقوں میں مصروف کارخیراتی انجمنیں چلاتی ہیں جہاں صنفی تنوع پرخصوصی توجد دی جاتی ہے اور جہاں STEM اسکولنگ ماڈل کے ذریعے تعلیم دی جاتی ہے۔ MSC کا مقصد یہی کچھنتقل کرنا ہوتا ہے۔ مذکورہ بالاسی ایس آرسر گرمیوں کا مقصد کہ سیھنے کا شوقین کوئی بھی طالب علم تعلیمی تفریح کی سہولیات کے ذریعے علم حاصل کرنے سے محروم ندرہ جائے۔

ڈی ای گورپ بیسماندہ آبادیوں سے تعلق رکھنے والے بچوں کے ساتھ ساتھ ان کے والدین کو بھی تعلیم دینے والی، لیاری میں مصروف کارایک غیر منافع بخش تنظیم''کرن فاؤنڈیش''؛ الگ تھلگ علاقوں میں ڈیجیٹل لرننگ کے پروگراموں کا انعقاد کرنے اور مائیکر واسکولوں کے ذریعے خودتعلیم حاصل کرنے کی حوصلہ افزائی کرنے والی''ٹیچ دی ورلڈ فاؤنڈیش''؛ کراچی کے مضافات میں سڑکوں میں پھرنے والے بچوں کے لئے اسکول چلانے والی''روشن پاکستان اکیڈمی''؛ اور پاکستان کے ساعت سے محروم بچوں کو

ٹر مینل آپریشنز

Engro Vopak Terminal نے اب تک سب سے زیادہ جم میں کیمیکل ہینڈ لنگ کی ۔ اسٹر مینل نے گزشتہ سال 1,280 کلوٹن کیمیکل کی ہینڈ لنگ کی جواس سال ہونڈ لنگ کی ۔ اس کی ہونڈ لنگ کی جواس سال ہونڈ لنگ کی ۔ اس کی ہوئی وجہ فاسفورک ایسڈ اور پیرا کسائلین کی زیادہ درآ مدتھی جوگزشتہ برس کے دوران تفتان کی سرحد کے دوبارہ کھولے جانے کے سبب ایل پی جی میرین کی درآ مدمیں 32 کی کا نتیج تھی ۔

ٹر مینل کے کاروبار کے منافع پرکسی حد تک2022 کے دوران سپرٹیکس کے نفاذ نے اثر ڈالا لیکن اس کاروبار نے محفوظ آپریشنز کے 25 برس مکمل کئے جس دوران کام روکنا پڑا، نہ کوئی زخمی ہوااور تحفظ بھت اور خاصیت کے اعلیٰ ترین معیارات کو برقر اردکھا گیا۔

ٹیلی کمیونی کیشن انفرااسٹر کچر

پاکستان بھر میں ڈیجیٹل رسائی بڑھانے کے مل میں اینگر وانفراشیئر نے اپنے نشان ثبت کر نابدستور جاری رکھا اور پاکستان میں مصروف کارچاروں MNOs کی ضروریات پوری کرتے ہوئے 1.17x کراید داری کے تناسب کے ساتھ 3,329 ٹاورسائٹوں کا ہدف حاصل کیا۔اس کاروبار نے دیگر آزاد ٹاور کمپنیوں کے مقابلے میں بلڈٹوسوٹ (B2S) ٹاوروں کی تنصیب کی مارکیٹ کا 20% شیئر حاصل کرلیا ہے جس کی بدولت گزشتہ برس کی بذسبت 2022 میں 2x آمدنی حاصل ہوئی۔

خوراك

73 بلین روپے کی جانست زیر جائزہ سال کے دوران 73 بلین روپے کی بنسبت زیر جائزہ سال کے دوران 73 بلین روپے کی بنسبت زیر جائزہ سال کے دوران 73 بلین روپے کی خالص آمدنی حاصل کی معیشت کی تنزلی اور بیرونی محاذ پر اجناس کی قیمتوں میں بیش بہااضافے اور روپے کی قدر میں کمی کے باوجود LEPL کے تیز رفتار کاروباری ماڈل نے اسے نخالف حالات کے باوجود اسے ترقی کرنے کے قابل بنایا۔ اس کاروبار نے بعداز ٹیکس منافع میں 2021 میں 1.8 بلین روپے کی بنسبت 2022 میں 3.8 بلین روپے کی بنسبت 2022 میں 3.9 بلین روپے کی بنسبت 2022 میں 2.5 بلین روپے تعنی 33% کی بڑھوتی ظاہر کی ہے جس کی وجہ اس کے ڈسٹری بیوشن نیٹ ورک میں توسیع کے بعد فروخت کے جم میں اضاف ہے۔

قومی خزانے کوغیر ملکی زرمبادلہ کی فراہمی کے ایک اہم ذریعے ، اینگروا میکزمپ ایگری پروڈ کٹ کی توجہ برآ مدات پرمرکوزر ہی۔اس کاروبار نے سپلائی چین میں آسانی پیدا ہو جانے کے باعث 37 کلوٹن چپاول برآ مدکر کے 31 ملین امریکی ڈالرکی آمدنی حاصل کی جوگز شتہ سال 24 کلوٹن رہی تھی۔ یہ کاروبار مقامی مارکیٹ میں اپنے قدم جمار ہاہے اوراس مدت کے دوران اندرون ملک 11 کلوٹن چپاول فروخت کیا گیا۔

D ـ کارپوریٹ ادر ساجی ترقی ماحولیاتی تحفظ کی کوششیں

ڈی ایج کورپ ایک مصدقہ گرین آفس ہے جو WWF کی شراکت میں کام کرتا ہے۔اس پروگرام کے ذریعے ڈی ایچ کورپ میں ہمارامقصد ماحولیات پرمضرا ثرات میں

قابل موازنہ سال کے311,587 ملین روپے کے برخلاف کمپنی نے آمدنی میں %14 کا اضافہ حاصل کیا جو356,428 ملین روپے رہی۔ مالی سال 2022 کے لئے مشتکم بعداز ٹیکس منافع (PAT) 46,111 ملین روپے رہا یعنی اس میں %12 کی کمی واقع ہوئی جس کی وجہ 7,151 ملین روپے کے سپر ٹیکس اور اینگرو پاورجین تھر (پرائیویٹ) کمیٹیٹر منافع (EPTL) کی ٹیرف کی درنگی کے لئے29,111 ملین روپے کی اوائیگیاں تھی۔ شیئر ہولڈروں کو قابل تقسیم بعداز ٹیکس منافع کم ہوکر 24,332 ملین روپے ہوگیا جوسال 2021 میں 2021 ملین روپے رہا تھا جس کے نتیج میں فی شیئر کمائی (EPS) 42.23(EPS) میں 84.50 ملین روپے رہا تھا جس کے نتیج میں فی شیئر کمائی (EPS) 42.23(EPS) میں 2021 میں 48.50 میں 65 میں میں فی شیئر کمائی (EPS)

فرشلائزر

فرٹیلائزر کے کاروبار نے 157 بلین روپے کی آمدنی ریکارڈ کی جوسال 202 میں 132 بلین روپے رہی تھی جس کی ایک بنیادی وجہ مقامی یوریا اوراجناس کی عالمی قیمتیں تھیں ۔ بعداز ٹیکس منافع 16 بلین روپے رہاجو گزشتہ برس 21 بلین روپے رہاتھا۔ بعداز ٹیکس نفع میں کمی کی بڑی وجہ 3.8 بلین روپے کا سپرٹیکس تھا۔

فاسفیٹ کی بلند قیمتیں اور سلاب کے اثرات نے فروخت پر بھی منفی اثر ڈالا جو 2021 میں 366 کلوٹن سے کم ہوکر 333 کلوٹن ہوگئ۔

انر ج

گزشتہ برس4,225GWH کے مقابلے میں زیر جائزہ سال کے دوران تھر پاور پلانٹ نے قومی گرڈ میں 3,690GWH بنچائی اس طرح گزشتہ سال %83 کے مقابلے میں 2022 میں اس پلانٹ نے %73 دستیابی حاصل کی۔ پلانٹ کی دستیابی میں کمی کی وجہ پہلی سہ ماہی میں ہونے والا ایک واقعہ تھا۔ تفصیلی معائنے اور بحالی کے ضروری کام کے بعد پلانٹ کامیابی سے واپس آن لائن آگیا۔

قادر پورپاور پلانٹ نے%41 کے لوڈ فیکٹر کے ساتھ 768GWH خالص بجلی قومی گرڈ میں شامل کی۔ ہر چیسال کے وقفے سے کی جانے والی بڑی مرمت کے سبب بجلی کی پیداوار میں کمی آئی۔اس کاروبارنے 1.5 بلین روپے کا بعداز ٹیکس منافع ظاہر کیا جو 2021 کے اختقام پر 1.6 بلین روپے رہاتھا۔

پیٹرو کیمیکل

پیٹرو کیمیکل کے کاروبار نے آگے کی جانب اپناسفر جاری رکھااور 82 بلین روپے کی آمدنی ظاہر کی جوگزشتہ برس70 بلین روپے کی آمدنی سے 17 زیادہ تھی اس کی بڑی وجہ 12 بلین روپے کے سپرٹیکس وجہ 12 کازیادہ مجم اور بڑھتی ہوئی قیمتیں تھیں۔بعداز ٹیکس نفع 12 بلین روپے رہا جو 2021 میں 15 بلین روپے رہا تھا۔اس کی کی بڑی وجہ 1.2 بلین روپے کے سپرٹیکس کے اثرات تھے۔

پٹیرو کیمیکل کے کاروبار نے 21 کا کلوٹن کی اب تک کی سب سے زیادہ ملکی فروخت ریکارڈ کی جو 2021 میں 207 کلوٹن رہی تھی۔مطلب بیر کہ مارکیٹ میں اس کاروبار کا حصہ 94% تک رہا ہے۔ PVC کی مقامی طلب پوری کرنے کے بعداس کاروبار نے 25 کلوٹن کی بیرون ملک فروخت بھی ریکارڈ کی جواب تک اس کی سب سے زیادہ برآ مداتی فروخت ہے اور جس میں 15 کلوٹن کی کاسٹک سوڈ اکی برآ مدی فروخت بھی شامل ہے۔اس فروخت سے ملکی خزانے 21 کملین امریکی ڈ الرکازرمبادلہ حاصل ہوا۔

7.97% بلندتر ہے۔

II_منی مارکیٹ پورٹ فولیو

باقی ماندہ فنڈ ززر ّی مارکیٹ میں قلیل اور طویل مدتی انسٹرومنٹس میں لگائے گئے جس ہے ہمیں اپنے ٹریژری پورٹ فولیو کا انتظام اپنی لکویڈ بٹی کی ضروریات کے عین مطابق کرنے کا موقع ملا۔ نتیجہ بیہ ہوا کہ شرح سود بڑھ جانے کی بدولت سمپنی سال کے دوران 281 ملین روپے کی سود کی آمدنی کمانے کے قابل رہی۔

III-ايميائركائ في (يرائيويث) لميثلاً

30 در مبر 2022 کوشیئر کے ادل بدل کے انظامات کی مطابقت میں کمپنی نے Avanceon کمیٹڈ کے دق میں سینٹرل ڈپازیٹری کمپنی آف پاکستان کمیٹڈ کو مختار نامہ جاری محمد محمد کی سینٹر کے بدلے میں Acanceon کمیٹڈ کی ایک ذیلی کمپنی کے EMP AK معمولی شیئر زکے بدلے میں Octopus کمیٹڈ کی ایک ذیلی کمپنی کی مقرر کردہ EMP AK کی سینئر انتظامیہ یعنی چیف ایگزیکٹیو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکریٹری بھی 31 دیمبر 2022 کو اپنے عہدوں سے مستعفی ہوگئے۔ چنانچہ EMP میں کمپنی کا عمل دخل (کنٹرول) 31 دیمبر 2022 کو تتم ہوگیا۔

1 3 دسمبر 2022 تک 440.023 ملین روپے کی رقم غیر منظم مالیاتی گوشواروں میں EMPAK کے شیئر زکے بدلے میں حاصل کردہ رقم ظاہر کی گئی ہے۔ 3 جنوری 2023 کا Octopus میں کی منطق میں کے نام پڑھتا مہال کے بعد Octopus کمیٹر کے معمولی شیئر زکمپنی کے نام پڑھتا کہ سوچکے ہیں۔ شیئر کی اولا بدلی کے انتظامات کے مطابق کمیٹر نے کا میٹر کے شیئر زکم از کم دو (02) سال تک اپنے پاس رکھنے سے اتفاق کمیا ہے۔

ہماری ایک اہم سرماییکاری،اینگرونے بہت اچھی کارکردگی دکھائی اور مالی سال کے لئے 34روپے فی شیئر کا منافع تقسیم کیا۔ تاہم اس کی قیمت معمولی ہے دباؤ کا شکاررہی جس میں %3.82 کی کمی واقع ہوئی۔

Engrois میں ہماری طویل مدتی سرمایہ کاری اس کی بڑھوتی کے روثن امکانات پر بنیاد کرتی ہے۔ہم Engro Corp اور اس کی ذیلی کمپنیوں کی ترقی پر مسلسل نظر رکھتے ہیں۔ان کی کارکردگی کے چنیدہ واقعات درج ذیل ہیں:

IV_ا بنگروکار پوریش کمیشر

سال2022ا بینگرو کے لئے گرم وسرد ثابت ہوا۔اقتصادی چیلنجوں کے باوجودا بینگروکار پوریشن کی کارکردگی بمتنوع پورٹ فولیو کے باعث زیادہ تر مثبت رہی اورسپرٹیکس کے اثرات سے محفوظ رہی کمپنی نے اپنے آپ کو مارکیٹ کے حالات کے مطابق تیزی سے ڈھالا اورا پنی ترقی پرسمجھونتہ نہ کرتے ہوئے پورے کاروبار میں بھر پور طور سے استفادہ کرتی رہی۔ مارک پالیسی ریٹ میں 625bps کااضافہ کر کے شرح سود % 16 تک بڑھانا پڑی۔ زیادہ سے زیادہ زرمبادلہ بچانے کی خاطر حکومت نے درآ مدات پر پابندیاں لگا ئیں لیکن اس اقدام کے نتیج میں آٹو موٹیواور اسٹیل جیسی درآ مدات پڑئی صنعتوں پرمضرا ثرات مرتب ہوئے جس سے ان صنعتوں کو جزوری طور سے اور پچھ عرصے کے لئے بند کرنا پڑا۔ نتیجاً مالی سال 2023 میں جی ڈی پی میں بڑھوتی کی شرح ، اندازہ ہے کہ طویل مدتی اوسط سے بھی کہیں کم رہے گی۔

دوسری جانب حکومت نے کامیابی سے سعودی عرب، ورلڈ بینک اور پورپین یونین جیسے عالمی عطیہ کنندگان سے سیلاب کے بعد بحالی کے لئے 9 بلین امریکی ڈالر کے وعد سے حاصل کر لئے ہیں۔اس سے پاکستان پر موجود دباؤ میں کی لانے اور بحالی کی راہ آسان بنانے میں مدد ملے گی۔اس صورت حال میں مشحکم میکروا کنا مک ماحول میں بہتر مالیاتی اورز زی پالیسیوں کا نفاذ کمپنیوں کووقت گزرنے کے ساتھ اقتصادی ترتی کرنے اور کاروباری اعتماد بحال کرنے میں مدددے گا۔

B_ماركيث كاجائزه

اسٹاک مارکیٹ نے ملک کی تباہ کن میکروا کنا مک صورت حال کا آئینہ دکھایا اور 2022 کے اختقام پر SE 100 ہزگر میس کم ہوکر 40,420 پوائنٹس پر ہند ہوا (سال بہسال بنیاد پر %4.9 و کی کمی واقع ہوئی)۔ مالیاتی لاگت بڑھ جانے اور دوسری ششماہی میں درآ مدات پر پابندیوں کے نتیج میں خام مال کی قلت نے ملکی مصنوعات کی پیداوار میں دائی میں ہوش رہاء میں کئی ایک سیکٹروں میں فیکٹریاں عارضی طور پر بند کرنا پڑیں۔ سال کے دوران مصنوعات کی طلب میں بھی کمی آئی کیوں کہ مہنگائی میں ہوش رہاء اضافے ، پاکستانی روپے کی قدر میں کمی ، ٹیکسوں کی شرح بڑھ جانے کے نتیج میں صارف کی قوت خرید بری طرح متاثر ہوئی اوراور تباہ کن سیلاب کے نتیج میں دیجی علاقوں کی آمدنی میں بہت کمی واقع ہوئی ہے۔ نتیج میں سرماید کارادارے ایکویٹیز سے ہٹ گئے اورانہوں نے فکسڈ آئم انسٹر وشنٹس کی جانب توجہ مبذول کی اور غیر ملکی سرماید کارکردگی کا میوچل فنڈ ز اور انشورنس کمپنیاں خالص فروشندہ رہے۔ مارکیٹ پر دفاعی انداز غالب رہا اور ٹیکنالوجی اور فرٹیلائز رسیکٹروں نے اسٹاک مارکیٹ میں بہترین کارکردگی کا مظاہرہ کیا جب کہ اسٹیل ، سیمنٹ ، آٹوموٹیواور فار ماسیوٹیکار جیسی کم زورصنعتوں پر فروخت کا دباؤ قائم رہا۔

C_مرکزی سرگرمی (پرنسپل ایکٹیویٹ)

ڈی ایج کورپ کی اولین (پرنیل) سرگرمی سرمایہ کاری کرنا اوراس کا انتظام کرنا ہے تا ہم یہ سرگرمی صرف اس کی ذیلی کمپنیوں اور/ یا منسلکہ کمپنیوں تک محدود نہیں اوراس مقصد بے حصول کے لئے تمام واقعاتی افعال اورمعاملات انجام دینا ہے۔

I_لسٹڈا یکویٹیز پورٹ فولیو

ہم بورڈ کی منظور کردہ حدتک پاکتان اسٹاک ایکیچنے (PSX) میں بلیو چپ لٹٹ کمپنیوں کے شیئر زمیں اپنی سرمایہ کاری بڑھاتے رہے ہیں۔ زیر جائزہ مدت کے دوران ایکو بٹی مارکیٹ میں ڈی انٹج کورپ کی سرمایہ کارک مارکیٹ سے زرا کم ہی رہی۔ سرمایہ کاری پورٹ فولیو نے 1,188 ملین روپ کے امنافع منقسمہ حاصل کیا تاہم سال کا اختتا م 2,439 ملین روپ کے غیر تصرف شدہ اور 42 ملین روپ کے تصرف شدہ نقصان پر ہوا جس کی وجہ اس پورٹ فولیوکو مارکیٹ کی صورتحال اوراس کے مستقبل کی مناسبت سے ڈھالنا تھا۔ مدت کے دوران پورٹ فولیو نے 85 مظاہرہ کیا کیوں کہ غیر ملکیوں کی جانب سے اسٹاک فروخت کئے جانے کے سبب ویلیواسٹاکس نے mid-cap سے کم کارکردگی کا مظاہرہ کیا؟ تاہم یہ پورٹ فولیوآ غاز سے آج تک کی آمدنی کا موازنہ کیا جائے تو 85 100 انڈیکس سے

داؤر ہرکولیس کار پوریش کمیٹر ڈائر یکٹرز کی جائزہ رپورٹ برائے اختیام سال 31 دسمبر 2022

داؤد ہر کولیس کارپوریش کمیٹی ''یا''ڈی انچ کورپ'') کے ڈائر یکٹرز 3 دیمبر 2022 کواختتام تک پہنچنے والے مالیاتی سال کے لئے سالا نہرپورٹ اورآ ڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرّت محسوس کررہے ہیں۔

A_اقتصادی جائزه

عالمی اقتصادی بڑھوتی کینڈرسال 2021 میں %6 سے سکڑ کرکینڈرسال 2022 میں %2. درہ گئی جس کی بنیادی وجہ روس یوکرین کے درمیان جاری بخران سے پیدا ہونے والے اثرات اور چین میں کو وِڈ 19 کی دوبارہ شروعات اوراس کے نتیج میں کیا جانے والالاک ڈاؤن تھے۔ یوکرین پرروس کے حملے نے عالمی اقتصادیات کوغیر مشخکم کردیا ہے۔ اس جنگ نے جیو لولیڈ کل تقسیم میں شدت پیدا کی ہے اور توانائی کے عالمی بخران کو بڑھادیا ہے۔ اس کی وجہ سے توانائی کی مارکیٹوں نے پورے سال میں نزاکت دکھائی جس کے نتیج میں توانائی کی سپلائی کو مہنگائی کا سامنا کر ناپڑا۔ سپلائی میں کی کے باعث خام تیل کی بڑھی ہوئی قیمتوں نے تیل پر انحصار کرنے والی معیشتوں کی رفتارست کی۔ زیروکو وِڈ پالیسی کے نتیج میں چین میں بار بار کے لاک ڈاؤن کے نتیج میں تجارت میں بھی تعطل پیدا ہوا جس نے نازک میکروا کنا مک صورت حال میں مزید بگڑڑ پیدا کیا۔

اس صورت حال کے نتیجے میں دنیا بھر میں مرکزی بینکوں نے سخت زرّی پالیسی اپناتے ہوئے افراط زر کے دباؤ کا مقابلہ کرنے کی خاطرشرح سود میں اضافہ کیا۔ دنیا بھر میں سخت زرّی پالیسی اپنائے جانے اورامر کی ڈالر کی قدر بڑھ جانے کے واقعات نے بہت ہی امیر جنگ ماریمٹوں کو بری طرح متاثر کیا جس سے مالیاتی مشکلات بڑھیں اور درآمدی مصنوعات کی قیمتیں بڑھ گئیں۔

پاکستانی اقتصادیات کوسال 2022 کے دوران تلاطم کا سامنار ہا۔ ملک سیاسی عدم استحکام کا شکارتو تھا ہی ساتھ ہی گزشتہ دس برسوں میں پاکستان میں آنے والے بدترین سیاب نے جس معیشت کی مشکلات کو بڑھاواد یا جو پہلے ہی سختیاں جھیل رہی تھی۔سیلاب نے خاص طور سے پاکستان میں تباہیاں بچا کیں جس سے ایک جانب تو قریباً 33 ملین لوگ براہ راست متاثر ہوئے اور دوسری جانب ملک کو چاول اور کپاس کی کھڑی فصلوں سے ہاتھ دھونے پڑے۔سال کے دوران روس پر پابندیوں اور دنیا بھر میں پروازوں کے آپریشنز کھولے جانے کی بدولت تیل کی قیتوں میں تیزی سے اضافے اور سپلائی کے ساتھ نسلک ایشوز نے پاکستان کے جاری کھاتے کے نقصان پر بے پناہ دباؤروں کے آپریشنز کھولے جانے کی بدولت تیل کی قیتوں میں تیزی سے اضافے اور سپلائی کے ساتھ نسلک ایشوز نے پاکستان کے جاری کھاتے کے نقصان پر بے پناہ دباؤر پر بھی بہت برااثر دباؤ بھی اسال 2022 میں اسلامی میں بھی خلل بیدا ہوا جس سے پاکستانی اقتصادیات پر اعتاد تاریخ کی زیریں ترین سطح تک گرگیا اور مالی سال 2022 کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بھی خلل پیدا ہوا جس سے پاکستانی اقتصادیات پر افراط زر بڑھ کر 200 تک پہنچا جس کے نتیج میں اسٹیٹ بینک کوئینچ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 20% میں کے قدر میں 20% واقع ہوئی۔سال کے آغاز پر افراط زر بڑھ کر 20% تک پہنچا جس کے نتیج میں اسٹیٹ بینک کوئینچ

Proxy Form

Dawood Hercules

/We		
of	being a member of Dawood Hercule Ordinary Shares, as per:	es Corporation Limited and holder
of	Ordinary Shares, as per:	
CDC Participant I nereby appoint _ vote for me/us an on Wednesday, A Dawood Centre N	olio No and/or D No of sub A/c No as my ad on my/our behalf, at the Annual General Meeting (April 26, 2023 at 11:00 AM at the Dawood Foundat M.T. Khan Road, Karachi and via video link facility, and day of 2023.	//our proxy to attend, speak, and AGM) of the Company to be held ion Business Hub, Ground Floor,
WITNESSES -1:		
Signature:		
Name:		
Address:		
CNIC No. or		
Passport No.		
WITNESSES -2:		
Signature:		
Name:		Signature should agree with
Address:		the specimen signature with the Company.
CNIC No. or		
Passport No.		

IMPORTANT:

- 1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight (48) hours before AGM.
- 2. CDC shareholders and their proxies are requested to attach and attested photocopy of their valid Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
- . All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

AFFIX CORRECT POSTAGE

Dawood Hercules Corporation Limited

Dawood Centre, M.T. Khan Road, Karachi - 75530 Tel: +92-21-35686001 Fax: +92-21-35644147 www.dawoodhercules.com



نمائندگی کا فارم

عام خصص بمطابق شيئر رجسْر دُ فوليونمبر		د ہر کولیس کار پوریش کمیشڈ کےرکن وحام	ئىيىت ممبرداؤ
اکھا تەنبىرىمحترم امحترمد	اورذ یلی	ی کےشراکق آئی ڈینمبر	 را ياسى دۇ ي آ
,۲۰۲۳ بوقت ۱۰۰ ا بج صبح برتمام داؤ دفاؤ نثر ليثن برنس حب، گراؤ نثر فلور، داؤد بين	_ کو بروز بدھ مورخہ ۲۷اپریل		ما کن
،سالا نہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا/ کرتی ہوا			
	- *		0 0,
	r+rr	يروز	تتخط
			واه (۱)
_			تخط گواہ:
			م:
			: :
		. دنمبر یا:	
- د شخط نمپنی کے پاس پہلے ہے محفوظ و تخطی نمونہ کےمطابق ہونے ضروری ہیں .			
· · · -		:	پررو ت
			واه (۲)
			واه (ا) تخط گواه:
-			,,,
-			
			: مانخان
-		رِدْنَمْبِرِيا:	
-		;	سپورٹ نمبر:

- وے.
 تمام نامزدگیاں ای صورت میں موثر ہوں گی جب پراکسی فارم بنام پینی کے دجہ ٹرڈ 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 کمپیٹورائز ڈقو می شناختی کارڈ کی تصدیق شدہ فقل یا پاسپورٹ ، نمائندگی فارم داخل کرنے
 سے قبل اس کے ساتھ منسلک کریں۔
 تمام پراکسی ہولڈرزا پنی شناخت کے لئے اجلاس کے وقت اپنااصل شناختی کارڈیا پاسپورٹ ضرور پیش کریں۔

AFFIX CORRECT POSTAGE

Dawood Hercules Corporation Limited

Dawood Centre, M.T. Khan Road, Karachi - 75530 Tel: +92-21-35686001 Fax: +92-21-35644147 www.dawoodhercules.com

ELECTRONIC DIVIDEND MANDATE FORM

In accordance with the provisions of Section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Shareholders are requested to send the attached Form dully filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, FAMCO Associates (Private) Limited, 8-F, Near to Hotel Faran, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant) / CDC.

Electronic Dividend Mandate Form:

	Details of Shareholder			
Name of shareholder				
Folio No.				
CNIC No.				
Cell number of shareholder				
Landline number of				
shareholder, if any				
Details of Bank Account				
Title of Bank Account	PK (24 digits)			
International Bank Account Number (IBAN) "Mandatory"	(Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).			
Bank's name				
Branch name and address				

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.

Signature of Shareholder	Date:

REQUEST FORM FOR HARD COPY OF ANNUAL AUDITED ACCOUNTS

The Securities and Exchange Commission of Pakistan, vide S.R.O 470(I)/2016 dated May 31, 2016, has allowed companies to circulate their annual balance sheet, profit and loss account, auditor's report, directors' report, chairman's report and ancillary statements/notes/documents ("Annual Audited Accounts") along with notice of general meeting to the registered addresses of its shareholders in electronic form through CD/DVD/USB.

However, Shareholders may request a hard copy of the Annual Audited Accounts along with notice of general meetings to be sent to their registered address instead of receiving the same in electronic form on CD/DVD/USB. If you require a hard copy of the Annual Audited Accounts, please fill the following form and send it to our Share Registrar or Company Secretary at the address given below.

Date:	
I/We with notice of general meetings b	request that a hard copy of the Annual Audited Accounts along be sent to me through post. My/our particulars in this respect are as follows:
Folio /CDC A/c No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.	
Signature	

The form may be sent directly to Dawood Hercules Corporation Limited Share Registrar or Company Secretary at the following address:

FAMCO Associates (Private) Limited 8-F, Near Hotel Faran, Nursery, Block-6 P.E.C.H.S., Shahra-e-Faisal, Karachi, Pakistan Tel: +92 (21) 34380101-5 Karachi-75650

Email: info.shares@famco.com.pk Website: www.famco.com.pk Dawood Hercules Corporation Limited
Dawood Centre, M.T. Khan Road
Karachi, Pakistan
Tel: +92 (21) 35686001
Karachi-75530
Email: shareholders@dawoodhercules.com

Website: www.dawoodhercules.com

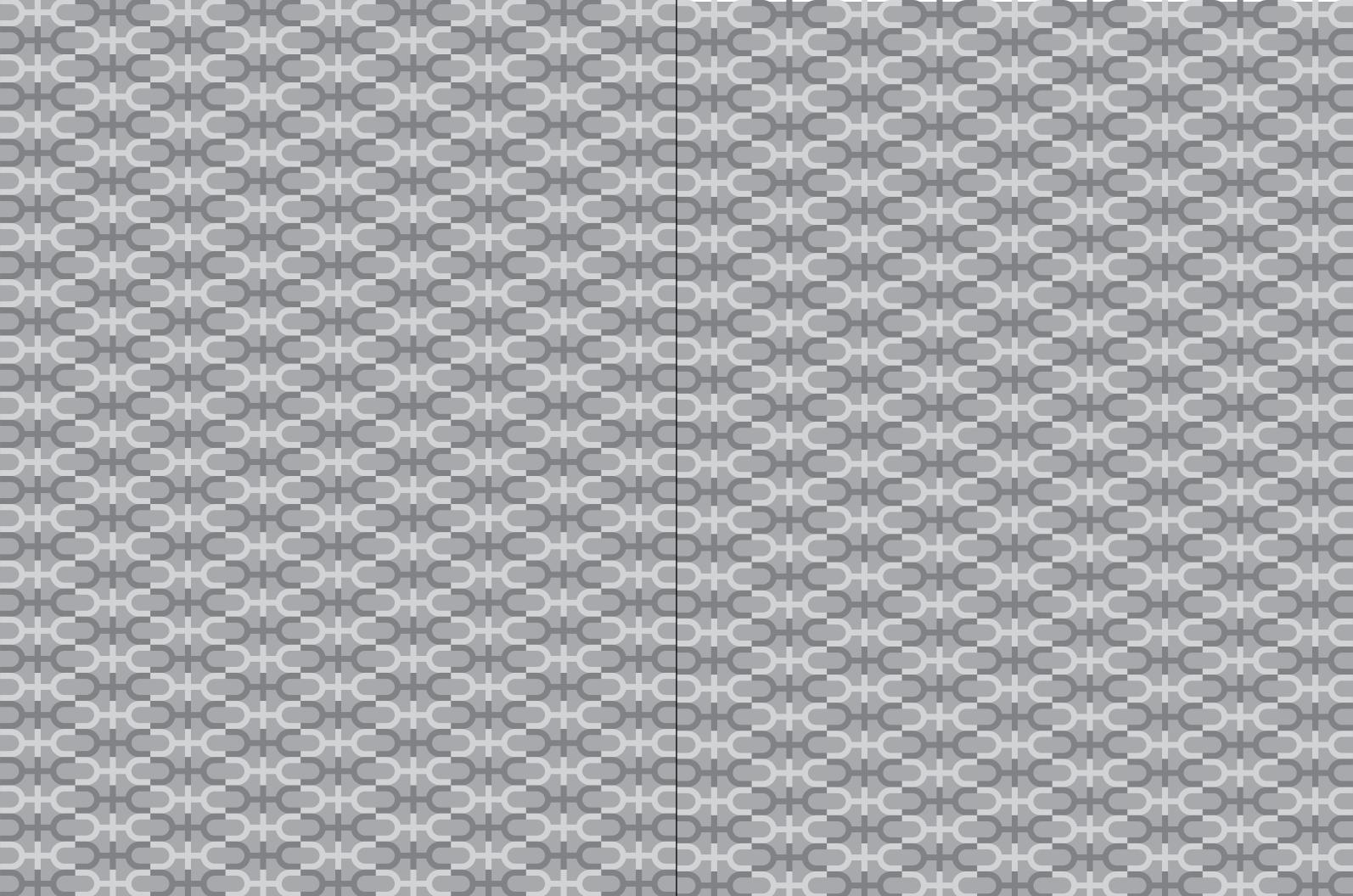
ELECTRONIC TRANSMISSION CONSENT FORM

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its annual balance sheet and profit & loss accounts, auditor's report and directors' report, chairman's report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

Shareholders are requested to submit their Electronic Transmission Consent Form along with copy of their CNIC to the Company's Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block 6, P.E.C.H.S, Near to Hotel Faran, Nursery, Shahrah-e-Faisal, Karachi.

Electronic Transmission Consent Form

87(I)/2014 of Septemb	per 8, 2014, I Mr./Ms. hereby Statements and Notice of A	consent to have the	n of Pakistan through its SRC S/o, D/o, W/o Dawood Hercules Corporation delivered to me via email on my
Folio /CDC A/c No.			
Postal Address:			
Email Address:			
Contact No:			
CNIC No.			
Share Registrar in writing o		address or withdrawal of	shall notify the Company and its my consent to email delivery o
Signature of Member/Shar	eholder		Date:





Dawood Centre, M.T. Khan Road, Karachi - 75530 Tel: +92-21-35686001 Fax: +92-21-35644147 www.dawoodhercules.com