Dawood Hercules

ANNUAL REPORT 2023

WWF GREEN OFFICE

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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.

COMPANY INFORMATION

Board of Directors
Mr. Hussain Dawood - Chairman
Mr. Abdul Samad Dawood – Director
Ms. Sabrina Dawood – Director
Mr. Muhammed Amin – Independent Director
Mr. Isfandiyar Shaheen – Independent Director
Mr. Zamin Zaidi – Director
Mr. Muhammad Bilal Ahmed – Director
Mr. Mohammad Shamoon Chaudry – CEO/ Director

Board Audit Committee
Mr. Muhammed Amin – Chairman
Mr. Isfandiyar Shaheen – Member
Mr. Muhammad Bilal Ahmed – Member

Board HR & Remuneration Committee
Mr. Isfandiyar Shaheen – Chairman
Mr. Abdul Samad Dawood – Member
Ms. Sabrina Dawood – Member

Board Investment Committee
Mr. Abdul Samad Dawood – Chairman
Mr. Muhammed Amin – Member
Mr. Isfandiyar Shaheen – Member
Mr. Muhammad Bilal Ahmed – Member

Chief Financial Officer
Mr. Kamran Hanif Jangda

Company Secretary
Mr. Imran Chagani

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 1-C, I.I. Chundrigar Road, P.O.
Box 4716, Karachi-74000.
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

Share Registrar/Transfer Agent
FAMCO Share Registration Services (Pvt) Limited
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S.,
Shahra-e-Faisal Karachi
Tel # (92-21) 34380101-5 Fax: (92-21) 34380106
Website: www.famcosrs.com

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

Legal Advisor
Haidermota & Co. (Barristers at law)
Plot No.101, Almurtaza Lane 1, DHA Phase 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

COMMITTEES

Board Audit Committee:

The Board has set up an Audit Committee comprising of three directors. The Chairman of the Committee is an Independent director.

Mr. Muhammed Amin	Chairman
Mr. Isfandiyar Shaheen	Member
Mr. Muhammad Bilal Ahmed	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 three directors. Presently one of whom is an independant director and two are non-executive directors. The Chairman of the Committee is an Independent director.

Mr. Isfandiyar Shaheen	Chairman
Mr. Abdul Samad Dawood	Member
Ms. Sabrina Dawood	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, two of whom are independent directors and two are non executive directors. The Chairman of the Committee is a non-executive director.

Mr. Abdul Samad Dawood	Chairman
Mr. Muhammed Amin	Member
Mr. Isfandiyar Shaheen	Member
Mr. Muhammad Bilal Ahmed	Member

The Chief Financial Officer acts as Secretary of the Committee

BOARD OF DIRECTORS

Hussain Dawood

Abdul Samad Dawood

Sabrina Dawood

Muhammed Amin

Isfandiyar Shaheen

Zamin Zaidi

Muhammad Bilal Ahmed

Mohammad Shamoon Chaudry

Hussain Dawood
Chairman

Mr. Hussain Dawood is a philanthropist and investor who serves as the Chairman of Dawood Hercules Corporation and Engro Corporation. He has played an instrumental role in instituting high standards of corporate governance and a values-driven culture; core to his style of governance is a passionate belief in perpetuating a strong value system that focuses on Character and Good Manners (CGM). Based on these, the enterprise he stewards focuses intensely on investing in the growth potential of its people, which includes development of leadership based on Character, and competency in upskilling and reskilling.

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

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

Abdul Samad Dawood
Director

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

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

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

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

Sabrina Dawood
Director

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

Sabrina has a passionate belief in building interactive and inclusive spaces for learning. As a result of her efforts, Dawood Public School (founded in 1983), an institution for primary and secondary education for girls in Karachi, has built a culture that fosters diversity, tolerance, inclusion, and character, while providing education to over 2,500 female students. Sabrina has also led the development of TDF Ghar, a restoration of the 1930s home of Hajiani Hanifa Bai (mother of Group founder Ahmed Dawood) and converted it into a safe space for youth engagement in a manner that preserves Karachi's heritage and culture. More recently, she has spearheaded the setup of TDF MagnifiScience Center, a first-of-its-kind science museum which promotes science literacy and critical thinking through experiential learning. Since its opening in 2021, TDF MagnifiScience Center has attracted hundreds of thousands of visitors and has received praise from prominent members of society including the President of Pakistan, the diplomatic missions of Spain and France, various government officials, actors, and journalists. These efforts are a culmination of the values advocated by Group Chairman, Hussain Dawood, who believes a strong code of values builds the foundation for effective problem-solving and human prosperity.

Sabrina also has a rich corporate governance journey; in addition to The Dawood Foundation and Dawood Hercules Corporation, she is a Director on the Boards of Dawood Lawrencepur, Engro Corporation, Cyan, Karachi Education Initiative, and Hajiani Hanifabai Memorial Society. She is also a Trustee of Engro Foundation, the philanthropic vehicle for Engro Corporation. She has a Master's degree in Medical Anthropology from University College London, and a Bachelor's degree in Anthropology and Law from London School of Economics.

Muhammed Amin
Director

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

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

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

Isfandiyar Shaheen
Director

Mr. Isfandiyar Shaheen is Founder and CEO at Stablecoin Labs Inc and NetEquity Networks Inc. From 2017 to date, his focus has been on finding ways to make Internet access affordable for all.

Through NetEquity Networks, Isfandiyar created a partnership with Facebook that involves using a robot to retrofit fiber optic cables on overhead electrical power lines.

Prior to setting up NetEquity Networks Isfandiyar served on the boards of Engro Corporation, Engro Foods and Inbox Business Technologies.

He currently serves on the Board of Dawood Hercules Corporation Limited and Cyan Limited.

He is a graduate of Franklin and Marshall College and holds a degree in Economics and Mathematics. Isfandiyar lives in San Francisco CA with his wife, two daughters and two dogs.

Zamin Zaidi
Director

Mr. Zamin Zaidi joined the Dawood Group in 2016 and has served on various Boards since then. He 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 of Dawood Hercules Corporation Ltd and Cyan 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.

Muhammad Bilal Ahmed
Director

Muhammad Bilal Ahmed became a Director on the Board of Dawood Hercules Corporation in August 2023.

With over 13 years of experience in commercial and financial management, Bilal's professional journey primarily unfolded within the Engro group companies. Presently, he holds the position of Chief Investment Officer at Dawood Investments Limited. Before this, he served as General Manager - Investments at Engro Corporation.

Bilal's accomplishments include guiding significant capital market transactions for Engro, such as facilitating the issuance of Preference Shares and Sukuks for Engro Polymer & Chemicals Limited. He notably led Pakistan's pioneering Islamic debt transaction with the International Finance Corporation (IFC), an achievement recognized as the 'Pakistan Deal of the Year' at the IFN Awards in 2018. His expertise extends to intricate financial instruments like synthetic cross-currency swaps and interest rate swap transactions, which he executed for various Engro group companies.

Bilal holds a BSc (Hons) degree in Mathematics from Lahore University of Management Sciences (LUMS) and a Master's degree in economics from the University of Cambridge. He is also a designated CFA charter holder. Beyond his professional roles, Bilal is an active member of the Board of Trustees for the Oxford & Cambridge Society, Karachi Educational Trust (OCSKET), and has previously contributed as Visiting Faculty at the Institute of Business Administration (IBA), Karachi.

Mohammad Shamoon Chaudry
Chief Executive Officer

Mohammad Shamoon Chaudry is the Chief Executive Officer of Dawood Hercules Corporation 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 Technologies (Private) Limited, and Pebbles (Private) Limited.

Mr. Chaudry has more than 27 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, shifting to development finance, helping Small and Medium Enterprises (SMEs). During this time, Mr. Chaudry worked at the government and policy level, industrial sector, and with individual enterprises. He was in the GCC region for twelve years, working primarily in Islamic 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, Southeast 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).

Shahzada Dawood

Dawood Hercules Corporation pays tribute to a remarkable leader, Shahzada Dawood, who served as a Director on the Board of Dawood Hercules for 27 years and led the organization as Vice Chairman from 2018 to 2021. Shahzada played a key role in building a future-focus at the organization through his passionate focus on problem-solving and driving the human development journey of our enterprise. This attitude shaped the companies he led, reinforcing their ability to tackle complex issues.

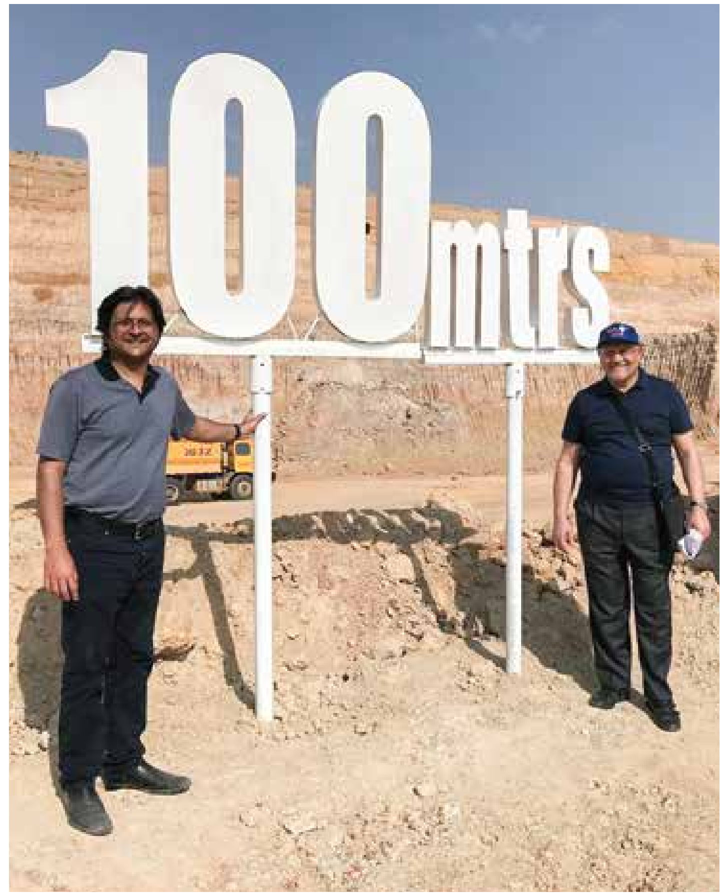
Shahzada participated in building a resilient enterprise by driving out-of-the-box thinking to solve problems.

During his 27 years on the Board, he made several contributions that aided the organizational problem-solving effort and encouraged colleagues to think beyond conventional limits. Indeed, as a result of this effort, the Group focused its attention on building out reputable technology and renewable ventures like EmpiricAI and Reon Energy. These companies enabled us to bring new partners into our fold, further expanding our ability to collaborate with companies which share the same values. His foresight also introduced transformative opportunities to our Group: he championed membership with the World Economic Forum, and fostered connections with international platforms such as the Milken Institute, Virgin Unite, Wall Street Journal, and Partners Group.

Shahzada's passion for human development inspired him to initiate Learning Circles across the enterprise, which provided opportunities to all our colleagues to learn about global developments and organizational successes from experts. His zeal to democratise knowledge gave us direct access to influential speakers like Bill Gates (Gates Foundation), Bob Sternfels (McKinsey), Reuben Jayasinghe (Amazon), and many others. In his memory, this learning initiative has been renamed to Shahzada Dawood Learning Circles (SDLC).

These organizational efforts were an extension of his curious and adventurous personality. We vow to celebrate him and the incredible life he lived with his son, Suleman Dawood, and pray for Allah's mercy on these two dearly missed individuals.


SCHOOL
HERCULES CAMPUS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DAWOOD COTTON MILLS LTD
THE FOUNDATION STONE WAS LAID DOWN
BY
HAJIANI HANIFABAI HAJI GHANI
ON
FRIDAY THE 1ST JUNE 1951
داؤد کاٹن ملز لمیٹڈ
محترمہ حاجیانی حنیفہ بائی حاجی غنی
نے

OPERATING HIGHLIGHTS

SIX YEARS AT A GLANCE

Sr.#	PARTICULARS	UNIT	2018	2019	2020	2021	2022	2023
A)	**INCOME STATEMENT**							
1	Sales Value	Rs. in Million	171,568	225,765	248,950	311,781	356,643	**482,489**
2	Gross Profit	Rs. in Million	51,108	68,599	76,081	99,391	104,682	**155,636**
3	Operating Profit	Rs. in Million	53,572	62,096	71,555	85,009	94,469	**153,422**
4	EBITDA	Rs. in Million	61,368	74,685	88,620	101,528	114,115	**179,171**
5	Profit Before Taxation	Rs. in Million	47,365	47,068	52,859	70,259	66,598	**81,409**
6	Profit After Taxation	Rs. in Million	33,149	29,787	42,351	50,735	42,920	**36,365**
B)	**DIVIDEND**							
1	Cash Dividend	%	100	130	90	95	150	**180**
2	Stock Dividend	%	-	-	-	-	-	**-**
C)	**BALANCE SHEET**							
1	Fixed assets	Rs. in Million	209,364	258,927	267,623	289,163	336,765	**345,905**
2	Long term investments	Rs. in Million	31,590	37,274	32,350	34,217	36,521	**34,485**
3	Current Assets	Rs. in Million	176,182	223,416	242,123	277,905	317,979	**358,358**
4	Current Liabilities	Rs. in Million	80,600	152,896	151,623	187,333	276,846	**328,693**
5	Paid Up Capital	Rs. in Million	4,813	4,814	4,814	4,813	4,813	**4,813**
6	Reserves	Rs. in Million	62,073	59,208	62,489	66,572	65,349	**60,918**
7	Non Controlling Interest	Rs. in Million	134,857	144,024	164,360	182,606	178,498	**167,166**
8	No. of Ordinary Shares	Million	481.29	481.29	481.29	481.29	481.29	**481.29**
D)	**RATIO ANALYSIS**							
1	Gross Profit	%	29.79	30.38	30.56	31.88	29.35	**32.26**
2	Net Profit to Sales	%	19.32	13.33	17.12	16.27	12.03	**7.54**
3	Operating Profit Margin	%	31.22	27.50	28.74	27.27	26.49	**31.80**
4	EBITDA margin	%	35.77	33.08	35.60	32.56	32.00	**37.13**
5	Earnings Per Share	Rs.	29.60	11.75	15.76	17.71	12.19	**17.29**
6	Inventory Turnover	Time	7.95	8.46	9.13	8.59	(8.16)	**(10.22)**
7	Age of Inventory	Days	45.90	43.13	39.96	42.49	(44.73)	**(35.72)**
8	Debtors Turnover	Time	10.63	6.41	4.85	5.65	5.45	**6.58**
9	Average Collection Period	Days	34.33	56.95	75.19	64.59	66.93	**55.49**
10	Operating Cycle	Days	80.22	100.07	115.15	107.08	22.20	**19.76**
11	Total Assets Turnover	Time	0.41	0.43	0.46	0.47	0.47	**0.59**
12	Fixed Assets Turnover	Time	0.82	0.87	0.93	1.08	1.06	**1.39**
13	Break-up Value of Share	Rs.	138.97	133.02	139.84	148.32	145.78	**136.57**
14	Dividend Yield	%	9.00	8.43	7.40	9.95	15.87	**16.72**
15	Dividend Payout Ratio	%	14.52	20.80	10.16	9.01	16.82	**23.82**
16	Return on Equity	%	49.56	46.99	63.34	71.07	61.17	**55.32**
17	Debt Equity Ratio	Time	0.77	0.91	0.85	0.64	0.74	**0.82**
18	Current Ratio	Time	2.19	1.46	1.60	1.48	1.15	**1.09**
19	Quick Ratio	Time	1.97	1.33	1.48	1.32	1.04	**1.09**
20	Total Debt Ratio	Time	0.52	0.64	0.61	0.62	0.68	**0.71**
21	Interest Cover Ratio	Time	8.48	3.91	3.46	5.07	(3.32)	**(3.54)**
22	Dividend Cover Ratio	Time	6.89	4.81	9.84	11.10	5.95	**4.20**
23	Return on capital employed	%	49.56	46.99	63.34	29.04	30.45	**47.95**
24	Market Value per Share	Rs.	111.15	154.21	121.54	95.52	94.50	**107.64**
25	Market Capitalization	Rs. in Million	53,495	74,220	58,495	45,972	45,481	**51,805**
26	Price Earning Ratio	Times	3.76	13.12	7.71	5.39	7.75	**6.23**
E)	**PRODUCTION**							
1	Urea	Metric Tons	1,928,080	2,003,035	2,247,242	2,104,722	1,954,528	**2,313,448**
2	NPK	Metric Tons	132,970	134,784	140,552	144,564	137,075	**96,328**
3	PVC - Resin	Metric Tons	202,000	197,000	153,000	243,000	239,000	**230,000**
4	EDC	Metric Tons	107,000	110,000	79,000	94,000	102,000	**100,000**
5	Caustic Soda	Metric Tons	105,000	105,000	77,000	92,000	97,000	**96,000**
6	Caustic Flakes	Metric Tons	-	4,000	2,000	8,000	9,000	**13,000**
7	VCM	Metric Tons	195,000	184,000	148,000	203,000	219,000	**224,000**
8	Power	Mega watts	1,526,309	3,097,604	3,097,604	5,076,068	4,454,614	**4,493,430**
9	Dairy and bevrages	Thousand Litres	-	-	-	-	-	**-**
10	Milling/Drying unit of rice processing plant	Metric Tons	77,008	93,689	132,115	148,839	87,856	**12,995**
F)	**OTHERS**							
1	Employees	Nos.	2,343	2,658	2,799	2,866	2,836	**2,763**
2	Capital Expenditure	Rs. in Million	36,606	46,996	18,718	20,521	40,855	**22,913**

HORIZONTAL ANALYSIS
BALANCE SHEET

Particulars	2018	2019	2020	2021	2022	2023	18 over 17	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22
	------Rs. in Million------						------Percentage Change------					
Share Capital and Reserves												
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,813	**4,813**	-	-	-	-	-	**-**
Revenue reserves	62,073	59,208	62,489	66,572	65,349	**60,918**	23%	-5%	6%	7%	-2%	**-7%**
Non-Controlling interest	134,857	144,024	164,360	182,606	178,498	**167,166**	10%	7%	14%	11%	-2%	**-6%**
Share holder's equity with FVR	201,743	208,045	231,662	253,991	248,660	**232,897**	14%	3%	11%	10%	-2%	**-6%**
Non Current Liabilities	139,270	212,698	217,755	221,378	240,032	**254,202**	48%	53%	2%	2%	8%	**6%**
Sub Total	341,013	420,743	449,417	475,369	488,692	**487,099**	25%	23%	7%	6%	3%	**0%**
Current Liabilities												
Current portion - long term borrowings	11,956	22,096	30,008	23,110	27,700	**28,580**	-4%	85%	36%	-23%	20%	**3%**
Current portion - lease Liabilities	-	4,444	4,955	6,132	9,062	**10,637**	-	-	12%	24%	48%	**17%**
Short term financing - secured	6,641	15,511	12,505	29,765	39,472	**31,640**	-41%	134%	-19%	138%	33%	**-20%**
Trade and other payables	51,119	103,382	86,953	96,365	125,869	**182,916**	37%	102%	-16%	11%	31%	**45%**
Accrued interest / mark-up	2,363	3,457	1,434	1,416	2,922	**2,808**	52%	46%	-59%	-1%	106%	**-4%**
Provision for taxation	8,300	3,439	2,783	9,549	19,066	**15,714**	222%	-59%	-19%	243%	100%	**-18%**
Others	221	567	13,075	20,996	52,755	**56,398**	15%	156%	2209%	61%	151%	**7%**
Sub Total	80,600	152,896	151,713	187,333	276,846	**328,693**	23%	90%	-1%	23%	48%	**19%**
Total	421,613	573,639	601,130	662,702	765,538	**815,792**	25%	36%	5%	10%	16%	**7%**

Particulars	2018	2019	2020	2021	2022	2023	18 over 17	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22
	------Rs. in Million------						------Percentage Change------					
Assets												
Property, plant and equipment including intangible assets	209,364	258,927	267,623	289,163	336,765	**345,905**	29%	24%	3%	8%	16%	**3%**
Right-of-use assets	-	4,927	7,054	9,831	13,369	**13,142**	-	-	100%	39%	36%	**-2%**
Net Investment in leases	-	45,564	44,557	45,204	52,160	**56,961**	-	-	100%	1%	15%	**9%**
Long term investments	31,590	37,274	32,350	34,217	36,521	**34,485**	-2%	18%	-13%	6%	7%	**-6%**
Long term loans, advances and other receivables	4,093	3,305	2,110	2,616	3,817	**4,926**	-40%	-19%	-36%	24%	46%	**29%**
Others	384	227	5,241	3,766	4,927	**2,015**	-77%	-41%	2199%	-28%	31%	**-59%**
Sub Total	245,431	350,224	358,935	384,797	447,559	**457,434**	21%	43%	2%	7%	16%	**2%**
Current Assets												
Stores, spares and loose tools	7,688	7,637	9,069	9,310	9,835	**12,939**	1%	-1%	19%	3%	6%	**32%**
Contract Asset	-	5,313	5,715	5,453	14,124	**16,880**	-	-	100%	-5%	159%	**20%**
Current portion of net investment in leases	-	2,544	3,255	4,005	5,683	**7,887**	-	-	100%	23%	42%	**39%**
Stock in trade	17,228	19,913	17,938	31,513	30,243	**33,737**	32%	16%	-10%	76%	-4%	**12%**
Trade debts	18,630	51,817	50,750	59,598	71,195	**75,498**	37%	178%	-2%	17%	19%	**6%**
Loans, advances, deposits, prepayments, accrued income and other receivables	16,987	23,041	23,219	31,255	45,268	**64,133**	25%	36%	1%	35%	45%	**42%**
Short term investments	103,533	90,594	107,344	95,903	96,636	**78,630**	48%	-12%	18%	-11%	1%	**-19%**
Investment - Held for sale	-	1,326	67	-	-	**1,525**	-	-100%	-95%	-100%	0%	**100%**
Cash and bank balances	12,116	21,230	24,838	40,868	44,995	**67,129**	24%	75%	17%	65%	10%	**49%**
Sub Total	176,182	223,415	242,195	277,905	317,979	**358,358**	31%	27%	8%	15%	14%	**13%**
Total Assets Employed	421,613	573,639	601,130	662,702	765,538	**815,792**	25%	36%	5%	10%	16%	**7%**

VERTICAL ANALYSIS

BALANCE SHEET

Particulars	2018 (Rs. in Million)	2019 (Rs. in Million)	2020 (Rs. in Million)	2021 (Rs. in Million)	2022 (Rs. in Million)	2023 (Rs. in Million)	2018 (Percentage)	2019 (Percentage)	2020 (Percentage)	2021 (Percentage)	2022 (Percentage)	2023 (Percentage)
Share Capital and Reserves												
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,813	**4,813**	1%	1%	1%	1%	1%	**1%**
Revenue reserves	62,073	59,208	62,489	66,572	65,349	**60,918**	15%	10%	10%	10%	9%	**7%**
Non-Controlling interest	134,857	144,024	164,360	182,606	178,498	**167,166**	32%	25%	27%	28%	23%	**20%**
Share holder's Equity with FVR	201,743	208,045	231,662	253,991	248,660	**232,897**	48%	36%	39%	38%	32%	**29%**
Non Current Liabilities	139,270	212,698	217,755	221,378	240,032	**254,202**	33%	37%	36%	33%	31%	**31%**
Sub Total	341,013	420,743	449,417	475,369	488,692	**487,099**	81%	73%	75%	72%	64%	**60%**
Current Liabilities												
Current portion - long term borrowings	11,956	22,096	30,008	23,110	27,700	**28,580**	3%	4%	5%	3%	4%	**4%**
Current portion - lease Liabilities	-	4,444	4,955	6,132	9,062	**10,637**	-	1%	1%	1%	1%	**1%**
Short term financing - secured	6,641	15,511	12,505	29,765	39,472	**31,640**	2%	3%	2%	4%	5%	**4%**
Trade and other payables	51,119	103,382	86,953	96,365	125,869	**182,916**	12%	18%	14%	15%	16%	**22%**
Accrued interest / mark-up	2,363	3,457	1,434	1,416	2,922	**2,808**	0.56%	1%	0%	0.21%	0.38%	**0.34%**
Provision for taxation	8,300	3,439	2,783	9,549	19,066	**15,714**	1.97%	1%	0%	1.44%	2%	**2%**
Others	221	567	13,075	20,996	52,755	**56,398**	0.05%	0.10%	2.18%	3%	7%	**7%**
Sub Total	80,600	152,896	151,713	187,333	276,846	**328,693**	19%	27%	25%	28%	36%	**40%**
Total	421,613	573,639	601,130	662,702	765,538	**815,792**	100%	100%	100%	100%	100%	**100%**

Particulars	2018 (Rs. in Million)	2019 (Rs. in Million)	2020 (Rs. in Million)	2021 (Rs. in Million)	2022 (Rs. in Million)	2023 (Rs. in Million)	2018 (Percentage)	2019 (Percentage)	2020 (Percentage)	2021 (Percentage)	2022 (Percentage)	2023 (Percentage)
Assets												
Property, plant and equipment including intangible assets	209,364	258,927	267,623	289,163	336,765	**345,905**	50%	45%	45%	44%	44%	**42%**
Right-of-use assets	-	4,927	7,054	9,831	13,369	**13,142**	0%	1%	1%	1%	2%	**2%**
Net Investment in leases	-	45,564	44,557	45,204	52,160	**56,961**	0%	8%	7%	7%	7%	**7%**
Long term investments	31,590	37,274	32,350	34,217	36,521	**34,485**	7%	6%	5%	5%	5%	**4%**
Long term loans, advances and other receivables	4,093	3,305	2,110	2,616	3,817	**4,926**	1%	1%	0.35%	0.39%	0.50%	**1%**
Others	384	227	5,241	3,766	4,927	**2,015**	0.09%	0.04%	1%	1%	1%	**0.25%**
Sub Total	245,431	350,224	358,935	384,797	447,559	**457,434**	58%	61%	60%	58%	58%	**56%**
Current Assets												
Stores, spares and loose tools	7,688	7,637	9,069	9,310	9,835	**12,939**	2%	1%	2%	1%	1%	**2%**
Contract Asset	-	5,313	5,715	5,453	14,124	**16,880**	0%	1%	1%	1%	2%	**2%**
Current portion of net investment in leases	-	2,544	3,255	4,005	5,683	**7,887**	0%	0%	1%	1%	1%	**1%**
Stock in trade	17,228	19,913	17,938	31,513	30,243	**33,737**	4%	3%	3%	5%	4%	**4%**
Trade debts	18,630	51,817	50,750	59,598	71,195	**75,498**	4%	9%	8%	9%	9%	**9%**
Loans, advances, deposits, prepayments, accrued income and other receivables	16,987	23,041	23,219	31,255	45,268	**64,133**	4%	4%	4%	5%	6%	**8%**
Others	-	-	-	-	-	**-**	0%	0%	0%	0%	0%	**0%**
Short term investments	103,533	90,594	107,344	95,903	96,636	**78,630**	25%	16%	18%	14%	13%	**10%**
Investment - Held for sale	-	1,326	67	-	-	**1,525**	0%	0.23%	0.01%	0%	0%	**0.19%**
Cash and bank balances	12,116	21,230	24,838	40,868	44,995	**67,129**	3%	4%	4%	6%	6%	**8%**
Sub Total	176,182	223,415	242,195	277,905	317,979	**358,358**	42%	39%	40%	42%	42%	**44%**
Total Assets Employed	421,613	573,639	601,130	662,702	765,538	**815,792**	100%	100%	100%	100%	100%	**100%**

HORIZONTAL ANALYSIS

PROFIT AND LOSS

Particulars	2018	2019	2020	2021	2022	2023	18 over 17	19 over 18	20 over 19	21 over 20	22 over 21	23 over 22
	----------------------Rs. in Million----------------------						----------------------Percentage Change----------------------					
Net sales	171,568	225,765	248,883	311,781	356,643	**482,489**	33%	32%	10%	25%	14%	**35%**
Cost of sales	(120,460)	(157,167)	(172,940)	(212,390)	(251,961)	**(326,853)**	28%	30%	10%	23%	19%	**30%**
Gross profit	51,108	68,598	75,943	99,391	104,682	**155,636**	47%	34%	11%	31%	5%	**49%**
Selling and distribution expenses	(8,488)	(8,103)	(7,845)	(7,819)	(9,326)	**(11,621)**	8%	-5%	-3%	0%	19%	**25%**
Administrative expenses	(6,605)	(7,671)	(9,265)	(9,995)	(12,967)	**(17,311)**	54%	16%	21%	8%	30%	**34%**
Other operating expenses	(4,427)	(7,400)	(5,381)	(9,234)	(9,238)	**(7,572)**	72%	67%	-27%	72%	0%	**-18%**
Other income	21,984	16,672	19,347	12,666	21,318	**34,290**	97%	-24%	16%	-35%	68%	**61%**
	2,464	(6,502)	(3,144)	(14,382)	(10,213)	**(2,214)**	-170%	364%	-52%	357%	-29%	**-78%**
Operating profit	53,572	62,096	72,799	85,009	94,469	**153,422**	71%	16%	17%	17%	11%	**62%**
Finance cost	(6,336)	(16,176)	(21,495)	(17,419)	(29,461)	**(44,865)**	13%	155%	33%	-19%	69%	**52%**
Loss Allowance on Subsidy Rec by GoP	-	-	(1,239)	(558)	(523)	**(2,440)**	-	-	100%	-55%	-6%	**367%**
Remeasurement loss on provision for GIDC	-	-	-	(1,402)	(1,103)	**-**	-	-	-	100%	-21%	**-100%**
Adjustment in respect of carrying amount of thermal assets	-	-	-	-	-	**(29,950)**	-	-	-	-	-	**100%**
Share of profit of associates & Joint Ventures	129	1,148	2,796	3,227	3,216	**5,242**	-95%	790%	144%	15%	0%	**63%**
	(6,207)	(15,028)	(19,938)	(16,152)	(27,871)	**(72,013)**	111%	142%	33%	-19%	73%	**158%**
Profit before taxation	47,365	47,068	52,861	68,857	66,598	**81,409**	67%	-1%	12%	30%	-3%	**22%**
Taxation	(14,216)	(16,982)	(10,232)	(19,554)	(23,678)	**(45,044)**	17%	19%	-40%	91%	21%	**90%**
Proft / (loss) from discontinued Operation	-	(300)	(279)	29	-	**-**						
Profit after taxation	33,149	29,786	42,350	49,332	42,920	**36,365**	104%	-10%	42%	16%	-13%	**-15%**

VERTICAL ANALYSIS

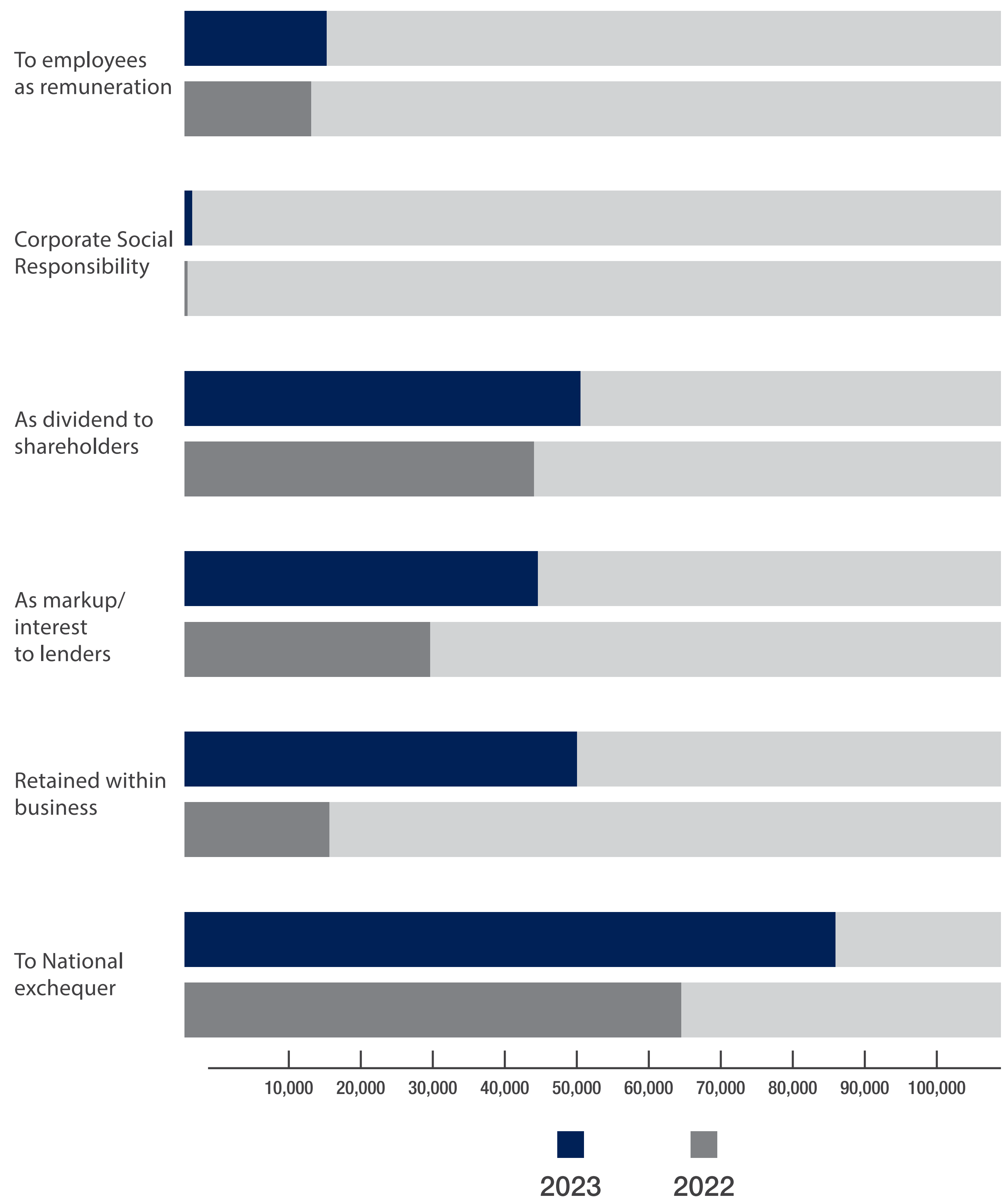
PROFIT AND LOSS

Particulars	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
	----------------------Rs. in Million----------------------						----------------------Percentage----------------------					
Net sales	171,568	225,765	248,883	311,781	356,643	**482,489**	100%	100%	100%	100%	100%	**100%**
Cost of sales	(120,460)	(157,167)	(172,940)	(212,390)	(251,961)	**(326,853)**	-70%	-70%	-69%	-68%	-71%	**-68%**
Gross profit	51,108	68,598	75,943	99,391	104,682	**155,636**	30%	30%	31%	32%	29%	**32%**
Selling and distribution expenses	(8,488)	(8,103)	8,103	(7,819)	(9,326)	**(11,621)**	-5%	-4%	3%	-3%	-3%	**-2%**
Administrative expenses	(6,605)	(7,671)	(9,265)	(9,995)	(12,967)	**(17,311)**	-4%	-3%	-4%	-3%	-4%	**-4%**
Other operating expenses	(4,427)	(7,400)	(5,381)	(9,234)	(9,238)	**(7,572)**	-3%	-3%	-2%	-3%	-3%	**-2%**
Other income	21,984	16,672	19,347	12,666	21,318	**34,290**	13%	7%	8%	4%	6%	**7%**
	2,464	(6,502)	12,804	(14,382)	(10,213)	**(2,214)**	1%	-3%	5%	-5%	-3%	**-0.46%**
Operating profit	53,572	62,096	88,747	85,009	94,469	**153,422**	31%	28%	36%	27%	26%	**32%**
Finance cost	(6,336)	(16,176)	(21,495)	(17,419)	(29,461)	**(44,865)**	-4%	-7%	-9%	-6%	-8%	**-9%**
Loss Allowance on Subsidy Receivable by GoP	-	-	(1,239)	(558)	(523)	**(2,440)**	0%	0%	-0.50%	-0.18%	-0.15%	**-1%**
Remeasurement loss on provision for GIDC	-	-	-	(1,402)	(1,103)	**-**	0%	0%	0%	-0.45%	-0.31%	**0%**
Adjustment in respect of carrying amount of thermal assets	-	-	-	-	-	**(29,950)**	0%	0%	0%	0%	0%	**-6%**
Share of profit of associates	129	1,148	2,796	3,227	3,216	**5,242**	0%	1%	1%	1%	1%	**1%**
	(6,207)	(15,028)	(19,938)	(16,152)	(27,871)	**(72,013)**	-4%	-7%	-8%	-5%	-8%	**-15%**
Profit before taxation	47,365	47,068	68,809	68,857	66,598	**81,409**	28%	21%	28%	22%	19%	**17%**
Taxation	(14,216)	(16,982)	(10,232)	(19,554)	(23,678)	**(45,044)**	-8%	-8%	-4%	-6%	-7%	**-9%**
Proft / (loss) from discontinued Operation	-	(300)	(279)	29	-	**-**	0%	-0.13%	-0.11%	0.01%	0%	**0%**
Profit after taxation	33,149	29,786	58,298	49,332	42,920	**36,365**	19%	13%	23%	16%	12%	**8%**

STATEMENT OF VALUE ADDITION
CONSOLIDATED

	2023		2022	
	PKR 'million'	%age	PKR 'million'	%age
Wealth generated				
Total gross revenue & other income	569,665		416,139	
Brought in materials and services	(319,082)		(246,176)	
Total value addition	250,583		169,963	
Wealth distribution				
To employees (Salaries, wages & benefits)	16,974	7%	14,251	8%
To government (Income Tax, sales tax & wwf)	86,469	35%	64,495	38%
To Society				
Donation toward eductaion,health, environment and natural disaster	1,455	0.6%	804	0.5%
To providers of capital:				
Dividend to Shareholders	50,557	20%	44,261	26%
Markup/interest expenses on borrowed money	44,865	18%	29,460	17%
Retained for investment and future growth, depreciation and retained profits	50,262	20%	16,692	10%
Total value distribution	250,583		169,963	

CONSOLIDATED FINANCIALS
(Amounts in million)



NOTICE OF 56th ANNUAL GENERAL MEETING

Notice is hereby given that 56th Annual General Meeting of Dawood Hercules Corporation Limited (the "Company") will be held on Friday, April 26, 2024, at 10:30 AM at the Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, opp Liaquat National Hospital, Karachi - 74800 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, 2023, 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 re-appointment of A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

SPECIAL BUSINESS:

3. To consider and, if deemed appropriate, to pass, with or without modifications, following Special Resolutions, to provide short term funded and unfunded financing facilities to the associated companies:

   "RESOLVED that approval of the members of Dawood Hercules Corporation Limited (the "Company") be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 and the Company be and is hereby authorized to provide short term funded and unfunded financial assistance to the following associated companies up to the amount stated below in respect of each company for a period of one year starting from the date the funds are provided, at markup rate which shall not be less than the 3 month Karachi Inter Bank Offered Rate (3M KIBOR) + 100bps for the relevant period or the borrowing cost of the Company, whichever is higher, and as per terms and conditions as disclosed to the members.

Name of the Associated Company	Amount
Dawood Lawrencepur Limited	PKR 5 bn
Cyan Limited	PKR 2 bn
Engro Corporation Limited	PKR 6 bn
Engro Fertilizers Limited	PKR 2 bn
Engro Polymer & Chemicals Limited	PKR 2 bn
Engro Energy Limited	PKR 2 bn
Engro EXIMP Agriproducts (Private) Limited	PKR 1 bn

   FURTHER RESOLVED that approval be and is hereby granted for annual renewal of the above short term funded and unfunded assistance for further periods of four (4) years if required by the associated companies on the same terms and conditions.

   FURTHER RESOLVED that this Special Resolution shall be valid for a period of Five (5) years starting from the date of approval by members and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions".

4. To consider and if deemed fit, to approve circulation of annual audited accounts, auditors and other reports ("Annual Audited Financial Statements") to the Company's members through QR enabled code and weblink as part of the notice of Annual General Meeting instead of transmitting the same in the form of CD/DVD/USB in accordance with and pursuant to S.R.O. 389 (I)/2023 issued by the Securities and Exchange Commission of Pakistan dated March 21, 2023 by passing the following Ordinary Resolution(s) with or without modification(s):

   "**RESOLVED** that circulation/transmission of Annual Audited Financial Statements to the shareholders through QR enabled code and weblink instead of CD/DVD/USB as notified by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389 (I)/2023 dated March 21, 2023, or any other transmission medium allowed by the regulators, be and is hereby approved.

   FURTHER RESOLVED that Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution."

   Statements of Material Facts pursuant to Section 134(3) of the Companies Act, 2017, setting forth all the material facts, concerning the above Special Business, to be transacted at the Annual General Meeting are annexed to the notice of meeting sent to the members.

By Order of the Board

Imran Chagani
Company Secretary

Karachi
Dated: March 11, 2024

Notes:

1. **Video Conference Facility for attending Annual General Meeting (AGM):**
   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 members can also participate in the AGM 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' along with 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 Members Register & Share Transfer Books:**
   The Members' Register and Share Transfer Books of the Company will remain closed from April 20, 2024, to April 26, 2024 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, (PABX No 021-34380101-5) and email info.shares@famcosrs.com.pk, by close of business on April 19, 2024, will be treated in time for entitlement of members to attend, speak and vote at the AGM.

3. **Placement of Financial Statements on Website of the Company:**
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, 2023, on its website: www.dawoodhercules.com

4. **Participation in the AGM:**
A member, entitled to attend the AGM, is entitled to appoint another person as his/her proxy to attend the AGM on his/her 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 entity, 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 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. Proxy form will be witnessed by 2 (two) persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

PROCEDURE FOR ELECTRONIC VOTING FACILITY AND VOTING THROUGH POSTAL BALLOT ON SPECIAL BUSINESS

5. **Polling on Special Business:**
The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification S.R.O 2192/ (I)/2022 dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Dawood Hercules Corporation Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming AGM to be held on Friday, April 26, 2024, at 10:30 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

6. **Procedure for E-Voting:**
a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on April 19, 2024.

b) The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of FAMCO Share Registration Services (Private) Limited (being the e-voting service provider).

c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

d) E-Voting lines will start from April 20, 2024, 09:00 AM and shall close on April 25, 2024, at 5:00 PM. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

7. **Procedure for Voting Through Postal Ballot:**
The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's registered address, Dawood Centre M. T. Khan Road Karachi, or email at company.secretary@dawoodhercules.com one day before the Annual General Meeting on April 25, 2024, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

For the convenience of the members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.dawoodhercules.com for download.

8. **INFORMATION ABOUT SCRUTINIZER**
With reference to the Regulations 4(4) and 11 of the Companies (Postal Ballot) Regulations, 2018, below is the information regarding the Scrutinizer for the purpose of upcoming Annual General Meeting (AGM) of Dawood Hercules Corporation Limited (the Company) to be held on April 26, 2024.

Name of Scrutinizer	Messrs. UHY Hassan Naeem & Co, Chartered Accountants
Qualification and Experience	The firm has grown over the last decade as a leading multi-disciplinary organization offering auditing taxation, business advisory, information technology, human resources and corporate services to public and private sector organizations in the country. UHY Hassan Naeem & Co. is a member of UHY International, one of the world's leading accounting and business advisory network, with offices in over 330 business centers in 90 countries across the globe. The firm holds a satisfactory Quality Control Review (QCR) status from the Institute of Chartered Accountants of Pakistan (ICAP) which demonstrates the quality standards maintained by the firm. It is registered on the Panel of State Bank of Pakistan (SBP) and is on the panel of USAID.
Purpose of appointment	The Company is required to appoint a scrutinizer for the purpose of voting in the AGM to transact business that pertains to investment in associated companies as mentioned in Section 199 of the Companies Act, 2017. Therefore, scrutinizer has been appointed to observe that satisfactory procedures of the voting process including adequate precautionary measures are ensured and reported as mentioned under regulation 11A.

STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

These Statements set out the material facts concerning the following Special Businesses to be transacted at the Annual General Meeting (AGM) of Shareholders of Dawood Hercules Corporation Limited to be held on Friday, April 26, 2024.

Item 3 of the Agenda:

Investment in Associated Companies

The Company is seeking approval of its members by passing special resolutions proposed in the notice of AGM to enable it to lend and make available to associated companies, undertaking or subsidiary, short term funded and unfunded financing facilities. This is being proposed only for short term liquidity management, where the Company has surplus liquidity from own or borrowed funds and the associated companies require liquidity.

The Information required under S.R.O. 1240 (I) 2017 for loans and advances is provided below:

(A) Regarding Associated Company or Associated Undertaking:-

(i) Name of associated company or associated undertaking

S.No.	Name of the Associated Company
1.	Dawood Lawrencepur Limited
2.	Cyan Limited
3.	Engro Corporation Limited
4.	Engro Fertilizers Limited
5.	Engro Polymer & Chemicals Limited
6.	Engro Energy Limited
7.	Engro EXIMP Agriproducts (Private) Limited

(ii) Basis of relationship.

Name of the Associated Company	Relationship	Holding: Direct and/or Indirect
Dawood Lawrencepur Limited	Common Directorship	-
Cyan Limited	Common Directorship	-
Engro Corporation Limited	Subsidiary / Common Directorship	39.97%
Engro Fertilizers Limited	Indirect Shareholding	22.49%
Engro Polymer & Chemicals Limited	Indirect Shareholding	22.46%
Engro Energy Limited	Indirect Shareholding	39.97%
Engro EXIMP Agriproducts (Private) Limited	Indirect Shareholding	39.97%

(iii) Earnings per share for the last three years.

Earnings per Share	2023	2022	2021
Dawood Lawrencepur Limited	15.57	(2.84)	(9.08)
Cyan Limited	5.27	(7.13)	3.3
Engro Corporation Limited	32.26	36.79	32.14
Engro Fertilizers Limited	19.23	11.54	15.78
Engro Polymer & Chemicals Limited	9.12	12.37	16.32
Engro Energy Limited*	24.26	64.20	152.71
Engro EXIMP Agriproducts (Private) Limited	0.21	(3.59)	0.01

*consolidated

(iv) Break-up value per share, based on latest audited financial statements.

Break-up value per share	December 31, 2023
Dawood Lawrencepur Limited	71.95
Cyan Limited	25
Engro Corporation Limited	133.12
Engro Fertilizers Limited	33.72
Engro Polymer & Chemicals Limited	31.80
Engro Energy Limited*	170.96
Engro EXIMP Agriproducts (Private) Limited	7.42

*consolidated

(v) Financial Position, including main items of Statement of Financial Position and Profit and Loss account on the basis of its latest financial statements; and

Third quarter ended September 30, 2023, accounts of **Dawood Lawrencepur Limited:**

BALANCE SHEET	PKR '000
ASSETS	
Non-current assets	
Property, plant and equipment	19,164
Long-term investments	2,385,880
Long-term deposits	2,778
Total non-current assets	**2,407,822**
Current assets	
Stores and spares	892
Stock-in-trade	6,816
Loans to subsidiaries	439,385
Loans and advances	1,086
Deposits, prepayments and other receivables	123,161
Interest accrued	309,127
Investment in subsidiary	-
Short-term investment	1,031,360
Cash and bank balances	42,117
Total current assets	**1,953,944**
Asset held for sale	100,000
TOTAL ASSETS	**4,461,766**
EQUITY AND LIABILITIES	
Equity	
Share capital	592,998
Capital reserves	206,666
Unappropriated profits	3,263,428
Total equity	**4,063,092**
Non-current liability	
Staff retirement benefits	1,727
Current liabilities	
Trade and other payables	92,081
Unclaimed dividend	78,376
Unpaid dividend	-
Provisions	7,360
Taxes payable	219,130
Accrued mark-up	-
Total current liabilities	396,947
	398,674
TOTAL EQUITY AND LIABILITIES	**4,461,766**

INCOME STATEMENT	PKR '000
Revenue	1,319,479
Profit before tax	1,141,280
Profit for the period	719,493

Full year ended December 31, 2023, audited accounts of **Cyan Limited:**

BALANCE SHEET	PKR '000
ASSETS	
Non-Current Assets	
Property and equipment	2,653
Intangible assets	57
Deferred taxation	19,119
Long term investment	684,939
Long term deposit	2,500
	709,268
Current Assets	
Short term investment	927,905
Trade and other receivables	2,358
Advances and short term prepayments	1,089
Cash and bank balances	4,092
	935,444
TOTAL ASSETS	**1,644,712**
EQUITY AND LIABILITIES	
Share capital and reserves	
Issued, subscribed and paid-up share capital	615,591
Unappropriated profit	393,720
Reserves	13,088
Remeasurement on post retirement benefits obligation - net of tax	3,129
Surplus on revaluation of investments carried at fair value through other comprehensive income - net of tax	513,536
	1,539,064
Non-current liabilities	
Payable to gratuity fund	118
Current liabilities	
Trade and other payables	10,936
Unclaimed dividend	29,163
Short term borrowings	-
Taxation - net	65,431
	105,530
TOTAL EQUITY AND LIABILITIES	**1,644,712**

INCOME STATEMENT	PKR '000
Return on investments	135,078
Profit before tax	375,182
Profit after tax	324,604

Full year ended December 31, 2023, audited accounts of **Engro Corporation Limited:**

BALANCE SHEET	PKR '000
ASSETS	
Non-Current Assets	
Property, plant and equipment	1,697,803
Right-of-use assets	928,849
Intangible assets	132,583
Long term investments	50,835,194
Long term loans and advances	6,274
Deferred taxation	-
	53,600,703
Current Assets	
Loans, advances, deposits and prepayments	9,180,594
Receivables	2,041,529
Short term investments	23,870,113
Cash and bank balances	122,905
	35,215,141
TOTAL ASSETS	**88,815,844**
EQUITY AND LIABILITIES	
Equity	
Share capital	5,366,265
Reserves	
Share premium	13,068,232
Capital re-purchase reserve account	395,368
General reserve	4,429,240
Remeasurement of post employment benefits	(39,439)
Remeasurement of investments	(1,388,624)
Unappropriated profit	49,606,749
Total equity	**71,437,791**
Liabilities	
Non-current liabilities	
Lease liabilities	880,901
Deferred taxation	167,431
Retirement and other service benefit obligations	24,566
	1,072,898
Current liabilities	
Trade and other payables	5,494,425
Current portion of lease liabilities	321,813
Taxation - provision less payments	10,255,244
Unclaimed dividends	233,673
	16,305,155
Total liabilities	17,378,053
TOTAL EQUITY AND LIABILITIES	**88,815,844**

INCOME STATEMENT	PKR '000
Revenue	23,818,721
Profit before tax	23,965,068
Profit after tax	17,566,235

Full year ended December 31, 2023, audited accounts of **Engro Fertilizers Limited:**

BALANCE SHEET	PKR '000
ASSETS	
Non-Current Assets	
Property, plant and equipment	78,440,081
Intangible assets	5,184,192
Long-term investments	202,134
Long-term loans, advances and deposits	209,806
	84,036,213
Current Assets	
Stores, spares and loose tools	8,729,523
Stock-in-trade	15,355,755
Trade debts	2,912,495
Other receivables	16,056,950
Loans, advances, deposits and prepayments	3,993,197
Accrued income	116,629
Short-term investments	24,062,828
Cash and bank balances	4,053,684
	75,281,061
Assets classified as held for sale	1,525,396
TOTAL ASSETS	**160,842,670**
EQUITY AND LIABILITIES	
Equity	
Share capital	13,352,993
Reserves	
Share premium	3,384,904
Remeasurement of post employment benefits	(74,030)
Unappropriated profit	31,238,888
	34,549,762
Total equity	**47,902,755**
Liabilities	
Non-current liabilities	
Borrowings	3,267,427
Government grant	721,334
Deferred taxation	10,401,710
Deferred liabilities	236,702
Provision for Gas Infrastructure Development Cess (GIDC)	-
	14,627,173
Current liabilities	
Trade and other payables	74,095,829
Accrued interest / mark-up	72,814
Taxation - net	994,344
Current portion of:	
- borrowings	2,715,014
- government grant	235,755
- deferred liabilities	62,546
- provision for GIDC	19,558,031
Short-term borrowings	530,110
Loan from Parent Company	-
Unclaimed dividend	48,299
	98,312,742
Total liabilities	112,939,915
TOTAL EQUITY AND LIABILITIES	**160,842,670**

INCOME STATEMENT	PKR '000
Revenue	161,666,127
Profit before tax	44,984,752
Profit after tax	25,678,418

Full year ended December 31, 2023, audited accounts of **Engro Polymer & Chemicals Limited:**

BALANCE SHEET	PKR '000
ASSETS	
Non-Current Assets	
Property, plant and equipment	53,734,049
Right-of-use asset	1,206,266
Intangible assets	620,205
Investments at amortised cost	-
Long-term loans, advances and deposits	22,637
	55,583,157
Current Assets	
Stores, spares and loose tools	3,311,772
Stock-in-trade	16,985,039
Trade debts	1,629,173
Loans, advances, deposits, prepayments and other receivables	5,527,958
Short-term investments	3,459,929
Cash and bank balances	4,100,782
	35,014,653
TOTAL ASSETS	**90,597,810**
EQUITY AND LIABILITIES	
Equity	
Ordinary share capital	9,089,233
Preference shares	3,000,000
Share premium	3,874,953
Unappropriated profits	12,627,899
	28,592,085
Non-Current Liabilities	
Long-term borrowings	22,137,566
Government grant	1,298,853
Lease liabilities	1,361,414
Provisions	-
Deferred tax liability - net	2,982,382
	27,780,215
Current liabilities	
Trade and other payables	14,660,566
Service benefit obligations	85,166
Current portion of long-term borrowings	3,070,726
Current portion of Government grant	216,632
Current portion of lease liabilities	1,173,036
Short-term borrowings	7,526,086
Accrued interest/mark-up	526,224
Unclaimed dividend	705,550
Taxes payable	150,921
Provisions	6,110,603
	34,225,510
	62,005,725
TOTAL EQUITY AND LIABILITIES	**90,597,810**

INCOME STATEMENT	PKR '000
Revenue	81,224,448
Profit before tax	14,097,374
Profit after tax	9,230,660

Full year ended December 31, 2023, audited accounts of **Engro Energy Limited**

BALANCE SHEET	PKR '000
ASSETS	
Non-Current Assets	
Property, plant and equipment	155,476,308
Intangible assets	405,424
Long-term investments	6,377,877
Long-term deposits	2,574
Long-term loans, advances and prepayments	18,133
	162,280,316
Current Assets	
Inventories	1,382,424
Stores and spares	498,879
Trade debts	67,234,170
Contract asset	13,817,606
Loans, advances, deposits and prepayments	1,635,328
Other receivables	29,184,893
Mark-up receivable	4,277,128
Short-term investments	1,756,437
Bank balances	49,409,632
	169,196,497
TOTAL ASSETS	**331,476,813**
EQUITY AND LIABILITIES	
Equity	
Share capital	1,055,810
Share premium	2,740,529
Share issuance cost	(73,115)
Maintenance reserve	652,945
Unappropriated profits	24,639,314
Exchange translation reserve	622,081
	29,637,564
Non-controlling interest	
Ordinary share capital	29,043,094
Preference share capital	9,702,633
	38,745,727
Total equity	**68,383,291**
Liabilities	
Non-current liabilities	
Borrowings	110,846,481
Deferred tax liability - net	2,580,932
	113,427,413
Current liabilities	
Creditors, accrued and other liabilities	72,225,273
Unclaimed dividend	20,233
Accrued interest/mark-up	3,830,640
Contract liability	14,427,927
Current portion of borrowings	18,238,537
Taxes payable	1,977,434
Short-term borrowings	27,403,348
Dividend payable	11,542,717
	149,666,109
Total liabilities	263,093,522
TOTAL EQUITY AND LIABILITIES	**331,476,813**

INCOME STATEMENT	PKR '000
Revenue	122,521,891
Profit before tax	3,678,380
Profit after tax	661,492

Full year ended December 31, 2023, audited accounts of **Engro EXIMP Agriproducts (Private) Limited:**

BALANCE SHEET	PKR '000
ASSETS	
Non-Current Assets	
Property, plant and equipment	2,279,505
Intangible assets	909
Total non-current assets	2,280,414
Current Assets	
Deferred taxation	-
Stock-in-trade	13,550
Stores and spares	63,842
Trade debts	10,462
Advances, deposits and prepayments	77,375
Other receivables	391,280
Taxes recoverable	44,781
Short term investments	504,286
Balances with banks	150,330
	1,255,906
TOTAL ASSETS	**3,536,320**
EQUITY AND LIABILITIES	
Equity	
Share capital	4,508,609
Share premium	10,483,519
Accumulated loss	(11,717,818)
	3,274,310
Non-current liabilities	
Long-term loans - secured	27,284
Current liabilities	
Current portion of long-term loans	33,844
Short-term finances secured	-
Accrued mark-up	37,957
Trade and other payables	162,925
Contract liabilities	-
	234,726
TOTAL EQUITY AND LIABILITIES	**3,536,320**

INCOME STATEMENT	PKR '000
Revenue	3,931,198
Loss before tax	483,641
Profit after tax	91,736

(vi) In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,

Not Applicable

(B) General Disclosures

(i) Maximum amount of investment to be made:

Name	Amount
Dawood Lawrencepur Limited	PKR 5 bn
Cyan Limited	PKR 2 bn
Engro Corporation Limited	PKR 6 bn
Engro Fertilizers Limited	PKR 2 bn
Engro Polymer & Chemicals Limited	PKR 2 bn
Engro Energy Limited	PKR 2 bn
Engro EXIMP Agriproducts (Private) Limited	PKR 1 bn

(ii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment:

Purpose:
This will enable the Company to lend to its associated companies, undertakings and subsidiary during the times it has access to funds / banking lines and / or the associated companies, undertakings or subsidiary require funds / banking lines for business purposes.

Benefits
The Company will benefits from better returns on surplus liquidity which will enhance profitability and thus shareholders' value.

Period of Investment

One year starting from the date funds are provided.

(iii) Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds; (i) justification for investment through borrowings; (ii) details of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefits analysis.

Own funds, however, there may be circumstances where the Company may lend to its associated companies, undertakings or subsidiary by utilizing borrowed funds and (I) it will be justified by earning a profit or markup rate better than the rate payable by the Company and (II) Company secures its borrowed funds by pledging shares of its investments in listed companies and (III) the Company will charge the borrowing company mark up or profit rate which will improve the profitability of the Company. The average borrowing cost of the Company currently is 3 Month KIBOR plus 10 basis points.

(iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;

The company will enter into agreement after approval of the shareholders. The significant conditions in addition to others mentioned herein, are as under:

1. Mark up due shall be paid on quarterly basis within thirty (30) days of the end of quarter.
2. The delayed payment shall be charged an additional sum equal to 24% on unpaid amount for the period for which payment is delayed.
3. Associated companies shall provide corporate guarantee to secure the loans.

(v) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

The Directors of the Company have no personal interest in the matter; however, some directors of the Company are also directors of the associated companies, undertakings and/or subsidiary and own shares in these companies as follows, such directors shall be deemed interested o the extent of their shareholdings and remunerations being drawn by them:

Associated Company	Common Directorship
Dawood Lawrencepur Limited	Mr. Abdul Samad Dawood, Ms. Sabrina Dawood, Mr. Muhammed Amin, Mr. Muhammad Bilal Ahmed
Cyan Limited	Mr. Abdul Samad Dawood, Ms. Sabrina Dawood, Mr. Muhammed Amin, Mr. Isfandiyar Shaheen, Mr. Zamin Zaidi.
Engro Corporation Limited	Mr. Hussain Dawood, Mr. Abdul Samad Dawood, Ms. Sabrina Dawood
Engro Fertilizers Limited	-
Engro Polymer & Chemicals Limited	-
Engro Energy Limited	-
Engro EXIMP Agriproducts (Private) Limited	-

The associated /subsidiary companies do not hold any share of the Company. The directors or sponsors of associated /subsidiary companies hold the following shares in the Company:

(vi) In case of any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and

Engro Corporation Limited	Investment Value PKR 23.3 bn	No impairment of write-offs has been recorded

The company has not made any investment in other associated companies/subsidiaries

(vii) Any other important details necessary for the members to understand the transactions.

None.

(C) In case of Investments in the form of loans, advances, and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made.

(i) Category-wise amount of investment

For the short-term financing facilities, following are the associated company wise limits.

Name	Amount
Dawood Lawrencepur Limited	PKR 5 bn
Cyan Limited	PKR 2 bn
Engro Corporation Limited	PKR 6 bn
Engro Fertilizers Limited	PKR 2 bn
Engro Polymer & Chemicals Limited	PKR 2 bn
Engro Energy Limited	PKR 2 bn
Engro EXIMP Agriproducts (Private) Limited	PKR 1 bn

(ii) Average borrowing cost of the investing company, the KIBOR for the relevant period.

The average borrowings of the Company as at December 31, 2023 was 3 month KIBOR plus 10bps. The 3 month KIBOR was 21.74% on March 22, 2024.

(iii) Rate of interest, markup, profit, fees or commission etc. to be charged by investing company.

The Company shall charge minimum of the 3-month Karachi Inter Bank Offered Rate (3M KIBOR) + 100bps or the borrowing cost of the Company, whichever is higher. The mark up shall be paid within 30 days of the end of every quarter.

(iv) Particulars of collateral or security to be obtained in relation to the proposed investment.

Normally no security is to be obtained since the Company has full oversight and is very well versed with the operations and plans of the borrowing company. The Company and its associated companies, undertakings and subsidiary are confident that any financing arrangement will be repaid. However, Corporate Guarantees shall be obtained to secure the loans.

(v) If the investment carries conversion features i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and

No Conversion features.

(vi) Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.

Facility is granted for a period of one year, renewable for four further periods of one year each. The terms and conditions are mentioned herein above.

Item 4 of the Agenda:

The Company is seeking approval of its members by passing ordinary resolution proposed herein to enable it to transmit its Annual Audited Financial Statements through QR Enabled Code and Weblink.

Pursuant to the authorization of the Securities and Exchange Commission of Pakistan vide its SRO 389 (1)/2023 dated March 21, 2023, regarding the circulation of information such as annual audited financial statements, the Company proposes to utilize QR codes and weblink instead of traditional methods like CDs, DVDs, and USBs.

However, to accommodate the shareholders' preferences, a standard request form is available on the Company's website for those who wish to receive physical copies of the annual audited financial statements and related documents at their registered addresses.

Subsequently, the notice of the annual general meeting shall be dispatched to the members as per requirements of the Companies Act 2017, to their registered addresses, containing the QR code and the weblink address to view and download the Annual Audited Financial Statements

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.

		Total Investment Approved
• Engro Fertilizers Limited	-	PKR 2 billion
• Engro Polymer & Chemicals Limited	-	PKR 2 billion
• Engro Powergen Qadirpur Limited	-	PKR 350 million
• Frieslandcampina Engro Pakistan Limited	-	PKR 1 billion

As of December 31, 2023, the Company has no investment in the shares of any of the above companies.

There is no deviation from the approved timeline of investment as the special resolution dated November 21, 2022, 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 provided their CNIC No., are once again reminded to immediately submit the copy of their CNIC to Company’s Share Registrar, FAMCO share Registration Services (Private) Limited, 8-F, near Hotel Faran, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi. Members while sending CNIC must quote their respective folio numbers. The 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 Share Registration Services (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 Share Registration Services (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

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 Share Registration Services (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 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.

Ballot Paper for Voting Through Post

DAWOOD HERCULES CORPORATION LIMITED

Registered Office: Dawood Centre, M.T. Khan Road, Karachi-75530

Contact: (+92-21) 35686001, Website: https://www.dawoodhercules.com/

For poll to be held at the Annual General Meeting of Dawood Hercules Corporation Limited on Friday, 26 April 2024, at 10:30 am. at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, opp Liaquat National Hospital, Karachi as well as through video-link facility to transact the following businesses:

Contact Details of Chairman, where ballot paper may be sent:

Business Address: The Chairman Dawood Hercules Corporation Limited, Dawood Centre, M.T. Khan Road, Karachi-75530.

Attention: Company Secretary, **Designated Email Address:** company.secretary@dawoodhercules.com

Name of shareholder/joint shareholders	
Registered address of shareholder(s)	
Number of shares held	
Folio number / CDC Account	
CNIC No./Passport No (in case of foreigner) (copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

Instructions For Poll
1. Please indicate your vote by ticking (√) the relevant box.
2. In case both the boxes are marked as (√), your ballot paper shall be treated as "Rejected".
I/we hereby exercise my/our vote in respect of the below resolutions through ballot by conveying my/our assent or dissent to the resolution(s) by placing tick (√) mark in the appropriate box below.

S. No.	Nature and description of Resolutions	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	"RESOLVED that approval of the members of Dawood Hercules Corporation Limited (the "Company") be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 and the Company be and is hereby authorized to provide short term funded and unfunded financial assistance to the following associated companies up to the amount stated below in respect of each company for a period of one year starting from the date the funds are provided, at markup rate which shall not be less than the 3 month Karachi Inter Bank Offered Rate (3M KIBOR) + 100bps for the relevant period or the borrowing cost of the Company, whichever is higher, and as per terms and conditions of agreement and as disclosed to the members FURTHER RESOLVED that approval be and is hereby granted for annual renewal of the above short term funded and unfunded assistance for further periods of four (4) years if required by the associated companies on the same terms and conditions. FURTHER RESOLVED that this Special Resolution shall be valid for a period of Five (5) years starting from the date of approval by members and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions"		
2	"RESOLVED that circulation/ transmission of Annual Audited Financial Statements to the shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389 (l)/2023 dated March 21, 2023, or any other transmission medium allowed by the regulators, be and is hereby approved. FURTHER RESOLVED that Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution."		

Signature of shareholder(s) | Place | Date

NOTES:

1. Duly filled and signed original postal ballot should be sent to the Chairman, at above-mentioned business or email address.
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting on or before April 25, 2024 during working hours (i.e. by 5:00 p.m.). Any postal ballot received after this date and time, will not be considered for voting.
4. Signature on postal ballot should match the signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot papers will be rejected.
6. In case of representative of body corporate and corporation, postal ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted alongwith the Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Counsel General of Pakistan having jurisdiction over the member.
7. M/s. UHY Hassan Naeem & Co. Chartered Accountants, the External / statutory auditor of the Company, has been appointed as Scrutinizer, who have the necessary knowledge and experience to independently scrutinize the voting process.
8. Ballot Paper has also been placed on the website of the Company www.dawoodhercules.com Members may download the Ballot Paper from the website or use Original/Photocopy as published in Newspapers.

CHAIRMAN'S AND VICE CHAIRMAN'S REVIEW 2023

CHAIRMAN'S AND VICE CHAIRMAN'S REVIEW 2023

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 for the year ended 31st December 2023.

We would like to begin by thanking you all for your compassionate support to us in 2023 as we went (and continue) through a protracted period of grief, mourning the loss of Shahzada Dawood and his son, Suleman. Shahzada had an indelible impact on Dawood Hercules Corporation, having served as a Director on the Board from 1996, and as the Company's Vice Chairman from 2018 to 2021. Though the pain of his loss will always be felt, we vow to celebrate his life and contributions, especially as we take Dawood Hercules Corporation forward. In doing this, we look forward to your continued and invaluable support.

2023 was a challenging year on many counts. We saw continued contractions, conflicts, and challenges; from geopolitical tensions to monetary tightening and regional economic crises, worldwide growth was impacted, symptomatic of a continuing breakage of US-brokered stability that the world had been so accustomed to for decades. Pakistan faced more extreme struggles, with high inflation, currency devaluation, and dwindling reserves leading to economic turmoil in the first half of the year which wiped out purchasing power and savings. Though some welcome relief came in the second half of the year in the form of negotiations with the IMF and better policy measures, our path to recovery hinges on vital structural reforms which may cause continued turbulence in the short-term.

Sustained challenges have reinforced the need for organizational resilience in such a landscape. We must strengthen ourselves with the necessary skills to be resilient in a time of volatility to generate sustainable performance over the long-term. And a blueprint for this exists across the globe – all of the greatest companies in the world have built themselves to greatness by effectively discharging two key functions over the long-term: capital allocation and human development. Doing these two things – accurately assessing the value of businesses and investing in people who run such businesses – has proven transformative for the fate of companies. And this is a lesson that Dawood Hercules Corporation intends to apply with greater vigour as it discharges its organizational mandate.

Our decisions to optimize risk and returns are based on sincere evaluations of investment opportunities available to us. And though this has always been the approach, the difference lies in the depth with which we apply this thought. We began this journey in 2023, adopting a deeper lens to capital allocation which prioritizes sectoral and business fundamentals which then informs our asset allocation approach. Based on a belief in its business model, Engro Corporation remained the Company's largest investment – indeed, our ownership percentage of the asset increased slightly as a result of share buybacks conducted by Engro. Aside from this investment, we built our exposure in banking, oil and gas exploration, and technology companies after conducting thorough analyses about these businesses and their potential. Our teams conducted thorough analyses into these public equities, taking care to understand key business drivers and risks, the quality of management teams, and resilience of business models in adverse macro conditions. And once we were convinced, we doubled down on these businesses. We believe it is better to hold large positions in assets we believe in rather than diversify our holdings for short-term stock trading. Indeed, we will guard ourselves against the latter, as this behaviour is rarely aligned with long-term gains.

In 2023, the efficacy of our capital allocation strategy was put to the test and we are pleased to report that it not only weathered the storm but also yielded favorable outcomes, reinforcing our confidence in its effectiveness. This is especially important in light of the fact that we manage the capital of thousands of shareholders who put their trust in us. Performance of this kind allows us to reciprocate this sacred trust while building the success of our organization and we will continue down this journey in the years to come.

This revitalized approach is underpinned by the framework of Character and Good Manners (CGM) that is the bedrock of our Group's human development philosophy. The five values that form this framework – Truthfulness, Trustworthiness, Humility, Integrity, and Striving in times of Hardship – are core to the manner in which we will implement our capital allocation strategy. We will always speak the truth, not only about our investment successes but also our mistakes and, crucially, how we will learn from those experiences. This will enable us to build trustworthiness as capital allocators, a team that conducts decision-making with humility and integrity, even in times of hardship. Great companies are built on the back of these values; when people commit to decision-making and growth through the lens of CGM, it is our conviction that organizations perform better.

In these efforts, the Company has been thoroughly guided by its Board of Directors and we would like to take this opportunity to thank them for their focus on investment stewardship. They have enabled the management teams to improve their approach to capital allocation that has resulted in a good performance in a challenging year. We would also like to appreciate our CEO, Mohammad Shamoon Chaudry, for his leadership of key transactions for the Group while managing the affairs of the organization very well.

Furthermore, the consistent support of our people, customers, partners, service providers, the Government and regulators is also most appreciated, especially our shareholders who continue to place their trust in us to steward their capital. 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 to realize our vision of being a leading wealth creator in value-driven businesses. In doing so, we hope to enable prosperity for everyone connected to our 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) are pleased to present the Annual Report and audited financial statements for the year ended December 31, 2023.

Change in the Way We Do Things

This Report strives to communicate the performance of the Company in the wider context of its environment and typically follows a standard format. From this year on, the Directors Report of Dawood Hercules Corporation will have a modified approach in line with the framework of Character and Good Manners that our Chairman, Mr. Hussain Dawood, advocates so passionately. We believe we owe it to our shareholders to help them understand the story of our investment portfolio and why we are excited about each asset in it. We make these investments based on sincere assessments of the best use of capital – often we get this right, and occasionally we do not. Our efforts, however, reflect an earnest commitment to shareholders who place their trust in us to steward their savings. We believe this fresh approach to reporting on the Company's performance will help our shareholders have a better understanding of our portfolio and increase their trust in us as we strive to deliver a performance that meets their expectations.

The Environment in Which We Operated

2023 proved to be a challenging year for the world. Global growth slowed to 3% because of pressures from geopolitical tensions and economic challenges, including the heaviest monetary tightening the world has seen in over two decades, an acute banking crisis in the US, and property tensions in China. High interest rates have, however, contributed to mitigating global inflation which has also been eased from energy disruptions that resulted from the Russia-Ukraine War.

2023 proved to be a challenging year for Pakistan as well, particularly the first half. High inflation swept the country, driven by devaluation of the PKR and increased energy prices. Local currency remained under intense pressure because of dwindling foreign currency reserves. Sovereign default forecasts skyrocketed; panic struck markets; and delays in negotiating an IMF bailout package added fuel to this frenzied fear. These factors had a devastating impact, with inflation wiping off the savings and purchasing power of the general public and drying up consumer demand and flows to fresh investments. In response to these pressures, the SBP increased interest rates by 600 basis points to 22% which slowed economic output. The latter half of the year brought some relief, after the successful negotiation of a USD 3 billion Stand-By Arrangement (SBA) with the IMF which alleviated sovereign default concerns. Additionally, a smooth transition to a caretaker government ensured continuation of essential structural reforms and monitoring of IMF benchmarks.

Notably, the decision to increase gas prices mitigated circular debt buildup in the gas sector, demonstrating a commitment to sustainable financial management. This is a courageous step in addressing a long-standing issue; however, enabling the market to determine gas prices independently remains crucial for long-term success. Administrative efforts to control the informal currency market also stabilized the exchange rate, leading to a significant decrease in inflationary pressures. With CPI inflation dropping from 38% in June 2023 to 23% by February 2024, expectations of interest rate reductions have emerged, potentially restoring investor confidence.

Our Portfolio

The Company has a portfolio of investments that we believe is well-organized to weather the economic context we operate in. The largest investment of the Company is in Engro Corporation.

Engro Corporation

Engro Corporation is a portfolio manager of industrial assets and presents a good balance of stable-yield and growth businesses. Among its underlying companies, the largest asset for Engro is its fertilizer business which provides urea and other value-added fertilizers to Pakistani farmers to improve their yields. In a country with a population of 240 million that is projected to grow to 400 million by 2050 (Source: UNFPA), fertilizer is a vital input for food security. This growth in mouths to feed will be a priority for all stakeholders for which the fertilizer business is considered an economic essential. Demand remains strong even during economic downtimes, which was seen in 2023 as the business was able to deliver record sales on strong margins.

In the fertilizer sector, the Government's decision to increase gas prices for Sui-Northern-based fertilizer plants effectively captures 60% of fertilizer production. While this will likely cause some short-term turbulence, it is expected that the rest of the industry will follow suit, which is not only positive for the industry but the country as well. Eliminating the gas subsidy for fertilizer manufacturing and moving towards a direct subsidy system for small farmers is a critical step in opening up the market for reforms and making the market more locally and globally competitive.

Similarly, Engro Corp's terminal businesses, Engro Vopak Terminal and Engro Elengy, are also economic essentials, providing critical gas supply and essential chemicals for the country to run its industries. In 2023, the businesses generated strong, dollarized cashflows, withstanding the challenge of devaluation that affected many other sectors. Both businesses are also low on leverage which provided a buffer against increased interest rates.

Engro's other key businesses, were relatively more affected by on-ground economic realities, which we will go over in turn.

Pakistan's challenging macro environment led to a slowdown in construction activity which reduced the demand for PVC, a key product of Engro Polymer and Chemicals. Furthermore, a decline in core delta margins coupled with rising energy costs indicates that Engro Polymer will likely face pressure in the foreseeable future. To address this, the company is focused on driving cost efficiencies, identifying new applications of PVC that could be introduced in Pakistan, and studying alternate sources of energy that could efficiently substitute for gas which currently powers the whole facility.

FrieslandCampina Engro Pakistan has also faced the brunt of economic hardship. High inflation has diminished the purchasing power of consumers, which has been a challenge for processed dairy in particular as customers have been forced into making difficult choices for their families. In Pakistan, loose, unprocessed milk dominates the dairy market, accounting for approximately 90% of total consumption. The real opportunity for FCEPL lies in category conversion from loose milk to processed dairy but the fact that loose milk is at a significantly cheaper price point, coupled with the consumer perception that it is better than processed milk, poses a formidable challenge to processed dairy players. For this reason, educating consumers on the benefits of processed dairy as well as providing suitable products to nourish families will need continued focus from the company. Conversion represents a 10x opportunity for growth, but this will be a multi-year commitment given prevailing consumer perception that is based on experience, rather than evidence. We are excited to have a partner like Royal FrieslandCampina on Board that has experience of this conversion in other markets.

Engro Enfrashare has also not been immune to market realities. For this company, data usage growth will be integral as more and more Pakistanis come online on the back of continued investment by MNOs (Mobile Network Operators). The management teams of Engro Corporation must be credited for their stewardship of the telecommunication infrastructure vertical that has resulted in Engro Enfrashare becoming the market leader in the tower-sharing space, with 3,952 sites maintaining a tenancy ratio of 1.21x. However, the debt-heavy capital structure of the company meant that it was severely impacted by interest rate hikes and more could have been done to protect the company from these adverse movements in the policy rate. This will impact the company in the short term but the outlook of the business is net positive as Engro Enfrashare is positioned to capitalize on anticipated sector growth, driven by increased data usage and the localization of smartphone assembly.

This only leaves Engro's power businesses among its subsidiaries. It is well-recognized that the power sector grapples with a chronic and systemic issue of circular debt and that despite recent government interventions successfully addressing circular debt in the gas sector, the power sector remains burdened by escalating financial challenges. Coupled with a subdued growth in power resulting from weakened economic conditions, the circular debt in the power sector continues to accumulate, impeding the government's ability to settle dues with power producers in a timely manner. We, therefore, endorse the decision of the Board of Engro Corp to divest from three major energy entities—EPQL, EPTL, and SECMC. This move will unlock the invested capital in these businesses, facilitating redirection towards more lucrative opportunities that can contribute to enhanced shareholder value.

Engro Corp also strategically utilized excess capital through a share buyback during a market downturn, optimizing shareholder value. This resulted in a heightened effective holding of approximately 40% in Engro Corp.

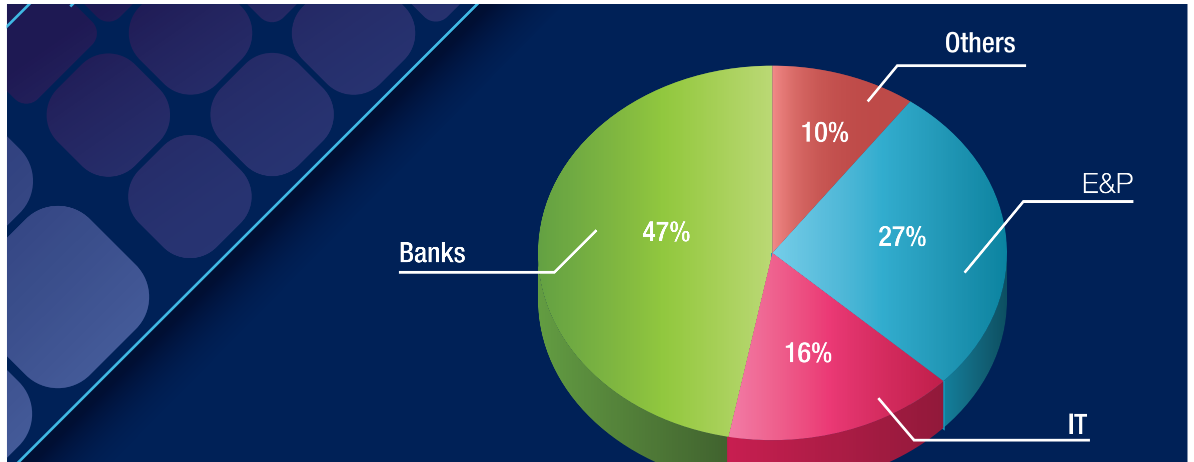
Overall, Engro's business portfolio offers a well-rounded exposure to diverse sectors of the economy, equipped to navigate robust and challenging economic conditions. From a shareholder's perspective, the Company's investment in Engro Corporation has provided a total return of 280.6% over the past 10 years, outperforming the KSE-100 return of 146.9% over the same period. Investing in Engro Corp has proven to be one of the Company's most sound investment decisions, serving as a substantial source of cashflows and sustained growth.

Non-Engro Portfolio

The remaining investments of the Company have been aligned to match the economic conditions at play. With rising inflation and expectations of high interest rates, the banking sector was expected to be the largest beneficiary of monetary tightening. The portfolio investments of DH Corp were, therefore, significantly geared towards this sector – a move that paid off during the year. Of particular note are UBL and Meezan Bank. UBL has adopted an investor-friendly capital allocation policy that returns profits to shareholders. For the most part, it has maintained a cautious approach to lending, and is focused on growing its (more-profitable) Islamic-banking side of the business while implementing efficiency measures to optimize its costs and capital. Meezan Bank, on the other hand, has demonstrated enviable growth over past several years. As it continues pursuing these growth ambitions, it is also optimizing its deposit mix to make it more efficient. Meezan Bank maintains a very strong capital base to deploy its deposits in non-government lending in the future to maintain and enhance its profitability. We would like to take this opportunity to make a note of the exceptional performance of the Meezan Bank management team which has navigated economic ups and downs to deliver growth and increasing returns to shareholders. That said, we are cognizant of the fact that the sector may attract incremental taxation; however, despite these potential challenges, we continue to be long on the sector. Our investment in these two banks, at the end of the year, is to the tune of PKR 3.7 billion, and the return generated on this investment during the period has been PKR 3.8 billion.

In addition to banking, we have also strategically positioned ourselves with significant holdings in prominent Oil & Gas Exploration companies, specifically OGDCL, PPL, and Mari Petroleum. There is no doubt that Pakistan's economic prosperity hinges on sustained and impactful reforms within the energy sector – we are encouraged by the government's efforts to address circular debt buildup in the gas sector and believe that OGDCL and PPL will be the largest beneficiaries of this positive change. Urgent investments in the exploration of domestic fossil fuel reserves are imperative, and all three companies are well-equipped to meet this need. Furthermore, the fact that OGDCL and PPL are fully funded with equity, with huge cash reserves, indicates a great opportunity to drive efficiency through better financial management. The variance between the intrinsic value and market price of these companies has reinforced our decision to retain these investments in our portfolio. Our investment in OGDCL, PPL, and Mari Petroleum, at the end of the year, is to the tune of PKR 2.2 billion, and the return generated on this investment during the period has been PKR 410 million.

We have also allocated a substantial portion of our portfolio to Systems Limited, a company that has consistently showcased its proficiency in executing international IT projects by harnessing the potential of Pakistan's skilled workforce. Over time, Systems has expanded its global reach and implemented an effective system to utilize its Pakistani operations for servicing clients worldwide. Beyond its evident growth trajectory, the company offers a safeguard against PKR devaluation, given that a significant portion of its revenues is denominated in US dollars. We have invested PKR 0.8 billion in Systems Limited; at this time, it is too early to share a return contribution to the portfolio.

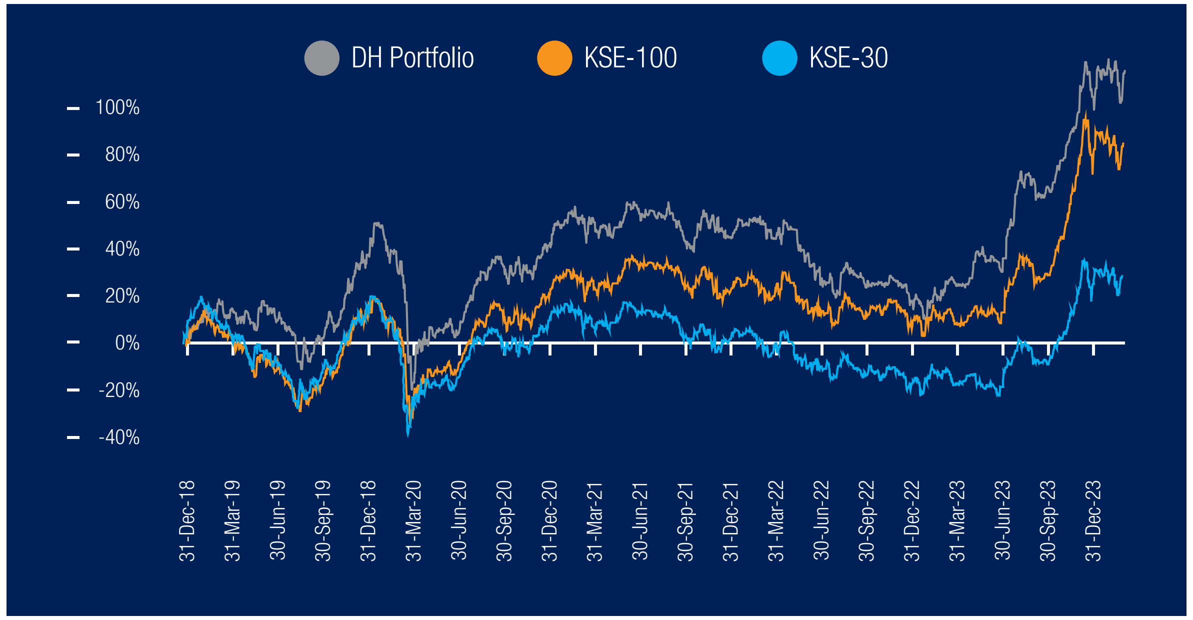


Capital Allocation by Sector

In terms of capital allocation, the Company unwound a leverage-based investment strategy that had been in place since September 2021. This decision was taken because of a discomfort with the level or risk factored into this strategy and the unwinding was conducted during the 2nd and 3rd quarters of 2023, resulting in an overall positive return. The ex-Engro portfolio, in particular, delivered an impressive total return of 66.8% in 2023, outperforming the benchmark KSE-100 index return of 54.5%, thereby demonstrating a remarkable alpha over the target return. Had the company not gone ahead with deleveraging its portfolio, it would have ended up earning approximately PKR 2 billion over and above what it earned (equivalent to ~30% portfolio return). However, we were uncomfortable with the level of risk assumed in this strategy and, ultimately, are satisfied with the outcome.

It is a matter of concern that increasing taxes on dividends has had an impact on shareholder returns. This issue has been taken up by the Pakistan Business Council and its members at various platforms and we look forward to positive developments from these efforts.

A holistic snapshot of our capital allocation efforts has been shared below. Since 2018, Dawood Hercules Corporation's equity portfolio has generated a return of 82.6% compared to the KSE-100's return of 68.5%, which is an alpha of 14.1% over the index.



Financial Report

Financial Performance

The Company's consolidated revenue grew by 35%, from PKR 356,643 million during 2022 to PKR 482,489 million. Consolidated PAT before accounting impact due to remeasurement of thermal energy assets stood at PKR 66,315 million (PAT attributable to shareholders: PKR 13,636 million) compared to PKR 42,920 million (PAT attributable to shareholders: PKR 5,866 million) in 2022.

However, after incorporating the accounting impact due to remeasurement of thermal energy assets, the consolidated PAT for 2023 was PKR 36,365 million – down by 15%, while PAT attributable to the shareholders increased to PKR 8,322 million from PKR 5,866 million in 2022, mainly due to unrealized gain on equities portfolio.

On a standalone basis, return on investments stood at PKR 14,788 million as compared to PKR 6,222 million in 2022, primarily due to significantly higher dividend income and unrealized capital gain due to improved market performance. Further, the PAT for 2023 was PKR 10,350 million against PAT of PKR 3,692 million for the same period in the last year.

Earnings Per Share

The unconsolidated earnings per share for the year 2023 were PKR 21.50 as compared to PKR 7.67 for the year 2022. Consolidated earnings per share for the year were PKR 17.29 (2022: PKR 12.19).

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 2024, and the Board has endorsed this recommendation.

Shares Traded, Average Prices and PSX

During the year 38 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 105.11, while the 52 weeks low-high during 2023 was PKR 91.81 – 135.40 per share, respectively.

Pattern of Shareholding

The pattern of shareholding of DH Corp as at 31 December 2023, together with other necessary information, is available at the end of this report along with the proxy form.

Market Capitalization and Book Value

At the close of the year, the market capitalization of DH Corp was PKR 51,806 million (2022: PKR 45,482 million) with a market value of PKR 107.64 per share (2022: PKR 94.50) and the breakup value of PKR 59.37 per share (2022: PKR 55.86 per share).

Appropriation

The total dividend attributable to the year is PKR 18.00 per share (180%) paid during the year.

Entity Rating

During 2023, 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.

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 1.5 million (2022: PKR 10.5 million).

Fair value of the assets of the funded defined benefit gratuity plan was PKR 13.95 million at 31 December 2023 (2022: PKR 9.56 million).

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.

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.

Board of Directors

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

Independent Directors	2
Non-Executive Directors:	
• Male	4
• Female	1
Executive Director	1

Board Meetings

During the year ended December 31, 2023, five (5) meetings of the Board, two (2) meetings of Board Audit Committee, two (2) meetings of Human Resource and Remuneration Committee and no meeting of Board Investment Committee were held. The attendance by each Director was as follows:

Existing Directors

Name of Directors	Meetings attended			
	Board Meetings	Board Audit Committee	Human Resource & Remuneration Committee	Board Investment Committee
Mr. Hussain Dawood	5/5	-	-	-
Mr. Abdul Samad Dawood	5/5	-	-	-
Ms. Sabrina Dawood	3/5	-	2/2	-
Mr. Muhammed Amin	3/3	2/2	-	-
Mr. Isfandiyar Shaheen	3/3	2/2	1/1	-
Mr. Zamin Zaidi	5/5	-	-	-
Mr. Muhammad Bilal Ahmed	3/3	2/2	-	-
Mr. Mohammad Shamoon Chaudry	5/5	-	-	-

Outgoing Directors

Name of Directors	Meetings attended			
	Board Meetings	Board Audit Committee	Human Resource & Remuneration Committee	Board Investment Committee
Mr. Shahzada Dawood	2/2	-	-	-
Mr. Parvez Ghias	2/2	-	1/1	-
Mr. Shabbir Hussain Hashmi	2/2	2/2	-	-
Mr. Kamran Nishat	2/2	2/2	-	-
Mr. Hasan Reza ur Rahim	2/2	2/2	1/1	-

** Mr. Muhammed Amin and Mr. Isfandiyar Shaheen were elected Directors of the Company in the Extraordinary General Meeting held on May 22, 2023.*
** Mr. Muhammad Bilal Ahmed has filled the casual vacancy occurred on the Board due to untimely demise of Mr. Shahzada Dawood on August 22, 2023.*
** The term of Mr. Pervez Ghias, Mr. Shabbir Hussain Hashmi, Mr. Kamran Nishat and Mr. Hasan Reza ur Rahim ended on May 22, 2023. We would like to place on record our appreciation for their significant contributions over the years to the Company.*

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 26 to the Unconsolidated Financial Statements.

Statement of Directors Responsibility

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

a. The financial statements prepared by the management of 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 judgment.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departures therefrom have been adequately disclosed.

e. The system of internal controls is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon 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.

Directors Training Program

The Company is compliant in respect of certification of all directors who are required to be certified under the Director's Training program.

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.

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.

Future Outlook

We expect sustained economic pressure in the near-term, which will likely lead to continuation of inflationary impacts, relatively high interest rates, and high taxation. We recognize the efforts of the Government in resolving these difficulties but it is important to urge that challenges be resolved in the right manner with the right mindset which rebuilds investor confidence in Pakistan. To this end, long-term structural reforms that reshape our economy are crucial. While some of these may come through conditions of our IMF package, there is a role the State can play in proactively moving towards a better economic landscape, especially by widening the tax net and discouraging capital flight to unproductive sectors. We look forward to playing our role in such advocacy on these macro challenges.

Acknowledgement

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

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

Muhammed Amin
Director

Mohammad Shamoon Chaudry
Chief Executive Officer

EMPLOYEE ENGAGEMENT

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 Beach Resort (Manora), where employees indulged in various sporting and recreational activities

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

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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, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

AFerguson & Co

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 03, 2024

UDIN: CR202310160d7D2Cx4NF

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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, 2023

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

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

2. The composition of Board as at December 31, 2023, was as follows:

Category	Names
Independent Directors	Mr. Muhammed Amin Mr. Isfandiyar Shaheen
Non-executive Directors	Mr. Hussain Dawood (Chairman) Mr. Abdul Samad Dawood (Vice Chairman) Ms. Sabrina Dawood (Female Director) Mr. Zamin Zaidi Mr. Muhammad Bilal Ahmed
Executive Director	Mr. Mohammad Shamoon Chaudry (Chief Executive Officer - 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. The Company is compliant in respect of certification of all directors who are required to be certified under the Director's Training program;

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

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

Dawood Hercules Corporation Limited
Year ended December 31, 2023

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

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

a) Board Audit Committee:

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

b) Human Resource and Remuneration Committee

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

c) Board Investment Committee:

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

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

14 The frequency of meetings (quarterly/half yearly/yearly) of the committees were as follows:
   a) Board Audit Committee: Four (04) meetings held during the financial year ended on December 31, 2023.
   b) Human Resource and Remuneration Committee: Two (02) meetings held during the financial year ended on December 31, 2023.
   c) Board Investment Committee: No meeting held during the financial year ended on December 31, 2023.

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

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

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

Dawood Hercules Corporation Limited
For the year ended December 31, 2023

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

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

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

Mohammad Shamoon Chaudry.
Chief Executive Officer

Hussain Dawood
Chairman

Karachi
Date: March 11, 2024

UNCONSOLIDATED FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REVIEW 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, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Return on investments – net** (Refer note 20 to the unconsolidated financial statements) Return on investment 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 Report 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 report 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 unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 03, 2024

UDIN: AR202310160jaGw1WS3n

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KARACHI LAHORE ISLAMABAD

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	2023	2022
		------- (Rupees in '000) -------	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**44,485**	110,616
Right-of-use assets	5	**22,938**	40,141
Investment properties	6	**50,680**	-
Capital work-in-progress	7	**-**	1,921
Long-term investments	8	**23,308,927**	23,748,950
Deferred taxation	16	**-**	304,935
		23,427,030	24,206,563
CURRENT ASSETS			
Advances, deposits and prepayments	9	**11,301**	41,829
Other receivables	10	**101,972**	143,529
Short-term investments	11	**8,550,096**	10,530,484
Cash and bank balances	12	**33,123**	8,695
		8,696,492	10,724,537
TOTAL ASSETS		**32,123,522**	34,931,100
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorised share capital	13	**10,000,000**	10,000,000
Issued, subscribed and paid-up share capital	13	**4,812,871**	4,812,871
Reserves		**23,760,295**	22,071,883
TOTAL EQUITY		**28,573,166**	26,884,754
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	14	**7,870**	27,873
Defined benefit liabilities	15	**5,103**	6,151
Deferred taxation	16	**213,490**	-
		226,463	34,024
CURRENT LIABILITIES			
Short-term running finance	17	**-**	6,486,683
Current portion of lease liabilities	14	**20,002**	15,537
Trade and other payables	18	**79,491**	92,637
Unclaimed dividend		**901,814**	381,678
Accrued mark-up		**-**	157,666
Taxation - provision less payments		**2,322,586**	878,121
		3,323,893	8,012,322
TOTAL LIABILITIES		**3,550,356**	8,046,346
TOTAL EQUITY AND LIABILITIES		**32,123,522**	34,931,100
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 34 form an integral part of these unconsolidated financial statements.

Kamran Hanif	Mohammad Shamoon Chaudry	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2023

	Note	2023	2022
		------- (Rupees in '000) -------	
Return on investments - net	20	**14,788,132**	6,222,433
Administrative expenses	21	**(229,135)**	(252,687)
Gross profit		**14,558,997**	5,969,746
Other income / (expenses) - net	22	**93,028**	26,842
Operating profit		**14,652,025**	5,996,588
Finance costs	23	**(326,848)**	(716,003)
Profit before taxation		**14,325,177**	5,280,585
Taxation	24	**(3,975,404)**	(1,588,311)
Profit after taxation		**10,349,773**	3,692,274
		--------------Rupees-------------	
Earnings per share – basic and diluted	25	**21.50**	7.67

The annexed notes 1 to 34 form an integral part of these unconsolidated financial statements.

Kamran Hanif	Mohammad Shamoon Chaudry	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	**2023**	2022
		------- (Rupees in '000) -------	
Profit after taxation		**10,349,773**	3,692,274
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement gain relating to defined benefit liabilities	15.10	**1,807**	3,850
Total comprehensive income for the year		**10,351,580**	3,696,124

The annexed notes 1 to 34 form an integral part of these unconsolidated financial statements.

Kamran Hanif	**Mohammad Shamoon Chaudry**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Issued, subscribed and paid-up capital	**---------------- Revenue reserves ----------------**			
	Ordinary shares	**General reserve**	**Unappropriated profit**	**Sub-total revenue reserves**	**Total**
	---------------------------------- (Rupees in '000) ----------------------------------				
Balance as at January 1, 2022	4,812,871	700,000	24,895,066	25,595,066	30,407,937
Total comprehensive income for the year ended December 31, 2022					
Profit after taxation	-	-	3,692,274	3,692,274	3,692,274
Other comprehensive income	-	-	3,850	3,850	3,850
	-	-	3,696,124	3,696,124	3,696,124
Transactions with owners					
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)
	-	-	(7,219,307)	(7,219,307)	(7,219,307)
Balance as at December 31, 2022	4,812,871	700,000	21,371,883	22,071,883	26,884,754
Total comprehensive income for the year ended December 31, 2023					
Profit after taxation	-	-	10,349,773	10,349,773	10,349,773
Other comprehensive income	-	-	1,807	1,807	1,807
	-	-	10,351,580	10,351,580	10,351,580
Transactions with owners					
1st interim cash dividend @ 150% for the year ended December 31, 2023 (Rs 15 per ordinary share)	-	-	(7,219,307)	(7,219,307)	(7,219,307)
2nd interim cash dividend @ 10% for the year ended December 31, 2023 (Rs 1 per ordinary share)	-	-	(481,287)	(481,287)	(481,287)
3rd interim cash dividend @ 20% for the year ended December 31, 2023 (Rs 2 per ordinary share)	-	-	(962,574)	(962,574)	(962,574)
	-	-	(8,663,168)	(8,663,168)	(8,663,168)
Balance as at December 31, 2023	4,812,871	700,000	23,060,295	23,760,295	28,573,166

The annexed notes 1 to 34 form an integral part of these unconsolidated financial statements.

Kamran Hanif	**Mohammad Shamoon Chaudry**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Note	2023	2022
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operations	28	**(47,753)**	(125,058)
Mark-up paid on short term running finance		**(478,866)**	(602,931)
Taxes paid		**(2,012,514)**	(1,299,643)
Defined benefit liabilities paid		**(3,603)**	(3,846)
Long-term investments made		**-**	(375,000)
Short-term investments redeemed / made - net		**5,582,702**	(1,381,794)
Dividends received	20.1	**11,605,108**	8,480,047
Interest received on bank deposits, TDRs and T-Bills		**27,978**	307,772
Net cash generated from operating activities		**14,673,052**	4,999,547
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4.1	**(191)**	(66,823)
Proceeds from disposal of property and equipment		**1,626**	4,807
Proceeds from loans to EMPAK		**-**	282,200
Net cash generated from investing activities		**1,435**	220,184
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid during the year		**(20,344)**	(27,757)
Dividends paid		**(8,143,032)**	(7,061,904)
Net cash used in financing activities		**(8,163,376)**	(7,089,661)
Net increase / (decrease) in cash and cash equivalents		**6,511,111**	(1,869,930)
Cash and cash equivalents at the beginning of the year		**(6,459,981)**	(4,590,051)
Cash and cash equivalents at the end of the year	29	**51,130**	(6,459,981)

The annexed notes 1 to 34 form an integral part of these unconsolidated financial statements.

Kamran Hanif
Chief Financial Officer

Mohammad Shamoon Chaudry
Chief Executive Officer

Muhammed Amin
Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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.

2. MATERIAL 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 (the Act); and
- Provisions of and directives issued under the Act.

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

2.2.2 The assumptions and estimates which are significant to the preparation of these unconsolidated financial statements are disclosed in note 3.

2.2.3 Standards, interpretations and amendments to accounting and reporting standards.

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

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except as mentioned below:

The Company has disclosed material accounting policies in these financial statements in line with the amendments to 'IAS-1 - Presentation of Financial Statements'.

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

There are certain new standards and amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2024. However, these amendments will not have any significant effect on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.3 Property and equipment

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

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

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

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

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

Depreciation is charged to statement of profit or loss applying the straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

2.4 Investment properties

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

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

Depreciation is charged to statement of profit or loss applying the straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 6 to these unconsolidated financial statements. Depreciation on additions is charged from the following month in which the asset is available for use and on disposals up to the month the asset is no longer in use. The assets’ residual values and useful lives are reviewed annually, and adjusted, if material.

The residual values and useful lives of investment properties are reviewed at each reporting date and adjusted, if appropriate.

The Company assesses at each reporting date whether there is any indication that an investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

2.5 Investment in subsidiary

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

- it has power over the investee entity;
- it has exposure, rights, to variable returns from its involvement with the investee entity; and
- it has ability to use its power over the investee entity to affect the amount of the Company's returns.

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

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

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss

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

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

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

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

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

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in statement of profit or loss.

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

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

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

b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the statement of profit or loss.

The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

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

2.7 Cash and cash equivalents

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

2.8 Staff retirement 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 every year using the projected unit credit method. Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognised in unconsolidated statement of other comprehensive income.

2.9 Provisions

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

2.10 Dividend and appropriation to reserves

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

2.11 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 the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

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

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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.

2.12 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.

2.13 Revenue recognition

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

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

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

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

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

2.14 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupee, 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 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 and equipment and investment properties

The Company reviews the appropriateness of the rates of depreciation, 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.

3.2 Staff retirement benefits

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 15 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 investment in subsidiary

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

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.

	Note	**2023**	2022
		------- (Rupees in '000) -------	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	**44,485**	110,616

4.1 The following is the statement of operating fixed assets:

	Leasehold land	Building on leasehold land	Leasehold improve-ments	Furniture, fittings and equipment (note 4.1.3)	Data processing equipment	Vehicles	Total
	(Rupees in '000)						
At January 1, 2022							
Cost	22,716	7,500	10,852	36,138	81,571	59,749	218,526
Accumulated depreciation	-	(7,426)	(7,624)	(20,470)	(68,810)	(52,214)	(156,544)
Net book value	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	-	-	-	(1,294)	(7,455)	(2,778)	(11,527)
Accumulated depreciation	-	-	-	1,181	6,507	2,687	10,375
Net book value	-	-	-	(113)	(948)	(91)	(1,152)
Depreciation charge for the year (note 21)	-	(358)	(1,085)	(3,893)	(6,939)	(4,762)	(17,037)
Net book value as at December 31, 2022	22,716	28,337	2,143	42,780	5,793	8,847	110,616
Year ended December 31, 2023							
Additions	-	-	-	191	-	-	191
Disposals							
Cost	-	-	-	(2,188)	(5,770)	(12)	(7,970)
Accumulated depreciation	-	-	-	2,136	5,535	12	7,683
Net book value	-	-	-	(52)	(235)	-	(287)
Transfer to investment properties (notes 4.1.2 & 6.1)							
Cost	(22,716)	(36,121)	(10,852)	-	-	-	(69,689)
Accumulated depreciation	-	7,784	8,709	-	-	-	16,493
Net book value	(22,716)	(28,337)	(2,143)	-	-	-	(53,196)
Depreciation charge for the year (note 21)	-	-	-	(5,888)	(3,624)	(3,327)	(12,839)
Net book value as at December 31, 2023	-	-	-	37,031	1,934	5,520	44,485
At December 31, 2022							
Cost	22,716	36,121	10,852	65,962	75,035	63,136	273,822
Accumulated depreciation	-	(7,784)	(8,709)	(23,182)	(69,242)	(54,289)	(163,206)
Net book value	22,716	28,337	2,143	42,780	5,793	8,847	110,616
At December 31, 2023							
Cost	-	-	-	63,965	69,265	63,124	196,354
Accumulated depreciation	-	-	-	(26,934)	(67,331)	(57,604)	(151,869)
Net book value	-	-	-	37,031	1,934	5,520	44,485
Annual rate of depreciation (%)	-	5	10	10 - 12.5	33.3 - 50	20	

4.1.1 Cost of items of property and equipment that are fully depreciated as at December 31, 2023 amounts to Rs 123.474 million (2022: Rs 130.889 million).

4.1.2 During the year, the Company entered into a rental agreement with Engro Corporation Limited, a related party. Accordingly, the Company transferred its leasehold land, building thereon and related leasehold improvements from property and equipment to investment properties measured at cost model.

4.1.3 This represents assets held by third party on behalf of the Company:

	2023		2022	
Class of asset	Cost	Net book value	Cost	Net book value
	------------------------ (Rupees in '000) ----------------------			
Furniture, fittings and Equipment	8,262	4,602	8,262	5,462

These are situated at the office of Dawood Investments (Private) Limited [formerly known as Patek (Private) Limited], Dawood Centre, M.T. Khan Road, Karachi

	Note	2023	2022
		------------- (Rupees in '000) -----------	
5. RIGHT-OF-USE ASSETS - PROPERTY			
Net book value as at December 31	5.1	**22,938**	40,141
5.1 Reconciliation of carrying amount at beginning and end of the year			
Cost			
At the beginning of the year		**51,610**	41,141
Additions during the year		**-**	51,610
Lease matured during the year		**-**	(41,141)
At December 31		**51,610**	51,610
Accumulated depreciation			
At the beginning of the year		**(11,469)**	(37,027)
Depreciation charge for the year	21	**(17,203)**	(15,583)
Lease matured during the year		**-**	41,141
At December 31		**(28,672)**	(11,469)
Net book value		**22,938**	40,141
Annual rate of depreciation (%)		**33.33**	33.33
6. INVESTMENT PROPERTIES			
Net book value as at December 31	6.1	**50,680**	-

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

Year ended December 31, 2023	Note	Leasehold land	Building on leasehold land	Leasehold improvements	Total
Cost		------------------------- (Rupees in '000) -------------------------			
At the beginning of the year		-	-	-	-
Transfer from property and equipment	5.1	22,716	36,121	10,852	69,689
At December 31		22,716	36,121	10,852	69,689
Accumulated depreciation					
At the beginning of the year		-	-	-	-
Transfer from property and equipment	4.1	-	(7,784)	(8,709)	(16,493)
Depreciation charge for the year	21	-	(1,431)	(1,085)	(2,516)
At December 31		-	(9,215)	(9,794)	(19,009)
Net book value		22,716	26,906	1,058	50,680
Annual rate of depreciation (%)		-	5 - 10	5 - 10	

6.2 Fair value of the investment properties as at the reporting date amounts to Rs 1,384.32 million (2022: Rs Nil), which has been determined by external valuer M/s Savills on the basis of market value. The Company's investment properties are situated at 68, Margalla Road, F - 6/2, Islamabad having a total area of 2,700 square yards.

	Note	2023	2022
		------- (Rupees in '000) -------	
7. CAPITAL WORK-IN-PROGRESS			
Implementation cost for an ERP		**-**	1,921
8. LONG-TERM INVESTMENTS			
Investment in subsidary - at cost	8.1	**23,308,927**	23,308,927
Other investments - at fair value through profit or loss	8.2	**-**	440,023
		23,308,927	23,748,950

	Note	2023	2022
		------- (Rupees in '000) -------	
8.1 Investment in subsidiary - at cost			
Engro Corporation Limited (ECL) - quoted			
214,469,810 (2022: 214,469,810) ordinary shares of Rs 10 each. Percentage of holding 39.97% (2022: 37.22%)	8.1.1, 8.1.2, 8.1.3 & 8.1.4	**23,308,927**	23,308,927
		23,308,927	23,308,927

8.1.1 The market value of investment in ECL as at December 31, 2023 was Rs 63,249 million (2022: Rs 56,193 million).

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

	As at December 31, 2023			As at December 31, 2022		
	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 '000) -----			----- (Rupees in '000) -----	
Pledged in favour of Fatima Fertilizer Company Limited against potential liabilities of DH Fertilizer Limited"						
Meezan Bank Limited - as agent (note 19.1.1)	10,491,800	104,918	3,094,137	10,491,800	104,918	2,748,957

8.1.3 During the year, ECLs request for cancellation of shares through buy-back of 39,536,762 shares was approved by the Central Depository Company of Pakistan Limited which increased the percentage of holding of the Company from 37.22% to 39.97%.

8.1.4 This investment is in shariah compliant quoted shares.

	Note	2023	2022
		------- (Rupees in '000) -------	
8.2 Other investments - at fair value through profit or loss			
e2e Business Enterprises (Private) Limited - unquoted [23,770,701 (2022: 23,770,701) ordinary shares of Rs 10 each] Percentage of holding 39.00% (2022: 39.00%)	8.2.1	**237,707**	237,707
Less: Accumulated impairment		**(237,707)**	(237,707)
		-	-
Octopus Limited - quoted (a subsidiary of Avanceon Limited) Consideration for swapping shares in Empiric AI (Private) Limited - (EMPAK)	11.7	**-**	440,023
		-	440,023

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

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

The Company disposed of part of its shareholding i.e. 19.86%, in e2eBE during the year 2015. However, the said disposal was not recorded by e2eBE in its register of members. The Company informed the Securities and Exchange Commission of Pakistan (the SECP) 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	2023	2022
		------- (Rupees in '000) -------	
9. ADVANCES, DEPOSITS AND PREPAYMENTS			
Considered good - unsecured			
Advances			
- to employees		**179**	167
- related party	9.1	**3,017**	3,017
- to suppliers		**506**	2,679
		3,702	5,863
Deposits		**1,614**	1,690
Prepayments		**5,985**	34,276
		11,301	41,829

9.1 This represents Rs 3.017 million (2022: Rs 3.017 million) due from The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2022: Rs 3.017 million).

	Note	2023	2022
		------- (Rupees in '000) -------	
10. OTHER RECEIVABLES			
Receivables from related parties	10.1, 10.2 & 10.3	**65,355**	65,623
Receivable from EMPAK		**34,080**	68,159
Interest accrued on investments		**2,486**	9,731
Others		**51**	16
		101,972	143,529

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

	Note	2023	2022
		------- (Rupees in '000) -------	
Dawood Corporation (Private) Limited		**5,410**	3,524
Dawood Lawrencepur Limited		**173**	147
Inbox Business Technologies Private) Limited, Karachi		**1,066**	701
Sach International (Private) Limited		**578**	922
Tenaga Generasi Limited		**294**	2,367
Reon Energy Limited		**45,751**	51,458
Engro Corporation Limited		**909**	21
Dawood Investments (Private) Limited [formerly known as 'Patek (Private) Limited']		**5,439**	2,283
Pebbles (Private) Limited		**17**	6
Cyan Limited		**2,107**	583
Others	10.4	**3,611**	3,611
		65,355	65,623

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

	2023	2022
upto 30 days	**10,677**	8,644
31 to 180 days	**6,796**	55,020
181 to 365 days	**10,142**	66,507
more than 365 days	**37,740**	3,611
	65,355	133,782

10.3 The maximum aggregate amount of 'other receivables' due from related parties at the end of any month during the year was Rs 131.251 million (2022: Rs 242.104 million). Receivables upto 30 days are not considered past due and none of these are impaired.

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

	Note	2023	2022
11. SHORT TERM INVESTMENTS		------- (Rupees in '000) -------	
At amortised cost			
Term Deposit Receipts (TDRs)	11.1	**18,007**	18,007
At fair value through profit or loss			
Government securties			
- Market Treasury bills (T-Bills)	11.2	**-**	1,899,434
Mutual funds units	11.3	**617,560**	-
Quoted shares	11.4 & 11.7	**7,914,529**	8,613,043
		8,532,089	10,512,477
		8,550,096	10,530,484

11.1 These carry profit at the rate of 17.45% per annum (2022: 10.25% per annum). The TDR is due to mature on March 21, 2024. The Bank has marked lien over this TDR against Corporate Credit Card facilities.

11.2 These securities have matured during the year on January 5, 2023. The yield on these securities was 16.65% per annum (2022: 16.65% per annum).

11.3 Particulars regarding investment in mutual funds are as follows:

	As at January 1, 2023	Purchased during the year	Redeemed during the year	As at December 31, 2023	Cost as at December 31, 2023	Fair value as at December 31, 2023	Unrealised gain as at December 31, 2023
	-------------------Number of units-------------------				----------(Rupees in '000) ----------		
Shariah Compliant mutual funds:							
Al-Hamra Islamic Income Fund	-	1,774,938	-	1,774,938	200,000	201,856	1,856
Al-Ameen Islamic Cash Fund	-	2,041,508	(763,014)	1,278,494	137,266	142,442	5,176
Meezan Sovereign Fund	-	8,881,078	(4,211,967)	4,669,111	266,629	271,442	4,813
Al-Hamra Cash Management Optimizer	-	6,333,129	(6,330,258)	2,871	313	317	4
Conventional mutual funds:							
UBL Cash Fund	-	2,729,067	(2,728,148)	919	100	102	2
MCB Cash Management Optimizer	-	9,602,527	(9,588,776)	13,751	1,398	1,401	3
					605,706	**617,560**	**11,854**

11.4 Particulars regarding quoted shares are as follows:

	As at January 1, 2023	Purchased during the year	Bonus shares received during the Year	Sold during the year	As at December 31, 2023	Cost as at December 31, 2023	Fair value as at December 31, 2023	Unrealised gain/(loss) as at December 31, 2023
	-------------------------Number of shares-------------------------					----------(Rupees in '000) ----------		
Banking, Insurance and Investment companies	65,247,590	4,509,075	-	48,539,942	21,216,723	2,980,378	3,706,597	726,219
Cement	10,358,556	697,028	-	8,783,556	2,272,028	592,458	591,127	(1,331)
Engineering	100,000	-	-	100,000	-	-	-	-
Exploration and production	8,441,942	11,888,749	-	4,956,246	15,374,445	1,995,776	2,168,859	173,083
Fertilizer	2,013,982	1,339,001	-	3,352,983	-	-	-	-
Technology and communication	9,158,784	1,252,033	1,176,260	651,500	10,935,577	1,249,421	1,242,446	(6,975)
Oil Marketing companies	1,381,018	-	-	381,018	1,000,000	150,385	176,700	26,315
Textile	1,617,982	-	502,991	1,720,973	400,000	10,442	28,800	18,358
Power	8,273,682	-	-	8,273,682	-	-	-	-
						6,978,860	**7,914,529**	**935,669**

11.5 Investment in shariah compliant quoted shares includes fair value of Rs 4,425 million (2022: 3,193 million).

11.6 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 17) are as follows:

	As at December 31,2023		
	Number of shares pledged	Face value of pledged shares	Market value of pledged shares
		------ (Rupees in '000) ------	
Bank Al Habib Limited - note 17.1.1			
United Bank Limited	3,163,488	31,635	562,468
			562,468
Habib Bank Limited - note 17.1.2			
United Bank Limited	11,408,000	114,080	2,028,342
			2,028,342
United Bank Limited - note 17.1.3			
Octopus Digital Limited	7,841,736	78,417	374,051
			374,051
MCB Bank Limited - note 17.1.4			
Mari Petroleum Company Limited	210,893	2,109	442,053
Pakistan Petroleum Limited	2,000,000	20,000	230,000
Systems Limited	820,548	8,205	347,584
Pakistan State Oil Company Limited	1,000,000	10,000	176,700
			1,196,337

11.7 These include 8,932,510 (2022: 7,767,400) ordinary shares of Octopus Limited which were previously classified as long-term investment as at December 31, 2022. In accordance with the share swap agreement between the Company and Avanceon Limited received in consideration against sale of shares held by the Company in EMPAK, the Company had agreed to hold these shares of Octopus Limited for atleast two (02) years ending on December 30, 2024.

12. CASH AND BANK BALANCES

	Note	2023	2022
		------- (Rupees in '000) -------	
Cash in hand		**331**	101
With banks in:			
- Current accounts	12.2	**18,262**	4,608
- Savings accounts	12.1 & 12.2	**14,530**	3,986
		32,792	8,594
		33,123	8,695

12.1 These carry markup at the rates ranging from 14.51% to 20.50% (2022: 8.26% to 14.51%) per annum.

12.2 These include shariah compliant bank balances amounting to Rs 0.117 million (2022: Rs 0.115 million).

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13. SHARE CAPITAL

13.1 Authorised share capital

2023	2022		2023	2022
------ Number of shares ------			------- (Rupees in '000) -------	
1,000,000,000	1,000,000,000	Oridanay shares of Rs 10 each	10,000,000	10,000,000

13.2 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
------ Number of shares ------			------- (Rupees in '000) -------	
13,900,000	13,900,000	Oridanay shares of Rs. 10 each fully paid in cash	139,000	139,000
467,387,116	467,387,116	Oridanay shares of Rs. 10 each issued as fully paid bonus shares	4,673,871	4,673,871
481,287,116	481,287,116		4,812,871	4,812,871

13.3 During the year, there has been no movement in the ordinary share capital of the Company.

	2023	2022
	-------- Number of shares --------	
13.4 Shares held by related parties		
Dawood Lawrencepur Limited Percentage of holding 16.19% (2022: 16.19%)	**77,931,896**	77,931,896
The Dawood Foundation Percentage of holding 3.95% (2022: 3.95%)	**18,991,988**	18,991,988
Dawood Investments (Private) Limited [formerly known as Patek (Private) Limited] Percentage of holding 9.86% (2022: 9.86%)	**47,450,048**	47,450,048
Sach International (Private) Limited Percentage of holding 0.001% (2022: 0.001%)	**6,996**	6,996
Directors, Chief Executive Officer and their spouses and minor children Percentage of holding 3.88% (2022: 3.88%)	**18,697,228**	18,697,228

	Note	2023	2022
		------- Rupees in '000 -------	
14. LEASE LIABILITIES			
Non-current portion		**7,870**	27,873
Current portion		**20,002**	15,537
Total lease liability as at December 31		**27,872**	43,410
Maturity analysis			
- within 1 year		**22,377**	20,342
- between 1 - 2 years		**8,005**	22,377
- between 2 - 3 years		**-**	8,005
Total minimum lease payments		**30,382**	50,724
Amount representing finance charges		**(2,510)**	(7,314)
Present value of minimum lease payments		**27,872**	43,410
15. DEFINED BENEFIT LIABILITIES			
Defined benefit plan - Funded gratuity	15.1 - 15.17	**5,103**	6,151

15.1 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, 2023.

15.2 The Company faces the following risks on account of the defined benefit plan:

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

Asset volatility - Investments are subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan assets.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

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

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

	2023	2022
	----- Per annum ------	
- Discount rate used for year end obligation	**15.50%**	14.50%
- Expected rate of increase in salary levels	**14.50%**	13.50%

15.4 Mortality rate

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

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

	Note	2023	2022
		------- (Rupees in '000) -------	
Present value of defined benefit obligation	15.6	**19,050**	15,708
Fair value of plan assets	15.7	**(13,947)**	(9,557)
Net liability as at December 31		**5,103**	6,151
15.6 Movement in present value of defined benefit obligation			
Obligation as at January 1		**15,708**	31,005
Current service cost		**3,731**	6,417
Interest cost		**2,093**	3,058
Benefits paid		**(2,546)**	(9,958)
Fund transferred to other group company		**-**	(10,122)
Remeasurement loss / (gain) on obligation		**64**	(4,692)
Obligation as at December 31		**19,050**	15,708
15.7 Movement in fair value of plan assets			
Fair value as at January 1		**9,557**	24,154
Interest income		**1,462**	2,479
Contributions made		**3,603**	3,846
Benefits paid		**(2,546)**	(9,958)
Fund transferred to other group company		**-**	(10,122)
Remeasurement gain / (loss) on plan assets		**1,871**	(842)
Fair value as at December 31		**13,947**	9,557
15.8 Movement in net liability			
Opening balance of net liability		**6,151**	6,851
Charge for the year	15.9	**4,362**	6,996
Contributions made by the Company		**(3,603)**	(3,846)
Net remeasurement gain for the year	15.10	**(1,807)**	(3,850)
Closing balance of net liability		**5,103**	6,151
15.9 Amounts recognised in profit or loss			
Current service cost		**3,731**	6,417
Net interest expense		**631**	579
		4,362	6,996
15.10 Remeasurement recognised in other comprehensive income			
Remeasurement (gain) / loss on defined benefit liability due to experience adjustments		**18**	(4,811)
Actuarial loss from changes in financial assumptions		**46**	119
Remeasurement (gain) / loss on plan assets		**(1,871)**	842
Net remeasurement (gain) / loss		**(1,807)**	(3,850)
15.11 Actual return on plan assets			
Expected return on plan assets		**1,462**	2,479
Remeasurement gain / (loss) on plan assets		**1,871**	(842)
Actual gain on plan assets		**3,333**	1,637

	2023		2022	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
15.12 Major categories / composition of plan assets				
Cash and cash equivalents	**11,793**	84.56%	**7,522**	78.71%
Mutual fund units - quoted	**2,154**	15.44%	**2,035**	21.29%
	13,947	100.00%	**9,557**	100.00%

15.13 Expected benefits to be paid to the funded gratuity for the year ending December 31, 2024 is Rs 2.374 million (2023: Rs 2.309 million).

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

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

	Change in assumptions	Present value of defined benefit obligation based on: Increase	Decrease
		(Rupees in '000)	
Discount rate	1%	(18,047)	20,156
Salary growth rate	1%	20,193	(17,996)

	2023	2022
	(Rupees in '000)	
15.16 Maturity Profile		
Time in years		
1	**2,374**	2,309
2	**2,456**	2,308
3	**2,545**	2,287
4	**2,637**	2,302
5-10	**44,094**	40,052
after 10 years	**230,906**	166,613
Weighted average duration (years)	**6**	6

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

16. DEFERRED TAXATION

	2023	2022
	(Rupees in '000)	
Deferred tax liability / (asset) arising on taxable temporary differences:		
Unrealised gain / (loss) on fair value through profit or loss investments	**213,490**	(304,935)

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17. SHORT TERM RUNNING FINANCE

	Note	2023	2022
		(Rupees in '000)	
Running finance under mark-up arrangements	17.1.1 - 17.1.4	**-**	2,826,683
Short-term loans		**-**	3,660,000
		-	6,486,683

17.1 Details of running finance facilities obtained by the Company are as follows:

17.1.1 Short-term running finance facility of Rs 3,000 million (2022: Rs 3,000 million) was obtained under mark-up arrangements from Bank Al Habib Limited. The amount which remained unutilised as at December 31, 2023 was Rs 3,000 million (2022: Rs 2,173.317 million). The facility is secured by way of pledge of shares as more fully explained in notes 11.6 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is three months KIBOR plus 5 basis points per annum (2022: three months KIBOR plus 10 basis points per annum) . The facility will expire on September 30, 2024.

17.1.2 Short-term running finance facility of Rs 1,500 million (2022: Rs 2,000 million) was obtained under mark-up arrangements from Habib Bank Limited. The amount which remained unutilised as at December 31, 2023 was Rs 1,500 million (2022: Rs Nil). The facility is secured by way of pledge of shares as more fully explained in note 11.6 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is three months KIBOR plus 10 basis points per annum (2022: three months KIBOR plus 10 basis points per annum). The facility will expire on June 30, 2024.

17.1.3 Short-term running finance facility of Rs 2,500 million (2022: Rs 2,500 million) was obtained under mark-up arrangements from United Bank Limited. The amount which remained unutilised as at December 31, 2023 was Rs 2,500 million (2022: 2,500 million). The facility is secured by way of pledge of shares as more fully explained in note 11.6 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is one month KIBOR plus 10 basis points per annum (2022: one month KIBOR plus 10 basis points per annum). The facility will expire on June 30, 2024.

17.1.4 Short-term running finance facility of Rs 3,000 million (2022: Rs 3000 million) was obtained under mark-up arrangements from MCB Bank Limited. The amount which remained unutilised as at December 31, 2023 was Rs 3,000 million (2022: Rs 3,000 million). The facility is secured by way of pledge of shares as more fully explained in note 11.6 to these unconsolidated financial statements. Rate of mark-up applicable to the facility is one month KIBOR plus 5 basis points per annum (2022: one month KIBOR plus 5 basis points per annum). The facility will expire on June 30, 2024.

18. TRADE AND OTHER PAYABLES

	Note	2023	2022
		(Rupees in '000)	
Creditors		**-**	2,198
Accrued expenses	18.1	**48,619**	80,503
Security deposit	18.2	**18,000**	-
Payable against provident fund		**779**	136
Other payable		**12,093**	9,800
		79,491	92,637

	2023	2022
18.1 These include amount accrued in respect of the following related party:		
The Dawood Foundation	**21,200**	21,956

18.2 This represent interest free security deposit received from Engro Corporation Limited, a related party, against property provided to them by the Company under rental agreement as fully explained in note 4.1.2. This security deposit is repayable on cancellation or termination of rental agreement and can also be adjusted against the amount of rent due.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 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 8.1.2 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 were 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.

19.1.2 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.

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

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On September 11, 2020, CIR issued an order, where he agreed with the management contention with respect to capital gain. On Intercorporate dividend decision was kept on hold due to pending decision of High Court, whereas Super Tax was charged u/s 4B @ 3% on dividend income amounting to PKR 666.9mn. Company filed an appeal with the CIRA.

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

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

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

19.1.4 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.

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 on a prudent basis has recorded a provision amounting to Rs 109 million in these unconsolidated financial statements.

19.1.5 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 CIRA on which the CIRA issued an order on September 20, 2023, 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 on the advice of tax consultant filed an appeal with the Appellate Tribunal Inland Revenue on November 15, 2023 and is expecting a favourable outcome of the appeal. Hence, no provision has been recorded in these unconsolidated financial statements.

19.1.6 During the year the Company received an income tax demand dated February 28, 2023 in relation to the Tax Year 2022. The Company received a notice from ACIR wherein ACIR stated 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 earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business'.

On November 07, 2023, ACIR issued an order wherein Company's contention with respect to profit on debt was disregarded. The Company based on the advice of its tax consultant filed an appeal with CIRA. On January 5, 2024, CIRA issued an order stating 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 on the advice of tax consultant filed an appeal with the Appellate Tribunal Inland Revenue on January 18, 2024 and is expecting a favourable outcome of the appeal. Hence, no provision has been recorded in these unconsolidated financial statements.

19.1.7 The Company has filed its annual tax return for the Tax Year 2023 within the due date i.e., September 30, 2023. However, with respect to super tax applicable under section 4C of the Income Tax Ordinance 2001, the Company has filed a petition before the Islamabad High Court on the grounds that tax on income falling under the Final Tax Regime is deducted at the time of receipt of income and is deemed full and final, therefore, no further tax should be applicable on such income. Stay order was granted by the Islamabad High Court. The department filed an appeal with the Supreme Court against the stay order. The case had been heard and decision is reserved.

The Company has on a prudent basis recorded a provision for super tax in these unconsolidated financial statements.

19.2 Commitments

19.2.1 There are no commitments as at December 31, 2023 and December 31, 2022.

20. RETURN ON INVESTMENTS

	Note	**2023**	2022
		------- (Rupees in '000) -------	
Dividend income	20.1 & 20.2	**11,605,108**	**8,480,047**
Interest income	20.3	**20,733**	**281,343**
Loss on sale of subsidiary - EMPAK		**-**	**(34,977)**
Gain on sale of mutual funds units		**21,969**	**-**
Gain / (loss) on sale of quoted shares		**12,873**	**(42,196)**
Loss on sale of Pakistan Investment Bonds (PIBs)		**-**	**(22,301)**
Unrealised gain on mutual funds units	11.3	**11,854**	**-**
Unrealised gain / (loss) on quoted shares		**3,115,595**	**(2,439,483)**
		14,788,132	**6,222,433**

20.1 Dividend income

	Note	**2023**	2022
Subsidiary - Engro Corporation Limited		**10,080,081**	**7,291,974**
Other investments	20.1.1	**1,525,027**	**1,188,073**
		11,605,108	**8,480,047**

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20.1.1 Dividend income from other investments

	2023	2022
	------- (Rupees in '000) -------	
Meezan Bank Limited	**60,125**	25,992
Habib Bank Limited	**1,500**	20,608
Abbott Laboratories (Pakistan) Limited	**-**	200
United Bank Limited	**1,091,439**	562,907
Interloop Limited	**5,477**	7,163
Lucky Cement Limited	**13,950**	-
Engro Fertilizers Limited	**13,649**	10,402
Oil & Gas Development Company Limited	**19,837**	33,067
Pakistan Petroleum Limited	**6,509**	7,414
Pakistan State Oil Company Limited	**7,500**	13,810
The Hub Power Company Limited	**26,920**	166,549
Fauji Fertilizer Company Limited	**-**	26,288
Indus Motor Company Limited	**-**	471
Systems Limited	**4,102**	1,271
Mari Petroleum Company Limited	**28,688**	11,712
MCB Bank Limited	**213,208**	271,417
Bank Alfalah Limited	**31,892**	25,475
Tri-Pack Films Limited	**-**	50
Pakistan Aluminium Beverages Cans Limited	**-**	355
Pakistan Oilfields Limited	**214**	1,035
Kot Addu Power Company Limited	**-**	1,200
Air Link Communication Limited	**-**	687
MCB Cash Management Optimizer	**17**	-
	1,525,027	1,188,073

20.2 These include dividend income earned on shariah compliant securities amounting to Rs 10,267 million (2022: 7,597 million).

20.3 Interest income

	Note	**2023**	2022
		------- (Rupees in '000) -------	
Income on T-Bills		**3,466**	46,279
Return on TDRs		**2,876**	24,463
Income on loan to EMPAK		**-**	17,107
Income on PIBs		**-**	189,457
Profit on savings accounts	20.2.1	**14,391**	4,037
		20,733	281,343

20.2.1 This includes profit earned from shariah compliant bank deposits and bank balances amounting to Rs 0.002 million (2022: Rs 0.004 million).

		Note	2023	2022
			------- (Rupees in '000) -------	
21.	**ADMINISTRATIVE EXPENSES**			
	Salaries, directors' remuneration and other benefits	21.1	**85,601**	114,481
	Rates and taxes		**746**	3,121
	Insurance		**2,587**	7,422
	Repairs and maintenance		**7,865**	7,248
	Communication, stationery and office supplies		**10,101**	10,778
	Subscription and periodicals		**53,097**	24,347
	Travelling and conveyance		**9,295**	8,746
	Depreciation on property and equipment	4.1	**12,839**	17,037
	Depreciation on right-of-use assets	5.1	**17,203**	15,583
	Depreciation on investment property	6.1	**2,516**	-
	Legal and professional charges		**2,248**	31,604
	Donations	21.2	**986**	3,218
	Other expenses		**24,051**	9,102
			229,135	252,687

21.1 Salaries, directors' remuneration and other benefits include Rs 4.362 million (2022: Rs 4.387 million) charge for the year in respect of staff gratuity and Rs 6.770 million (2022: Rs 8.677 million) in respect of recognised provident fund.

21.2 These include donations made during the year to The Dawood Foundation (an associated undertaking) aggregating Rs 0.486 million (2022: Rs 2.726 million) in which the Company's directors Mr. Hussain Dawood, Mr. Abdul Samad Dawood and Ms. Sabrina Dawood are trustees.

		Note	2023	2022
22.	**OTHER INCOME / (EXPENSE) - NET**		------- (Rupees in '000) -------	
	Gain on disposal of operating fixed assets		**1,339**	3,654
	Auditor's remuneration	22.1	**(4,703)**	(3,835)
			(3,364)	(181)
	Rental income earned from investment properties	4.1.2	**75,600**	-
	Other income		**20,792**	27,023
			93,028	26,842

		2023	2022
22.1	Auditor's remuneration		
	As statutory auditor		
	Audit fee	**1,425**	1,000
	Half year review	**387**	350
	Others	**328**	724
		2,140	2,074
	Others		
	Tax and other services	**2,349**	1,575
		4,489	3,649
	Out of pocket expenses and sales tax	**214**	186
		4,703	3,835

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

		2023	2022
23.	**FINANCE COST**	------- (Rupees in '000) -------	
	Mark-up on:		
	- Short-term running finance	**321,200**	711,019
	- Lease liabilities	**4,806**	4,383
	Bank charges	**842**	601
		326,848	716,003
24.	**TAXATION**		
	Current		
	- for the year	**2,934,656**	1,673,012
	- for prior year	**522,323**	255,919
		3,456,979	1,928,931
	Deferred tax charge / (reversal) for the year	**518,425**	(340,620)
		3,975,404	1,588,311
24.1	Relationship between tax expense and accounting profit		
	Profit before taxation	**14,325,177**	5,280,585
	Tax calculated at the rate of 29% (2022: 29%)	**4,154,301**	1,531,369
	Effect of applicability of lower tax rate (Final Tax Regime)	**(1,626,732)**	(907,008)
	Effect of inadmissible expenses / losses	**(324,670)**	277,080
	Effect of super tax	**1,168,617**	348,206
	Effect of prior year charge	**522,323**	255,919
	Others	**81,565**	82,745
		3,975,404	1,588,311

		2023	2022
25.	**EARNINGS PER SHARE**		
	Profit after taxation	**10,349,773**	3,692,274
		2023	2022
		------- (Number of shares)-------	
	Weighted average number of ordinary shares outstanding during the year	**481,287,116**	481,287,116
		2023	2022
		------- (Rupees in '000) -------	
	Earnings per share – basic and diluted	**21.50**	7.67

25.1 There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2023 and December 31, 2022.

26. 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:

	2023			2022		
	Chief Executive Officer	**Directors (note 26.2)**	**Exectives**	Chief Executive Officer	Directors (note 26.2)	Executives
	(Rupees in '000)					
Managerial remuneration	**15,656**	**-**	**23,412**	12,531	-	24,872
Bonus	**12,000**	**-**	**1,583**	2,935	-	4,174
Staff retirement gratuity	**1,304**	**-**	**1,953**	1,056	-	2,073
Provident Fund	**2,348**	**-**	**3,508**	1,880	-	3,731
Housing and Utilities	**8,611**	**-**	**12,877**	8,000	-	4,315
Medical	**1,304**	**-**	**1,948**	1,044	-	2,073
Others	**522**	**-**	**783**	484	-	22,961
	41,745	**-**	**46,064**	27,930	-	64,199
Number of persons including those who worked part of the year	**1**	**10**	**15**	1	9	18

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

26.2 Meeting fees aggregating Rs 11 million (2022: Rs 22 million) were paid to 10 directors (2022: 9 directors).

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

27. RELATED PARTY TRANSACTIONS AND BALANCES

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

27.2 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 related party	Basic of relationship	Percentage of shareholding in the company	Common directorship
Engro Corporation Limited	Subsidiary	N/A	Common directorship
Dawood Lawrencepur Limited	Associated company	16.19%	Common directorship
Cyan Limited	Associated company	N/A	Common directorship
Inbox Business Technologies (Private) 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 (Private) 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. Kamran Hanif	Key Management Personnel	N/A	N/A
Mr. Shamoon Chaudry	Key Management Personnel	N/A	N/A
Mr. Hussain Dawood	Key Management Personnel	1.25%	N/A
Mr. Samad Dawood	Key Management Personnel	0.37%	N/A
Ms. Sabrina Dawood	Key Management Personnel	0.21%	N/A
Mr. Muhammed Amin	Key Management Personnel	N/A	N/A
Mr. Isfandiyar Shaheen	Key Management Personnel	N/A	N/A
Mr. Zamin Zaidi	Key Management Personnel	N/A	N/A
Mr. Muhammad Bilal Ahmed	Key Management Personnel	N/A	N/A
Mr. Shahzada Dawood	Ex - Key Management Personnel	0.21%	N/A
Mr. Shabbir Hussain Hashmi	Ex - Key Management Personnel	N/A	N/A
Mr. Kamran Nishat	Ex - Key Management Personnel	N/A	N/A
Mr. Hasan Reza Ur Rahim	Ex - Key Management Personnel	N/A	N/A
Mr. Parvez Ghias	Ex - Key Management Personnel	N/A	N/A
Mr. Muhammed Amin	Key Management Personnel	N/A	N/A
Ms. Azmeh Dawood	Family member of KMP	1.23%	N/A
Ms. Kulsoom Dawood	Family member of KMP	0.62%	N/A
Ms. Ayesha Zeba Ghias	Family member of Ex - KMP	N/A	N/A
Staff Provident Fund	Employees' Retirement Fund	N/A	N/A
Staff Gratuity Fund	Employees' Retirement Fund	N/A	N/A

		2023	2022
		------- (Rupees in '000) -------	
27.3	Transactions with related parties are as follows:		
	Subsidiaries		
	Reimbursement of expenses made to the Company	**4,334**	11,786
	Reimbursement of expenses made by the Company	**-**	91,303
	Sale of services	**88,200**	2,343
	Dividend income	**10,080,081**	7,291,974
	Investment made	**-**	375,000
	Divestment	**-**	475,000
	Mark up on loans	**-**	17,107
	Security deposit	**18,000**	-
	Associated companies		
	Reimbursement of expenses made to the associated companies	**6,904**	26,715
	Reimbursement of expenses to the Company	**111,495**	104,846
	Investment made	**104,938**	113,884
	Divestment	**104,938**	113,884
	Mark up on loan	**8,174**	5,296
	Dividend paid	**2,598,857**	2,165,714
	Donations	**486**	2,726
	Purchase of services	**21,666**	-
	Other related parties		
	Contribution to staff retirement gratuity fund	**3,551**	3,829
	Membership fee and other subscriptions	**2,500**	2,500
	Purchase of services	**563**	1,921
	Contribution to staff provident fund	**6,353**	6,877
	Key management personnel and their family members		
	Salaries, directors' remuneration and other benefits	**68,810**	46,994
	Sale of vehicle to KMP	**965**	2,190
	Post retirement benefits plans	**4,666**	2,936
	Dividend paid	**336,573**	191,867

27.4 The amounts payable to and receivable from the related parties have been disclosed in notes 8, 9, 10, 13 and 18 to these unconsolidated financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

		Note	2023	2022
			------- (Rupees in '000) -------	
28.	**CASH (UTILISED IN) / GENERATED FROM OPERATIONS**			
	Profit before taxation		**14,325,177**	5,280,585
	Adjustment for non-cash and other items:			
	Depreciation on property and equipment	4.1	**12,839**	17,037
	Depreciation on right-of-use assets	5.1	**17,203**	15,583
	Depreciation on investment properties	6.1	**2,516**	-
	Capital work-in-progress written off		**1,921**	-
	Mark-up on lease liabilities	23	**4,806**	4,383
	Mark-up on short-term running finance	23	**321,200**	711,019
	Gain on disposal of property and equipment	22	**(1,339)**	(3,654)
	Return on investments	20	**(14,788,132)**	(6,222,433)
	Charge in respect of defined benefit liabilities	15.9	**4,362**	6,996
			(14,424,624)	(5,471,069)
28.1	Working capital changes	28.1	**51,694**	65,426
	Net cash utilised in operations		**(47,753)**	(125,058)
	Working capital changes			
	Decrease / (increase) in current assets:			
	Advances, deposits and prepayments		**30,528**	21,188
	Other receivables		**34,312**	87,068
			64,840	108,256
	(Decrease) / increase in trade and other payables		**(13,146)**	(42,830)
			51,694	65,426
29.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	12	**33,123**	8,695
	Short-term running finance	17	**-**	(6,486,683)
	Short-term investments - TDRs	11	**18,007**	18,007
			51,130	(6,459,981)
30.	**FINANCIAL INSTRUMENTS BY CATEGORY**			
	FINANCIAL ASSETS			
	At amortised cost			
	Advances and deposits		**5,316**	7,553
	Other receivables		**101,972**	143,529
	Short-term investments - TDRs		**18,007**	18,007
	Cash and bank balances		**33,123**	8,695
			158,418	177,784
	At fair value through profit or loss			
	Short-term investments - Quoted shares		**7,914,529**	8,613,043
	Short-term investments - Mutual funds units		**617,560**	-
	Short-term investments - T-Bills		**-**	1,899,434
			8,532,089	10,512,477
			8,690,507	10,690,261

	2023	2022
	------- (Rupees in '000) -------	
FINANCIAL LIABILITIES		
At amortised cost		
Short-term running finance	**-**	6,486,683
Lease liabilities	**27,872**	43,410
Trade and other payables	**79,491**	92,637
Unclaimed dividend	**901,814**	381,678
Accrued mark-up	**-**	157,666
	1,009,177	7,162,074

31. FINANCIAL RISK MANAGEMENT

31.1 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 measured and managed by the Company are explained below:

31.2 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.

31.2.1 Interest rate risk

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

- Fair value risk - Presently, fair value risk to the Company arises from 'balances with banks' and TDRs which are based on fixed interest rates. As at December 31, 2023, 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, 2023

- Future cash flow risk - Presently, there is no future cash flow risk to the Company since no item is based on floating interest rates (i.e. KIBOR based). As at December 31, 2023, had there been increase / decrease of 50 basis points in KIBOR with all other variables held constant, profit after taxation for the year then ended would have no effect.

31.2.2 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.

31.2.3 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, 2023, the Company did not have any significant financial assets exposed to price risk.

31.3 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:

	2023	2022
	------- (Rupees in '000) -------	
Advances and deposits	**5,316**	7,553
Other receivables	**101,972**	143,529
Bank balances	**32,792**	8,594
Short-term investments	**18,007**	18,007
	158,087	177,683

The credit quality of the Company's balances with banks and short term investments aggregating Rs 50.799 million (2022: Rs 26.601 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, 2023, the Company had government backed investments amounting to Rs Nil (2022: Rs 1,899.434 million) on which there is no credit risk.

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

31.4 Liquidity risk

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

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

	Contractual cashflows	Less than one year	Between one to five years
	------------- (Rupees in '000) -------------		
2023			
Financial liabilities			
Lease liabilities	30,382	22,377	8,005
Trade and other payables	30,872	30,872	-
Unclaimed dividend	901,814	901,814	-
	963,068	955,063	8,005
2022			
Financial liabilities			
Short-term running finance	6,486,683	6,486,683	-
Lease liabilities	50,724	20,342	30,382
Trade and other payables	12,134	12,134	-
Unclaimed dividend	381,678	381,678	-
Accrued mark-up	157,666	157,666	-
	7,088,885	7,058,503	30,382

31.5 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, 2023

	As at December 31, 2023			As at December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	---------------------------- (Rupees in '000) ------------------------------					
Financial assets 'at fair value through profit or loss'						
- Quoted shares	7,914,529	-	-	8,613,043	-	-
- Mutual funds units	-	617,560	-	-	-	-
- Government securities - Treasury Bills (T-Bills)	-	-	-	-	1,899,434	-

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

Mutual funds units

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

Quoted shares

The fair value of the Company's short term investments carried at fair value as disclosed in note 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.

31.5.2 During the year ended December 31, 2023, 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.

31.5.3 The fair value of all financial assets and financial liabilities held at amortised cost is a reasonable approximation of its carrying amount.

32. 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 proportion of borrowings to equity at the year end was:

	2023	2022
	------- (Rupees in '000) -------	
Total Borrowings	-	6,486,683
Total Equity	28,573,166	26,884,754
	28,573,166	33,371,437
Gearing ratio	0.00%	24.13%

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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.

33. NUMBER OF EMPLOYEES

The total and average number of employees during the years ended December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
	------- (Rupees in '000) -------	
Average number of employees during the year	**21**	24
Number of employees as at the end of the financial year	**21**	22

34. GENERAL

34.1 The Board of Directors in its meeting held on March 11, 2024 proposed a cash dividend of Rs Nil per share (2022: Rs Nil per share) for the year ended December 31, 2023 subject to approval of members at the annual general meeting to be held on April 26, 2024. This is in addition to the interim cash dividends aggregating Rs 18 per share (2022: Rs 15 per share) resulting in a total dividend for the year of Rs 8,663.168 million (2022: Rs 7,219.307 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.

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

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

34.4 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.

34.5 These unconsolidated financial statements have been authorised for issue on March 11, 2024 by the Board of Directors of the Company. The directors have the power to amend and re-issue the financial statements.

Kamran Hanif	**Mohammad Shamoon Chaudry**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED FINANCIAL STATEMENT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Hercules Corporation Limited

Opinion

We have audited the annexed consolidated financial statements of Dawood Hercules Corporation Limited (the Holding Company) and its subsidiaries (together 'the Group'), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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S. No.	Key audit matter	How the matter was addressed in our audit
(1)	**Sale of thermal assets** (Refer notes 2.1, 5.1.1 and 8.6 to the consolidated financial statements) In view of the Group's decision to dispose its thermal portfolio, management performed an impairment assessment to determine whether the carrying amount of its thermal assets, individually considered as a cash generating unit, exceeded its recoverable amount in line with the requirements of International Accounting Standard 36 – 'Impairment of Assets'. The fair value measurement was based on multiple bids from market participants which was corroborated using management's internal model which involved estimation of future cash flows of thermal assets and determination of recoverable amount using assumptions and estimates. As a result of the assessment, management has recognised an impairment of Rs 29,950.111 million against the carrying value of thermal assets. As impairment assessment required management's use of significant judgement in estimating recoverable amount with material impact on the consolidated financial statements, we considered this as a key audit matter.	Our audit procedures, amongst others, included the following: • considered indicators requiring management to carry out impairment assessment; • obtained understanding of the management's process of assessment, including methodology used to estimate recoverable amount; • evaluated reasonableness of key information, assumptions and estimates used by management to determine recoverable amount. For this purpose, we involved our internal expert, where required; and • assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the applicable accounting and reporting standards.
(2)	**Income tax and sales tax provisions and contingencies** (Refer notes 34.1.2.1, 34.1.2.3, 34.1.3.1 to 34.1.3.3, 34.1.3.7, 34.1.3.8, 34.1.4.2, 34.1.6 and 43 to the consolidated financial statements) The Group has recognised provisions and has disclosed contingent liabilities in respect of certain income tax and sales tax matters which are pending adjudication before various appellate and legal forums. Provisions and contingencies require management of the Group to make judgements and estimates in relation to the interpretation of	Our audit procedures, amongst others, included the following: • obtained and examined details of the documentation relating to pending tax matters and discussed the same with the management; • circularised confirmations to the external legal and tax advisors for their views on matters being handled by them; • 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;

laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for recognition and measurement of any provision and disclosure in respect of such provisions and contingencies.

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

- checked correspondence with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues volved or matters which have similarities with the issues involved;
- checked the mathematical accuracy of the calculations underlying the provisions; and
- assessed the adequacy of the related disclosures made in the consolidated financial statements in accordance with the applicable accounting and reporting standards

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

(Refer notes 16 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, 2023, the Group has following receivables from CPPA-G:

- Trade debts amounting to Rs 66,985.143 million which include overdue debts of Rs 46,463.764 million;
- Delayed payment charges amounting to Rs 18,514.398 million which include overdue receivables of Rs 14,630.961 million; and
- Reimbursable costs amounting to Rs 4,993.689 million.

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

Due to delays in recovery, the subsidiary companies have financed their operations through short financing arrangements and by delaying the settlement of trade and other payables.

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

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 receivable balance from CPPA-G;
- checked receipts from CPPA-G with bank statements;
- made inquiries from the management and inspected minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of outstanding amounts;
- inspected terms of the Agreement and discussed the same with the management;
- checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised there against;
- assessed the availability of finance with EPQL and EPTL to fund their business operations through committed credit lines obtained from various financial institutions; and
- assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to pwc

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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.

Afferguson & Co

A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: April 03, 2024
UDIN: AR2023101601kSFyJrwg

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		------ (Rupees in '000) ------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**339,373,902**	329,989,765
Right-of-use assets	6	**13,142,135**	13,368,964
Intangible assets	7	**6,530,945**	6,774,962
Long-term investments	8	**34,485,322**	36,521,269
Deferred taxation	9	**-**	406,595
Financial assets at amortised cost	10	**1,051,611**	3,783,265
Derivative financial instruments	11	**963,207**	737,319
Net investment in lease	12	**56,961,334**	52,160,406
Long-term loans, advances, deposits and other receivables	13	**4,925,619**	3,816,788
		457,434,075	447,559,333
Current Assets			
Stores, spares and loose tools	14	**12,939,358**	9,834,814
Stock-in-trade	15	**33,736,767**	30,242,789
Trade debts	16	**75,497,556**	71,195,463
Loans, advances, deposits and prepayments	17	**9,551,732**	6,891,543
Other receivables	18	**50,184,492**	36,096,420
Accrued income		**4,396,241**	2,279,037
Contract assets	19	**16,880,213**	14,124,293
Current portion of net investment in leases	12	**7,887,464**	5,683,292
Short-term investments	20	**78,630,124**	96,635,951
Cash and bank balances	21	**67,128,803**	44,995,322
		356,832,750	317,978,924
Assets classified as held for sale	22	**1,525,396**	-
TOTAL ASSETS		**815,792,221**	765,538,257

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	Note	2023	2022
		------ (Rupees in '000) ------	
EQUITY & LIABILITIES			
Equity			
Share capital	23	**4,812,871**	4,812,871
Revaluation reserve on business combination		**1,665**	1,665
Maintenance reserve	24	**258,607**	60,117
Other equity		**(3,932,955)**	-
Exchange revaluation reserve		**854,909**	601,674
Hedging reserve		**341,086**	259,838
Remeasurement of investments		**(524,630)**	(322,661)
General reserve		**700,000**	700,000
Unappropriated profit		**63,277,411**	64,115,162
Remeasurement of post-employment benefits		**(57,912)**	(66,652)
		60,918,181	65,349,143
Non-Controlling Interest		**65,731,052**	70,162,014
		167,166,220	178,498,202
Total Equity		**232,897,272**	248,660,216
Liabilities			
Non-Current Liabilities			
Borrowings	25	**162,072,043**	156,173,794
Government grant	26	**2,020,187**	1,472,279
Deferred taxation	9	**18,866,469**	13,395,214
Lease liabilities	27	**66,785,160**	62,397,791
Deferred liabilities	28	**4,457,982**	3,640,044
Long-term provisions	29	**-**	2,952,970
		254,201,841	240,032,092
Current Liabilities			
Trade and other payables	30	**182,915,947**	125,868,610
Contract liabilities	31	**14,427,927**	12,980,370
Accrued interest / mark-up	32	**2,807,643**	2,922,372
Current portion of			
- borrowings	25	**28,580,236**	27,699,919
- Government grant	26	**452,387**	353,201
- lease liabilities	27	**10,637,203**	9,062,433
- deferred liabilities	28	**626,493**	577,116
- long-term provisions	29	**27,153,499**	25,503,815
Taxation - provision less payments		**15,713,564**	19,066,343
Short-term borrowings	33	**31,639,719**	39,471,643
Dividend payable		**13,738,490**	13,340,127
		328,693,108	276,845,949
TOTAL LIABILITIES		**582,894,949**	516,878,041
TOTAL EQUITY AND LIABILITIES		**815,792,221**	765,538,257
CONTINGENCIES AND COMMITMENTS			

The annexed notes from 1 to 65 form an integral part of these consolidated financial statements.

Kamran Hanif	Mohammad Shamoon Chaudry	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
As at December 31, 2023

	Note	2023	2022
		------ (Rupees in '000) ------	
CONTINUING OPERATIONS			
Revenue	35	**482,488,902**	356,642,844
Cost of revenue	36	**(326,853,053)**	(251,961,106)
Gross profit		**155,635,849**	104,681,738
Selling and distribution expenses	37	**(11,620,761)**	(9,325,850)
Administrative expenses	38	**(17,310,997)**	(12,966,810)
		126,704,091	82,389,078
Other income	39	**34,289,575**	21,318,381
Other operating expenses	40	**(7,570,677)**	(10,340,629)
Other losses:			
- Loss allowance on subsidy receivable from GoP	18.1.1	**(2,440,151)**	(522,936)
- Adjustment in respect of carrying value of thermal assets	2.1	**(29,950,311)**	-
Operating profit		**121,032,527**	92,843,894
Finance cost	41	**(44,865,294)**	(29,460,851)
Share of income from joint venture and associates	42	**5,241,861**	3,215,276
Profit before taxation		**81,409,094**	66,598,319
Taxation	43	**(45,044,457)**	(23,677,989)
Profit after taxation from continuing operations		**36,364,637**	42,920,330
DISCOUNTINUED OPERATIONS			
Profit after taxation from discontinued operations	44	**-**	71
Profit after taxation		**36,364,637**	42,920,401
Profit attributable to:			
- Owners of the Holding Company		**8,322,061**	5,866,168
- Non Controlling Interest		**28,042,576**	37,054,233
		36,364,637	42,920,401
Earnings per share - basic and diluted		------ (Rupees) ------	
- Continuing operations		**17.29**	12.19
- Discontinued operations		**-**	-
Earnings per share - basic and diluted	45	**17.29**	12.19

The annexed notes from 1 to 65 form an integral part of these consolidated financial statements.

Kamran Hanif	Mohammad Shamoon Chaudry	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
As at December 31, 2023

	Note	2023	2022
		------ (Rupees in '000) ------	
Profit after taxation from continuing operations		**36,364,637**	42,920,401
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Hedging reserve - cash flow hedges			
Profit arising during the year		**225,888**	644,514
Reclassification adjustments for loss included in statement of profit or loss		**-**	(11,577)
		225,888	632,937
Revaluation reserve on business combination			
Exchange differences on translation of foreign operations		**688,684**	680,006
		688,684	680,006
Continuing operations' loss on remeasurement of long-term investment classified at fair value through other comprehensive income	8.9 & 20.7	**(556,225)**	(906,062)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefits obligation - Actuarial gain / (loss)	47.1.3	**44,919**	(42,677)
Remeasurement of post employment benefits obligation - Actuarial loss (associate)		**(12,609)**	(58,023)
Deferred tax (reversal) / charge relating to remeasurement of post employment benefits obligation		**(13,157)**	29,659
		19,153	(71,041)
Other comprehensive income for the year - net of tax		**377,500**	335,840
Total comprehensive income for the year		**36,742,137**	43,256,241
Total comprehensive income for the year			
- Continuing operations		**36,742,137**	43,256,170
- Discontinued operations		**-**	71
		36,742,137	43,256,241
Total comprehensive income attributable to:			
- Owners of the Holding Company		**8,463,315**	5,996,587
- Non Controlling Interest		**28,278,822**	37,259,654
		36,742,137	43,256,241

The annexed notes from 1 to 65 form an integral part of these consolidated financial statements.

Kamran Hanif	**Mohammad Shamoon Chaudry**	**Muhammed Amin**
Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2023

	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 24)	Other equity	Exchange revaluation reserve	Hedging reserve	Remeasure-ment of investment	General reserve	Unappropriated Profit	Remeasurement of post employment benefits - " Actuarial (loss) / income "	Sub total	Non-controlling interest	Total
	ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY												
	RESERVES												
		CAPITAL RESERVES					REVENUE RESERVES						
	(Rupees in '000)												
Balance as at January 1, 2022	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
Total comprehensive income for the year ended December 31, 2022													
Profit for the year	-	-	-	-	-	-	-	-	5,866,168	-	5,866,168	37,054,233	42,920,401
Other comprehensive income	-	-	-	-	252,276	236,944	(337,270)	-	-	(21,531)	130,419	205,421	335,840
	-	-	-	-	252,276	236,944	(337,270)	-	5,866,168	(21,531)	5,996,587	37,259,654	43,256,241
Transactions with owners													
Dividend by ECL's subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(41,367,023)	(41,367,023)
Share issuance cost	-	-	-	-	-	-	-	-	-	-	-	-	-
First interim cash dividend for the year ended December 31, 2022 @ Rs 4.50 per share	-	-	-	-	-	-	-	-	(2,165,792)	-	(2,165,792)	-	(2,165,792)
Second interim cash dividend for the year ended December 31, 2022 @ Rs 4.50 per share	-	-	-	-	-	-	-	-	(2,165,792)	-	(2,165,792)	-	(2,165,792)
Third interim cash dividend for the year ended December 31, 2022 @ Rs 6.00 per share	-	-	-	-	-	-	-	-	(2,887,723)	-	(2,887,723)	-	(2,887,723)
	-	-	-	-	-	-	-	-	(7,219,307)	-	(7,219,307)	(41,367,023)	(48,586,330)
Balance as at December 31, 2022	4,812,871	1,665	60,117	-	601,674	259,838	(322,661)	700,000	64,115,162	(66,652)	70,162,014	178,498,202	248,660,216

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY												
	RESERVES												
		CAPITAL RESERVES			REVENUE RESERVES								
	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 24)	Other equity	Exchange revaluation reserve	Hedging reserve	Remeasure-ment of investment	General reserve	Unappropriated Profit	Remeasurement of post employment benefits - " Actuarial (loss) / income "	Sub total	Non-controlling interest	Total
	(Rupees in '000)												
Balance as at December 31, 2022 - b/f	4,812,871	1,665	60,117	-	601,674	259,838	(322,661)	700,000	64,115,162	((66,652)	70,162,014	178,498,202	248,660,216
Total comprehensive income for the year ended December 31, 2022													
Profit for the year	-	-	-	-	-	-	-	-	8,322,061	-	8,322,061	28,042,576	36,364,637
Other comprehensive income	-	-	-	-	253,235	81,248	(201,969)	-	-	8,740	141,254	236,246	377,500
	-	-	-	-	253,235	81,248	(201,969)	-	8,322,061	8,740	8,463,315	28,278,822	36,742,137
Transactions with owners													
Shares purchased by ECL for cancellation	-	-	-	(3,932,955)	-	-	-	-	-	-	(3,932,955)	(7,696,347)	(11,629,302)
Dividend by ECL and its subsidiaries allocable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(32,212,611)	(32,212,611)
First interim cash dividend for the year ended December 31, 2023 @ Rs15.00 per share	-	-	-	-	-	-	-	-	(7,219,307)	-	(7,219,307)	-	(7,219,307)
Second interim cash dividend for the year ended December 31, 2023 @ Rs 1.00 per share	-	-	-	-	-	-	-	-	(481,287)	-	(481,287)	-	(481,287)
Third interim cash dividend for the year ended December 31, 2023 @ Rs 2.00 per share	-	-	-	-	-	-	-	-	(962,574)	-	(962,574)	-	(962,574)
Transfer from unappropriated profit to maintainance reserve (note 24.2)			198,490						(496,644)		(298,154)	298,154	-
	-	-	198,490	(3,932,955)	-	-	-	-	(9,159,812)	-	(12,894,277)	(39,610,804)	(52,505,081)
Balance as at December 31, 2023	4,812,871	1,665	258,607	(3,932,955)	854,909	341,086	(524,630)	700,000	63,277,411	(57,912)	65,731,052	167,166,220	232,897,272

The annexed notes from 1 to 65 form an integral part of these consolidated financial statements.

Kamran Hanif
Chief Financial Officer

Mohammad Shamoon Chaudry
Chief Executive Officer

Muhammed Amin
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Note	2023	2022
		------ (Rupees in '000) ------	
Cash flows from operating activities			
Cash generated from operations	48	**172,191,050**	104,179,035
Retirement and other service benefits paid - net		**(318,228)**	(246,681)
Proceeds from net investment in lease		**7,084,264**	4,789,991
Finance income received on net investment in lease		**7,541,283**	6,139,802
Deferred incentive		**(183,165)**	(102,595)
Financial charges paid		**(37,794,212)**	(20,550,742)
Taxes paid		**(42,519,386)**	(17,382,218)
Long-term loans and advances - net		**(1,195,347)**	(1,287,068)
Bank balance held under lien		**(386,038)**	(723,543)
Net cash generated from operating activities		**104,420,221**	74,815,981
Cash flows from investing activities			
Purchases of property, plant & equipment and intangible assets		**(31,365,704)**	(40,854,567)
Sale proceeds on disposal of property, plant and equipment		**728,412**	619,487
Investments redeemed / (made) during the year - net		**23,141,188**	(63,803,032)
Income on deposits / other financial assets		**16,320,554**	13,016,851
Dividends received		**3,567,313**	2,120,573
Net cash generated / (utilised in) from investing activities		**12,391,763**	(88,900,688)
Cash flows from financing activities			
Borrowings / deferred liabilities - net		**(22,966,352)**	(6,079,724)
Payment for own shares purchased and cancelled		**(11,629,302)**	-
Lease rentals paid		**(16,709,186)**	(12,596,759)
Dividends paid		**(40,477,385)**	(36,811,892)
Net cash utilised in financing activities		**(91,782,225)**	(55,488,375)
Net increase / (decrease) in cash and cash equivalents		**25,029,759**	(69,573,082)
Cash and cash equivalents at the beginning of the year		**18,848,958**	86,258,582
Effects of exchange rate changes on cash and cash equivalents		**2,882,264**	2,163,458
Cash and cash equivalents at the end of the year	49	**46,760,981**	18,848,958

The annexed notes from 1 to 65 form an integral part of these consolidated financial statements.

Kamran Hanif
Chief Financial Officer

Mohammad Shamoon Chaudry
Chief Executive Officer

Muhammed Amin
Director

1. LEGAL STATUS AND OPERATIONS

1.1 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.

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

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

Business Unit	**Geographical Location**
Head / Registered offices	
- The Holding Company	Dawood Center, M. T. Khan Road, Karachi. Further, a liaison office is in Islamabad.
- Engro Corporation Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi.
- Engro Fertilizers Limited (Efert)	7th and 8th floor, The Harbour Front Building, Plot No. HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited (EPCL)	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
- Elengy Terminal Pakistan Limited (ETPL)	4th Floor, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme Number 5, Clifton, Karachi.
- Engro Energy Limited (EEL)	16th Floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private) Limited (EEAPL)	8th 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	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Connect (Private) Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Thermal Vision (Private) Limited	22nd Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad.

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Regional offices	
- Engro Corporation Limited	22nd Floor, Ufone Tower Jinnah Avenue, Blue Area, Islamabad
- Engro Polymer and Chemicals Limited	6th Floor, 301-R Hally Tower, Phase II, DHA, Lahore
Manufacturing plants	
- Engro Fertilizers Limited	- District Ghotki, Sindh (Daharki Plant). - EZ/ 1 / P - 1 - II Eastern Zone, Port Qasim, Karachi (Zarkhez Plant) - Rahim Yar Khan, Punjab Seeds Processing Plant)
- Engro Polymer and Chemicals Limited	EZ/I/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi
- Engro Eximp Agriproducts (Private) Limited	13-Km, Sheikhupura Road, Muridke, 54800.
Power Plants	
- Engro Powergen Qadirpur Limited	Deh Belo Sanghari, Ghotki, Sindh
- Engro Powergen Thar (Private) Limited	Thar Block II, Islamkot District, Tharparkar, Sindh
Terminal	
- Elengy Terminal Pakistan Limited	Plot # OZ-I-P-81, South Western Zone, Berth no. 13, Port Qasim Karachi
Branded Outlet	
- Engro Polymer and Chemicals Limited	Plot No. 41-C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi

2. 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:*

	Percentage of shareholding of the Holding Company	
	2023	2022
Engro Corporation Limited (note 2.1)	**39.97**	37.22

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.

During the year, ECL's request for cancellation of shares through buy-back of 39,536,762 shares was approved by the Central Depository Company of Pakistan Limited which increased the percentage of holding of the Company from 37.22% to 39.97%.

"As notified to PSX on September 28, 2023 and October 31, 2023, ECL has entered into discussions with the buyer, Liberty Power Tech Limited for execution of the scheme of arrangement by way of a strategic equity partnership for disposal of its thermal assets portfolio (part of power and mining segment) held through its wholly owned subsidiary Engro Energy Limited, comprising of Engro Powergen Qadirpur Limited, Engro Powergen Thar (Private) Limited and Sindh Engro Coal Mining Company Limited. This requires ECL to assess whether the carrying amount of the thermal assets, individually considered as Cash Generating Units, exceeds its recoverable amount in line with the requirements of International Accounting Standard 36 – “Impairment of Assets”. Accordingly, the ECL has determined that the recoverable amount is lower than the carrying amount of said assets. Resultantly, an adjustment on account of impairment of Rs 29,950.311 million has been recorded in the carrying value of thermal assets (notes 5.1.1 and 8.6) in these consolidated financial statements.

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

SECP vide SRO 986 (I) / 2019 dated September 2, 2019, has granted specific exemptions to Independent Power Producers from applicability of IFRS 9, IFRS 16 and IAS 21, which have been availed by ECL while preparing consolidated financial statements since the applicability of such exemptions. Had ECL not availed such exemptions, financial results and financial position of the thermal assets may have been different from their current position, including the amount recognised as adjustment to the carrying value of thermal assets.

Furthermore, as at the reporting date, the proposed divestment does not meet the classification criteria of International Financial Reporting Standard 5 – “Non-Current Assets Held for Sale and Discontinued Operations”. Accordingly, assets and liabilities of thermal assets portfolio have not been classified as Held for Sale in these consolidated financial statements.

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

	Percentage of shareholding of ECL	
	2023	2022
- Engro Energy Limited (note 2.1.1)	**100**	100
- Engro Eximp Agriproducts (Private) Limited (note 2.1.2)	**100**	100
- Engro Infiniti (Private) Limited (note 2.1.3)	**100**	100
- Engro Eximp FZE (note 2.1.4)	**100**	100
- Elengy Terminal Pakistan Limited (note 2.1.5)	**56**	56
- Engro Fertilizers Limited (note 2.1.6)	**56.27**	56.27
- Engro Polymer and Chemicals Limited (note 2.1.7)	**56.19**	56.19
- Engro Connect (Private) Limited (note 2.1.8)	**100**	100
- Thermal Vision (Private) Limited (note 2.1.9)	**100**	-
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 2.1.10)	**50**	50
Associated Company:		
- FrieslandCampina Engro Pakistan Limited (note 2.1.11)	**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 shareholding	
	2023	2022
- Engro Power International Holding B.V. (note 2.1.1.1)	**100**	100
- Engro Energy Services Limited (note 2.1.1.2)	**100**	100
- Engro Powergen Qadirpur Limited (note 2.1.1.3)	**68.89**	68.89
- Engro Powergen Thar (Private) Limited (note 2.1.1.4)	**50.10**	50.10

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

	Percentage of direct holding	
	2023	2022
- GEL Utility Limited (note 2.1.1.5)	**45**	45
- Sindh Engro Coal Mining Company Limited (note 2.1.1.6)	**11.9**	11.9
- Pakistan Energy Gateway Limited (note 2.1.1.7)	**-**	33.3
- Siddiqsons Energy Limited (note 2.1.1.8)	**19**	19

2.1.1.1 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.

2.1.1.2 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 01, 2018 with the primary objective of analyzing potential opportunities in the power sector and undertaking service related contracts for Independent Power Projects (IPPs) based on feasibility of new ventures and to provide operations and maintenance services to IPPs. During the year, EESL has discontinued its operations. As a result, EESL is not considered as going concern.

2.1.1.3 Engro Powergen Qadirpur Limited (EPQL) is a public listed company incorporated in Pakistan on February 28, 2006 with the primary objective to undertake the business of power generation, distribution, transmission and sale. EPQL completed construction and testing of its 217.3 MW combined cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007, which is valid for a period of 25 years. The Company signed a novation agreement on February 11, 2021 with NTDC and Central Power Purchasing Agency (Guarantee) Limited (CPPA), whereby NTDC has novated its rights and obligations under the PPA to CPPA.

2.1.1.4 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. EPTL achieved its Commercial Operations Date (COD) on July 10, 2019. As at December 31, 2023, EEL holds 50.10% (2022: 50.10%) of the issued capital of EPTL while the balance shares are held by CMEC Thar Power Investment Limited (35%), Habib Bank Limited (9.5%) and Liberty Mills Limited (5.4%).

2.1.1.5 GEL Utility Limited (GEL) is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. EEL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2022: 45%) equity stake. In 2020, an impairment loss of Rs 789.195 million was recognised against the investment which represents the write down of carrying amount of investment in GEL to recoverable amount determined by reference to fair value less cost of disposal.

2.1.1.6 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS), EEL and ECL for the development, construction and operations of an open cast lignite mine in Thar Block-II of District Tharparkar, Sindh. SECMC achieved its Commercial Operation Date (CoD) of Phase I on July 10, 2019 and commenced its CoD of Phase II from October 1, 2022. During the year, PCD for Phase I has been filed and concluded on May 25, 2023.

2.1.1.7 Pakistan Energy Gateway Limited (PEGL) is a special purpose vehicle incorporated jointly with Shell Gas B.V. and Pakarab Fertilizers Limited for the purpose of developing a private integrated LNG terminal, with the three subscribers / shareholders having 33.3% shareholding each. PEGL is yet to commence its business operations. EEL in its Board meeting held on February 10, 2023, has approved the disposal of PEGL at a consideration equivalent to its carrying value. Further, EEL in its Board meeting held on August 11, 2023, authorised the management to sign Share Purchase Agreement with prospective buyer, which has been executed as at the reporting date. Accordingly, the investment has been disposed off.

2.1.1.8 EEL entered into a Joint Venture Agreement (JVA), dated May 04, 2018 with Siddiqsons Limited (SL) and Arif Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW of coal-fired power generation facility in Thar Block II, District Tharparkar, Sindh through a joint venture company, namely Siddiqsons Energy Limited (SEL). As at December 31, 2023, EEL holds 38,392,920 (2022: 38,392,920) ordinary shares of Rs 10 each in SEL representing 19% stake in SEL.

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On August 12, 2021, EEL in its Board meeting decided to resign from the Project Management Agreement. In view of the significant project delays to achieve financial close of the power project, impairment loss of Rs 383.929 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.

Further, EEL has maintained a provision amounting to Rs 92.802 million (2022: Rs 81.911 million) and Rs 185.605 million (2022: Rs 163.822 million), against the performance guarantees given by the EEL and Engineering, Procurement and Construction contractor's liability of SEL, respectively, on the basis of shareholding proportion in SEL.

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 and farming products. EEAPL has set up a rice processing plant in District Sheikhupura, which commenced commercial production in 2011.

2.1.3 Engro Infiniti (Private) Limited

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

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.

2.1.4.1 Engro LNG FZE

Engro LNG FZE (E-FZE) was incorporated as a wholly owned subsidiary of EEF on October 3, 2022 as a free zone company and operates in the United Arab Emirates under trade license issued by the Jebal Ali Free Zone Authority. The registered office of E-FZE is JAFZA One, Tower A, 11th Floor, Jebel Ali Free Zone, Dubai, United Arab Emirates.

The principal activity of E-FZE are general trading and industrial and liquefied natural gas trading. However, E-FZE has not undertaken any commercial operations since its formation.

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.

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 On July 6, 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of EFert to carry out business of trading and distribution of imported fertilizers. As part of the business reorganization, EFert transferred its business of trading and distribution of imported fertilizers to EAPL.

2.1.7 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.

Following are the subsidiaries of EPCL:

	Percentage of shareholding	
	2023	2022
- 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 is focused on marketing and trading of PVC products through its branded outlet.

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 therto. On September 23, 2021, the Board of ECL resolved for change in ownership of Enfrashare from Engro Infinity (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 Infinity (Private) Limited.

2.1.9 Thermal Vision (Private) Limited

Thermal Vision (Private) Limited (TVPL), a wholly owned subsidiary of ECL, is a private company incorporated in Pakistan on November 7, 2023. It is established with the primary objective of analyzing potential opportunities in power sector, undertake supply and service related contracts and manage Independent Power Projects (IPPs).

2.1.10 Engro Vopak Terminal Limited

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of ECL and Vopak Terminal Qasim B.V, is a public unlisted company incorporated in Pakistan on November 7, 1995. In 1996, EVTL was granted, for a period of 30 years, the exclusive concession, right and license to design, finance, insure, construct, test, commission, complete, operate, manage and maintain an Integrated Liquid Chemical Terminal and Storage Farm at the South Western Zone of Port Qasim on Build, Operate and Transfer (BOT) basis. Negotiations between EVTL and PQA are underway for extending the IA for another 30 years.

2.1.11 FrieslandCampina Engro Pakistan Limited

FrieslandCampina Engro Pakistan Limited (FCEPL), is a public listed company, incorporated in Pakistan on April 26, 2005. FCEPL is a subsidiary of FrieslandCampina Pakistan Holdings B.V., which is a subsidiary of Zuivelcooperatie FrieslandCampina UA (the Ultimate Parent Company of FCEPL).

The principal activity of FCEPL is to manufacture, process and sell dairy based products and frozen desserts. FCEPL also owns and operates dairy farms.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Basis of preparation

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

These consolidated financial statements are presented in Pakistan Rupee, 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.

3.2 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

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

3.2.2 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.

3.2.3 Standards, interpretations and amendments to accounting and reporting standards.

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

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these consolidated financial statements except as mentioned below:

The Company has disclosed material accounting policies in these consolidated financial statements in line with the amendments to 'IAS-1 - Presentation of Financial Statements'.

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

There are certain new standards and amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting period beginning on or after January 1, 2024. However, these amendments will not have any significant effect on the financial reporting of the Group and, therefore, 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 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 assumed (including contingent liabilities) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

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

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount 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.

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

3.3 Property, plant and equipment

3.3.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for free-hold land and capital work in progress which are stated at cost less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. 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. Capital work in progress includes expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

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

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other costs are charged to 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 other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

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

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

3.3.2 Dredging expenditure

Dredging expenditure is categorized into capital dredging and major maintenance dredging. Capital dredging is expenditure, which creates new harbour and deepens or extends the basin in front of jetty in order to allow access to larger ships. This expenditure is capitalized and is being depreciated over a period of 30 years.

Major maintenance dredging is expenditure incurred to restore the depth to its previous condition. The management estimates that maintenance dredging has an average service potential of 5 years. Maintenance dredging is regarded as a separate component and is capitalized and depreciated over a period of 5 years on straight line basis.

3.4 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. These are valued at weighted average cost less impairment except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

3.5 Intangible assets

a) Computer software and licenses

Costs associated with developing and maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Following initial recognition, computer software and licenses are carried at cost less accumulated amortisation and impairment losses, if any.

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

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

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.

3.6 Investments in Joint Arrangements and Associates

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Group classifies a joint arrangement as joint operation when the Group has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group classifies a joint arrangement as a joint venture when it has the rights to the net assets of the arrangement.

Investment in joint venture/ associates is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in joint venture / associates includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective evidence that the investment in joint venture / associate is impaired. If this is the case, the Group calculates the impairment loss as the difference between the recoverable amount of joint venture / associates and its carrying value and recognises the loss in the 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.

3.7 Financial instruments

3.7.1 Financial assets

Classification, initial recognition and measurement

a) Amortised cost

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

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

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

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

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss or other comprehensive income, as the case may be.

3.7.2 Financial liabilities

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

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

The Group has applied the amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 that address the issues arising during the reform of benchmark interest rates including the replacement of one benchmark with an alternative one. Applying the practical expedient, introduced in the amendments when the benchmark affecting the Group's loan is replaced, the adjustments to the contractual cashflows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loan's benchmark interest rate does not result in immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

3.7.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or 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.

3.7.4 Impairment

a) Financial assets

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

Accordingly, amounts due from the GoP are assessed in accordance with the provisions of IAS 39 at each reporting date to determine whether there is any objective evidence that one or more events have had a negative effect on the estimated future cash flows of these receivables.

For financial assets other than due from GoP, lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to twelve months ECL, under IFRS 9.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.The Group measures ECL on financial assets in a way that reflects:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b) the time value of money; and

c) reasonableness and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of provision is charged to the consolidated statement of profit or loss. Financial assets considered irrecoverable are written-off.

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The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

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.

Hedging relationships

3.8 Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.

The Group accounts for cash flow hedging relationships as follows:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge [i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)] is recognised in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument [or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with (a)] is hedge ineffectiveness that is recognised in profit or loss.

(d) the amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

(i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability.

(ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

(iii) however, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

3.9 Stores, spares and loose tools

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

3.10 Stock-in-trade

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

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Net realizable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving and obsolete stocks, where considered necessary.

3.11 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value plus directly attributable transaction costs, if any. The Group holds trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortised cost using effective interest rate method. Provision for impairment is recognised based on the policy stated in note 3.7.4.

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.

3.12 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. Bank overdrafts are shown within short term borrowings in current liabilities in the consolidated statement of financial position.

3.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in 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.

3.14 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.

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.

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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.

3.15 Leasing activities as a lessor

The Group enters into lease arrangements with respect to ETPL's LNG infrastructure for receipt, storage and regasification of LNG. Further, Enfrashare is party to an agreement that conveys the right to use energy equipment.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as 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.

3.16 Trade and other payables

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

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

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

3.17 Deferred income

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

3.18 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).

3.19 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

3.20 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.

3.21 Income tax

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.22 Retirement and other service benefits

3.22.1 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 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.

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.

3.22.2 Defined contribution plans

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

The Group operates:

- defined contribution provident funds for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate at the rate of 10% of basic salary;

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

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

3.22.3 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.

3.22.4 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.

3.23 Revenue / income recognition

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

- The Group recognizes revenue from sale of goods (including urea, chemicals, rice and other related products) at a point in time, as or when performance obligations are satisfied by transferring the control of product to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by the customer from the Group's premises or when it is delivered by the Group at customer premises, in case of local sales. For export sales, the control is transferred when the product is shipped on board and its insurance risk is borne by the customer.

- Revenue from contracts and long-term service agreements is 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.

- 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.

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- Income on Market Treasury Bills, Pakistan Investment Bonds (PIBs) and Term Deposit Receipts (TDRs) is accrued using the effective interest rate method.

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

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

- 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 respective Power Purchase Agreements (PPAs).

- 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.

  The revenue from above services is recognised using the output method, when the Group has a right to consideration for an amount that corresponds directly with the value of the Group's performance obligation completed to date and the right to invoice is established.

- Revenue from tower infrastructure provisioning is recognised on straight line basis over the non-cancellable agreement period, regardless of whether the payments from customers are received, in equal monthly amounts during the contract term. The Group considers all fixed elements of the relevant contractual escalation provisions in calculating the straight-line revenue. Revenue for cancellable agreements are recorded at the amounts invoiced to the customers, as per the agreement. The corresponding asset related to the straight-line revenue adjustments is recorded in long term loans, advances, deposits and other receivables in the consolidated statement of financial position.

- Revenue from operations and maintenance services for telecommunication infrastructure is recognised when services are rendered as the performance obligations are generally met over time as customer simultaneously receives and consumes benefits of services as and when the services are performed by the Group. The Group generally uses output method to measure progress towards satisfying a performance obligation. The Group recognises revenue at the amount of the Group's right to invoice as per the agreements with the customers if the Group's right to invoice the customers is based on the value of services transferred and the amount invoiced represents the value transferred to the customers.

- Deferred incentive revenue is recognised based on the present value of discount provided by the Group in its bundled contracts with the customers. The unwinding of discount on deferred incentive revenue is recognised as finance cost in the profit or loss. Subsequent amortisation of deferred incentive revenue is credited to revenue on a systematic basis .

- Revenue from energy support services is recognised by the Group on the basis of pass through billing as the Group does not consider that it controls the specific services before their delivery to customers. Accordingly, the Group recognises revenue arising from pass through billings on net basis.

- Revenue from providing other services (including transportation / logistics services to industrial consumers) is recognised in the accounting period in which the services are rendered, either at a point in time or over time depending on whether the nature of services allows the customer to receive and use the benefits simultaneously.

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

3.24 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 case, such costs are capitalized as part of the cost of that asset. Borrowing costs include exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments. Further, exchange differences arising on foreign currency borrowings of EEL are capitalised to the cost of the related property, plant and equipment. All other borrowing costs are charged to the consolidated statement of profit or loss.

3.25 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income in the consolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful lives of the related asset.

Government grant includes any benefit earned on account of a government loan obtained at below market rate of interest. The loan is recognised and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Group is recognised in the consolidated statement of profit or loss of the period in which the Group qualifies to receive it.

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3.26 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.

3.27 Dividend and appropriation to reserves

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

3.28 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.

3.29 Foreign currency transactions and translation

3.29.1 Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and property, plant and equipment as explained in note 5.3.

3.29.2 The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

- income and expenses for each profit or loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

4. 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) Stock-in-trade

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

Consumption of processed rice of EEAPL is recorded based on the estimates of the level of moisture content, whereas unprocessed rice paddy continues to be recorded at the moisture level initially determined at the time of procurement, until processed.

d) Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 47.

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, joint ventures and non-financial assets

In making estimates of future cash flows from investments in joint venture and associates, the management considers future dividend stream and an estimate of the terminal value of these investments, which are subject to change. In assessing carrying value of non-financial assets, the Group estimates the recoverable amount, using fair value less cost to sell or value in use, whichever is higher. In making these estimates, the Group makes judgement with respect to future cashflows, exchange rate indexation (where applicable) and discount rates (notes 5.1.1 and 8.6).

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) Provision for slow-moving stores and spares

The Group regularly reviews the provision for slow moving stores and spares to assess the consumption of stores and spares, thereby ensuring that slow moving items are provided for.

i) Contingencies and provisions

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

j) Tariff adjustment determination

As per the mechanism laid out in National Electric Power Regulatory Authority's (NEPRA) decision dated June 15, 2022, 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.

k) 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:

- **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.

- **Discount rate**

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

l) Provision for decommissioning costs

The timing of recognition of provision for decommissioning requires the application of judgement of existing facts and circumstances, which can be subject to change. In determining the present value of the provision for decommissioning, assumptions and estimates are made in relation to discount rates, the expected cost to decommission and remove the equipment from the site and the expected timing of those costs.

m) Revenue recognition

Revenue on long-term service agreements / construction contracts is recognised based on the percentage of completion method. The Group reviews the appropriateness of the stage of completion through milestones / cost incurred which ascertain the completion of a proportion of the contract work or the performance of services provided.

n) Share based payment transaction

The fair value of share-based compensation expense arising from the Long-term Incentive Plan (LTIP) is estimated using an appropriate option pricing model. It is 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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	2023	2022
	------ (Rupees in '000) ------	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (note 5.1)	**301,893,784**	300,765,556
Capital work-in-progress (note 5.7)	**33,110,396**	24,841,736
Capital spares and standby equipment	**4,369,722**	4,382,473
	339,373,902	329,989,765

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.1 Operating fixed assets

	Land		Buildings on		Lease hold improvements	Pipelines	Plant and machinery	Catalyst	Furniture, fixture and equipments		Vehicles	Aircraft	Data processing equipment	Jetty (note 5.8)	Dredging	Total
	Freehold	Leasehold	Freehold Land	Leasehold Land			Owned (note 5.8)		Owned (note 5.6)	Leased	Owned					
	(Rupees in '000)															
As at January 1, 2022																
Cost	383,308	385,099	11,830,357	1,185,703	4,312	1,833,370	233,147,679	389,711	10,511,862	721	3,570,200	615,533	37,726	4,225,528	1,932,812	**270,053,921**
Accumulated depreciation	-	(46,371)	(422,859)	(71,841)	(1,083)	(77,817)	(9,299,049)	(114,645)	(795,480)	-	(527,611)	(34,778)	(13,426)	(174,825)	(130,734)	**(11,710,519)**
Accumulated impairment	-	-	-	-	-	-	(271,144)	-	-	-	-	-	-	-	-	**(271,144)**
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**
Year ended December 31, 2022																
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 (note 5.4)	-	2,488	-	-	-	-	(32,581)	-	-	-	-	-	-	-	-	**(30,093)**
Additions including transfers	-	-	4,972,806	51,596	-	967	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)	-	-	-	-	-	-	23,282,056	-	-	-	-	-	-	-	-	**23,282,056**
Disposals / Write offs																
Cost	-	-	(43,968)	(63,117)	-	-	(2,086,344)	-	(86,648)	-	(294,354)	-	(7,455)	-	-	**(2,581,886)**
Accumulated depreciation	-	-	4,723	63,117	-	-	1,641,846	-	35,847	-	109,117	-	6,507	-	-	**1,861,157**
	-	-	(39,245)	-	-	-	(444,498)	-	(50,801)	-	(185,237)	-	(948)	-	-	**(720,729)**
Disposal of subsidiary																
Cost	-	-	-	-	-	-	-	-	(1,814)	-	-	-	(16,627)	-	-	**(18,441)**
Accumulated depreciation	-	-	-	-	-	-	-	-	213	-	-	-	13,964	-	-	**14,177**
	-	-	-	-	-	-	-	-	(1,601)	-	-	-	(2,663)	-	-	**(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 imapairment	-	111,943	-	310,120	-	-	1,036,234	-	-	-	-	-	-	-	-	**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	-	(90,251)	(1,048,525)	(86,888)	(2,168)	(161,185)	(18,613,561)	(337,029)	(2,351,989)	(1,134)	(969,464)	(186,851)	(8,769)	(349,921)	(272,528)	**(24,480,263)**
Accumulated impairment	-	111,943	-	310,120	-	-	765,090	-	-	-	-	-	-	-	-	**1,187,153**
Net book value	383,308	406,791	15,710,670	1,397,414	2,144	1,673,152	250,918,633	455,202	17,834,481	2,871	2,995,933	3,063,552	5,794	3,885,331	2,030,280	**300,765,556**
Annual rate of depreciation (%)	-	1 to 30	2.5 to 10	2.5 to 10	10	2 to 6	2.5 to 30	**No. of production days**	5 to 33	20	5 to 25	14.3	25 to 50	30	5 to 30	

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5.1 Operating fixed assets - continued

	Land		Buildings on		Lease hold improvements	Pipelines	Plant and machinery	Catalyst	Furniture, fixture and equipments		Vehicles	Aircraft	Data processing equipment	Jetty (note 5.8)	Dredging	Total
	Freehold	Leasehold	Freehold Land	Leasehold Land			Owned (note 5.8)		Owned (note 5.6)	Leased	Owned					
	(Rupees in '000)															
Year ended December 31, 2023																
Opening net book value	383,308	406,791	15,710,670	1,397,414	2,144	1,673,152	250,918,633	455,202	17,834,481	2,871	2,995,933	3,063,552	5,794	3,885,331	2,030,280	**300,765,556**
Amortisation of revaluation surplus (note 5.4)	-	2,487	-	-	-	-	(32,581)	-	-	-	-	-	-	-	-	**(30,094)**
Additions including transfers	-	23,000	3,500,287	147,558	-	-	9,462,582	886,638	6,270,439	5,042	1,776,889	595,315	-	-	245,630	**22,913,380**
Capitalisation of net exchange loss (note 5.3)	-	-	-	-	-	-	23,932,503	-	-	-	-	-	-	-	-	**23,932,503**
Disposals / Write offs (note 5.5)																
Cost	-	-	(121)	-	-	-	(225,242)	-	(210,924)	-	(495,642)	-	(5,770)	-	-	**(937,699)**
Accumulated depreciation	-	-	121	-	-	-	116,058	-	139,942	-	241,476	-	5,535	-	-	**503,132**
Accumulated impairment	-	-	-	-	-	-	29,942	-	13,180	-	-	-	-	-	-	**43,122**
	-	-	-	-	-	-	(79,242)	-	(57,802)	-	(254,166)	-	(235)	-	-	**(391,445)**
Asset classified as held for sale (note 22)	-	-	-	-	-	-	-	-	-	-	(1,525,396)	-	-	-	-	**(1,525,396)**
Adjustment in respect of carrying value of thermal assets (notes 2.1 and 5.1.1)	-	-	-	-	-	-	(25,265,025)	-	-	-	-	-	-	-	-	**(25,265,025)**
Depreciation charge (note 5.4)	-	(48,108)	(865,619)	(131,774)	(1,085)	(83,388)	(13,445,148)	(365,542)	(2,384,842)	(1,222)	(638,541)	(201,606)	(3,624)	(175,149)	(160,047)	**(18,505,695)**
Net book value	383,308	384,170	18,345,338	1,413,198	1,059	1,589,764	245,491,722	976,298	21,662,276	6,691	2,354,719	3,457,261	1,935	3,710,182	2,115,863	**301,893,784**
As at December 31, 2023																
Cost	383,308	408,099	20,259,361	1,321,740	4,312	1,834,337	301,936,947	1,678,869	26,245,985	9,047	5,246,644	3,845,718	8,793	4,235,252	2,548,438	**369,966,850**
Accumulated depreciation	-	(135,872)	(1,914,023)	(218,662)	(3,253)	(244,573)	(31,975,232)	(702,571)	(4,596,889)	(2,356)	(1,366,529)	(388,457)	(6,858)	(525,070)	(432,575)	**(42,512,920)**
Accumulated impairment	-	111,943	-	310,120	-	-	(24,469,993)	-	13,180	-	-	-	-	-	-	**(24,034,750)**
Asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	(1,525,396)	-	-	-	-	**(1,525,396)**
Net book value	383,308	384,170	18,345,338	1,413,198	1,059	1,589,764	245,491,722	976,298	21,662,276	6,691	2,354,719	3,457,261	1,935	3,710,182	2,115,863	**301,893,784**
Annual rate of depreciation (%)	-	1 to 5	2.5 to 10	2.5 to 10	10	2 to 12.5	2.5 to 33.3	**No. of production days**	5 to 33	20	5 to 25	14.3	33.3 to 50	3.33	3.33 to 20	

5.1.1 As more fully disclosed in note 2.1 to these consolidated financial statements, an adjustment of Rs 25,265.025 million has been recorded in the carrying value of thermal assets, as follows:

	2023
	(Rupees in '000)
EPTL (ECL's Subsidiary)	20,438,743
EPQL (ECL's Subsidiary)	4,826,282
	25,265,025

The recoverable amount of the assets of EPTL and EPQL after above adjustments aggregated to Rs 43,413.174 million and Rs 9,840.325 million, respectively. The recoverable amount of thermal assets was based on fair value less cost of disposal. The fair value measurement (Level 3) was determined based on multiple bids received from market participants, which were further corroborated using the management internal model based on discounted cashflow approach. The model was prepared using following key inputs / assumptions.

Discount rate

The discount rates applied to the cashflow projections of the CGUs range from 22% to 23% which have been calculated using Capital Asset Pricing Model. The discount rates reflect the current market assessment of the rates of return required for the business and the specific risks of each CGU.

Exchange rate

The exchange rate devaluation considered at the rate of 9% per annum. This is based on management forecast using historic trends and outlook from market experts.

Collection from customers

The expected recovery trend is based on past recovery trends from customers in the industry and management's expectations for the future.

5.2 The details of immovable fixed assets (i.e. land and buildings) which are in the name of the Group are as follows:

Description of assets	Address	Total area of land in Acres
Dharki plant and colony	District Ghotki, Sindh	734
Zarkhez plant land	EZ/I/P-1-II Eastern Zone, Port Qasim, Karachi	112.50
Rice processing plant	13-KM Sheikhupura Road, Lahore	62.95
LNG Terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power plant and associated buildings	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
Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	128
Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	58
Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	4
Administration facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2
Liaison office	68, Margalla Road, F - 6/2, Islamabad	0.56

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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 capitalization of exchange differences. Accordingly, during the year, the Group has capitalised exchange loss of Rs 23,932.503 million (2022: Rs 23,282.056 million) arising on foreign currency borrowings of EEL (and its subsidiaries) to the cost of related property, plant and equipment.

5.4 **Depreciation charge and amortisation of revaluation surplus for the year has been allocated as follows:**

	2023	2022
	(Rupees in '000)	
Cost of goods sold (note 36.1)	**14,582,634**	11,885,090
Capital work-in-progress	**-**	5,686
Cost of services rendered (note 36.2)	**3,036,437**	2,035,301
Selling and distribution expenses (note 37)	**147,138**	154,212
Administrative expenses (note 38)	**769,580**	564,789
	18,535,789	14,645,078

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

Description and method of disposal	Sold to	Relationship with the purchaser	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain / (Loss) (note 39)
			(Rupees in '000)				
Assets having net book value of Rs 0.5 million each or more							
Plant and machinery							
Bidding	AA Enterprise	External party	57,603	45,284	12,319	8,745	(3,574)
	Syed Mansoor Ali	External party	5,051	1,479	3,572	4,247	675
	Non Ferrous Metal Work	External party	10,165	7,991	2,174	1,827	(347)
	Qamar Hussain and Co.	External party	24,156	-	24,156	10,593	(13,563)
Write Off			1,231	187	1,044	-	(1,044)
Vehicles							
To existing / resigned / retired executives / employees - as per Group's policy	Muhammad Imran Idris	Employee	4,249	-	4,249	3,663	(586)
	Nida Fatima Hashmi	Employee	5,472	1,628	3,844	4,081	237
	Arshad Naveed	Employee	4,195	773	3,422	3,749	327
	Sahban Zafar Ali	Employee	5,520	2,346	3,174	3,857	683
	Asad Aleem	Employee	4,187	1,068	3,119	3,126	7
	Anoosha Naushad	Employee	3,453	538	2,915	3,191	276
	Muhammad Waqas Quraishi	Employee	3,532	801	2,731	3,149	418
	Muhammad Ali	Employee	3,044	474	2,570	2,834	264
	Kassim Motiwalla	Employee	4,396	1,931	2,465	4,002	1,537
	Rohail Hussain Khilji	Employee	3,463	1,030	2,433	2,879	446
	Nadeem Ahmad	Employee	5,443	3,084	2,359	2,403	44
	Somia Manzoor Khan	Employee	3,462	1,324	2,138	2,146	8
	Mojiz Mansoor	Employee	3,397	1,300	2,097	2,142	45
	Muhammad Tariq Sheikh	Employee	3,315	1,268	2,047	2,846	799
	Ali Muhammad	Employee	3,403	1,398	2,005	2,390	385
	Usman Asif	Employee	3,184	1,398	1,786	2,388	602
	Syed Shahab Shahid	Employee	3,184	1,419	1,765	2,277	512
	Hasnain Raza	Employee	2,665	976	1,689	2,164	475
	Muhammad Arif Saeed	Employee	3,251	1,566	1,685	1,799	114
	Muhammad Humza Awais	Employee	2,654	1,015	1,639	2,052	413
	Waqas Saeed	Employee	2,649	1,014	1,635	1,672	37
	Asim Jamil	Employee	3,205	1,589	1,616	2,013	397
	Mahvish Siddique	Employee	2,773	1,179	1,594	1,652	58
	Muhammad Asif Ali	Employee	3,184	1,597	1,587	1,965	378
	Nisar Ahmed Channa	Employee	2,593	1,102	1,491	1,621	130
	Waqas Iqbal	Employee	2,648	1,179	1,469	1,600	131
	Tariq Zafar	Employee	2,592	1,138	1,454	1,840	386
	Adnan Maqsood Siddiqui	Employee	2,555	1,187	1,368	-	(1,368)
	Saad Ahmed Qureshi	Employee	2,578	1,242	1,336	2,211	875
	Danish Moin	Employee	2,654	1,342	1,312	1,751	439

5.5

Description and method of disposal	Sold to	Relationship with the purchaser	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain / (Loss) (note 39)
			(Rupees in '000)				
Vehicles							
To existing / resigned / retired executives / employees - as per Group's policy	Nadeem Ismat	Employee	2,992	1,780	1,212	1,733	521
	Abdur Rehman Choudhary	Employee	2,592	1,395	1,197	1,471	274
	Waqas Khan	Employee	2,658	1,506	1,152	1,416	264
	Mutahir Rasool	Employee	2,537	1,408	1,129	1,351	222
	Mr. Jawwad Hassan	Employee	6,157	785	5,372	6,088	716
	Mr. Ahmad Sohail	Employee	2,616	1,149	1,467	1,652	185
	Miss. Rabia Zohra Farooqui	Employee	2,662	1,056	1,606	1,919	313
	Mr. Muhammad Shariq Farooq	Employee	2,674	947	1,727	2,168	441
	Mr. Bilal Ahmed	Employee	5,532	1,397	4,135	4,792	657
	Mr. Sunaib Barkat Ali	Employee	3,340	615	2,725	2,915	190
	Mr. Musaab Billah	Employee	2,721	655	2,066	2,311	245
	Mr. Ali Shah Chandwani	Employee	2,721	1,041	1,680	2,186	506
	Mr. Syed Taha Hassan Razvi	Employee	2,881	531	2,350	2,578	228
	Mr. Eliya Syed	Employee	3,400	771	2,629	2,914	285
	Mr. Afnan Ahmed Ansari	Employee	2,847	928	1,919	2,250	331
	Mr. Sulman Malik	Employee	5,510	1,663	3,847	3,868	21
	Mr. Turab Alam	Employee	2,850	565	2,285	2,557	272
	Mr. Abdul Qadir Dal	Employee	6,254	177	6,077	6,109	32
	Mr. Taha Azher	Employee	2,604	1,328	1,276	2,192	916
	Miss. Umber Ansari	Employee	5,542	2,198	3,344	4,157	813
	Mr. Ahsan	Employee	2,712	730	1,982	2,239	257
	Mr. Mir Usman	Employee	4,157	804	3,353	3,764	411
	Mr. Bassam Asghar	Employee	2,723	733	1,990	1,993	3
	Mr. Mehtab Ahmed Malik	Employee	6,421	637	5,784	5,919	135
	Mr. Muhammad Mubashir Hussain	Employee	3,391	1,585	1,806	2,200	394
	Mr. Yasser Ghazali	Employee	3,403	1,176	2,227	2,751	524
	Mr. Muhammad Amir Khan	Employee	5,554	3,226	2,328	4,768	2,440
	Mr. Muzzaffar Islam	Employee	3,240	1,836	1,404	1,447	43
	Mr. Ali Niaz Naqvi	Employee	2,681	1,329	1,352	2,022	670
	Mr. Moiz Sabir	Employee	5,204	1,049	4,155	4,674	519
	Mr. Ali Shah Chandwani	Employee	5,864	748	5,116	5,422	306
	Mr. Muhammad Annas	Employee	5,489	622	4,867	5,293	426
	Mr. Hamza Naeem	Employee	4,567	518	4,049	4,338	289
	Muhammad Annas	Employee	2,676	725	1,951	2,107	156
	Syed Saad Hussain Shah	Employee	2,754	975	1,779	1,840	61
	Syed Faraz Abbas Jafri	Employee	3,497	1,288	2,209	2,224	15
	Muhammad Imran	Employee	3,567	960	2,607	3,032	425
	Sami Ur Rehman	Employee	2,723	231	2,492	2,681	189
	Syed Afzal Hussain	Employee	3,492	1,385	2,107	2,677	570
	Syed Hassan Sultan	Employee	3,111	1,330	1,781	2,465	684
	Athar Abrar Khwaja	Employee	5,611	2,146	3,465	3,622	157
	Abid Hussain	Employee	2,811	1,115	1,696	1,791	95
	Muhammad Abdul Mohaseneen	Employee	2,811	1,035	1,776	1,866	90
	Muhammad Nasir	Employee	3,492	1,187	2,305	2,428	123
	Muhammad Hassan Yousuf	Employee	4,083	289	3,794	3,982	188
	Tariq Jamil	Employee	2,776	826	1,950	2,337	387
	Mohammad Hasan Botaj	Employee	3,230	503	2,727	2,907	180
	Mohammed Ibad Siddiqi	Employee	2,661	910	1,751	2,196	445
	Muhammad Ashar Mushtaq	Employee	3,483	1,482	2,001	2,740	739
	Shahbaz Ali	Employee	3,477	888	2,589	2,985	396
	Various employees	Employee	24,949	8,839	16,110	18,856	2,746
	Anas Bin Sajid	Employee	3,240	505	2,735	2,735	-
	Usman Hassan	Employee	3,406	1,519	1,887	1,908	21
	Faiq Hasnain	Employee	2,727	1,316	1,411	1,645	234
	Shabana Sheikh	Employee	2,723	1,360	1,363	1,574	211
	Naveed Khan	Employee	2,658	1,333	1,325	1,227	(98)
	Qazi Hassam	Employee	4,789	479	4,310	4,692	382
	Amir Qasim	Employee	8,045	798	7,247	7,657	410
	Hamza Humayun	Employee	3,824	542	3,282	3,284	2
	Anas bin Sajid	Employee	3,240	505	2,735	2,735	-
	Muneeb Imran Qureshi	Employee	2,727	1,316	1,411	1,645	234
	Mr. Danish Rafi	Employee	3,230	2,370	860	2,129	1,269
	Mr. Hasan Ijaz	Employee	3,453	2,071	1,382	2,473	1,091
Bidding	Shahrukh Zahid	External party	1,897	1,109	788	1,856	1,068
	Roshaan Ahmed Khan	External party	1,892	1,107	785	2,324	1,539
	Sana U Haq	External party	1,889	1,105	784	1,391	607
			458,546	173,284	285,262	304,343	19,081
Items having net book value less than Rs 0.5 million each			479,153	372,970	106,183	181,218	75,036
	December 31, 2023		937,699	546,254	391,445	485,561	94,117
	December 31, 2022		2,581,886	1,861,157	720,729	984,753	264,024

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5.6 These include assets held by third party on behalf of the Holding Company:

	2023		2022	
Class of asset	**Cost**	**Net book value**	Cost	Net book value
	(Rupees in '000)			
Furniture, fixture and equipment	8,262	4,602	8,262	5,462

These are situated at the office of Dawood Investments (Private) Limited [formerly known as Patek (Private) Limited], Dawood Centre, M.T. Khan Road, Karachi.

	2023	2022
	------ (Rupees in '000) ------	
5.7 Capital work-in-progress		
Leasehold land	**49,789**	72,788
Plant and machinery	**20,791,503**	15,863,184
Building and civil works including pipelines	**1,036,788**	1,088,866
Furniture, fixtures and equipment	**1,181,623**	269,964
Advances to suppliers (note 5.7.2)	**2,447,489**	5,706,243
Capital stores and spares	**7,006,809**	1,747,581
Softwares	**207,392**	21,832
Other ancillary costs	**389,003**	71,278
	33,110,396	24,841,736

5.7.1 Balance as at January 1	**24,841,736**	20,267,043
Additions during the year	**30,376,896**	37,588,841
Borrowing cost capitalised during the year	**-**	42,669
Reclassification	**-**	28,791
Transferred to:		
- operating fixed assets (note 5.1)	**(21,911,821)**	(32,813,372)
- intangible assets (note 7)	**(194,494)**	(261,360)
- capital spares	**-**	(10,876)
Write offs	**(1,921)**	-
Balance as at December 31	**33,110,396**	24,841,736

5.7.2 This mainly represents advance paid to suppliers for purchase of operating assets. It also includes Rs 1,299.378 million (2022: 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 61 to these consolidated financial statements.

5.8 These include jetty and plant and machinery subject to operating lease having net book value of Rs 3,710.182 million (2022: Rs 3,885.331 million) and Rs 1,970.492 million (2022: Rs 1,882.324 million) respectively.

6. RIGHT-OF-USE-ASSETS

	Office space / rented premises and tower sites	Storage tanks	Buildings	Vehicles	Total
	(Rupees in '000)				
As at January 1, 2022					
- Cost	9,139,882	3,269,835	66,704	5,849	12,482,270
- Accumulated depreciation	(1,345,185)	(1,249,576)	(50,314)	(5,849)	(2,650,924)
- Net book value	7,794,697	2,020,259	16,390	-	9,831,346
Year Ended December 31, 2022					
Additions (note 6.1)	4,775,991	-	126,874	-	4,902,865
Lease matured during the year					
- Cost	(41,141)	-	-	-	(41,141)
- Accumulated depreciation	41,141	-	-	-	41,141
	-	-	-	-	-
Disposal against subsidiary - EMPAK					
- Cost	(46,001)	-	-	-	(46,001)
- Accumulated depreciation	46,001	-	-	-	46,001
	-	-	-	-	-
Depreciation charge for the year (note 6.2)	(885,264)	(449,662)	(30,321)	-	(1,365,247)
Closing net book value	11,685,424	1,570,597	112,943	-	13,368,964
As at December 31, 2022					
- Cost	13,828,731	3,269,835	193,578	5,849	17,292,397
- Accumulated depreciation	(2,143,307)	(1,699,238)	(80,635)	(5,849)	(3,923,433)
	11,685,424	1,570,597	112,943	-	13,368,964
Year ended December 31, 2023					
Opening net book value	11,685,424	1,570,597	112,943	-	13,368,964
Additions (note 6.1)	1,312,978	-	-	-	1,312,978
Terminations	(7,841)	-	-	-	(7,841)
Depreciation charge for the year (note 6.2)	(1,054,692)	(449,661)	(27,613)	-	(1,531,966)
Closing net book value	11,935,869	1,120,936	85,330	-	13,142,135
As at December 31, 2023					
Cost	15,133,868	3,269,835	193,578	5,849	18,603,130
Accumulated depreciation	(3,197,999)	(2,148,899)	(108,248)	(5,849)	(5,460,995)
Net book value	11,935,869	1,120,936	85,330	-	13,142,135
Annaul rate of depreciation (%)	5 - 33	10 - 20	10 - 33		

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

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

	2023	2022
	(Rupees in '000)	
Capital work-in-progress	**-**	17,723
Cost of goods sold (note 36.1)	**449,661**	449,662
Cost of services rendered (note 36.2)	**706,711**	611,894
Selling and distribution expenses (note 37)	**25,392**	25,299
Administrative expenses (note 38)	**350,202**	260,669
	1,531,966	1,365,247

7. INTANGIBLE ASSETS

	Software and licenses (note 7.2)	Rights for future gas utilisation	Goodwill (note 7.3)	Total
	(Rupees in '000)			
As at January 1, 2022				
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	326,711	-	-	326,711
Disposal against subsidiary - EMPAK				
Cost	(71,633)	-	-	(71,633)
Accumulated amortization	8,595	-	-	8,595
	(63,038)	-	-	(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
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
Year ended December 31, 2023				
Opening net book value	2,232,813	41,748	4,500,401	6,774,962
Transfers from capital-work-in progress (notes 5.7.1 & 7.2)	194,494	-	-	194,494
Write off				
Cost	(38,854)	-	-	(38,854)
Accumulated amortisation	38,854	-	-	38,854
	-	-	-	-
Amortisation charge (note 7.1)	(433,400)	(5,111)	-	(438,511)
Closing net book value	1,993,907	36,637	4,500,401	6,530,945
As at December 31, 2023				
Cost	3,900,886	102,312	4,500,401	8,503,599
Accumulated amortisation and impairment	(1,906,979)	(65,675)	-	(1,972,654)
Net book value	1,993,907	36,637	4,500,401	6,530,945
Annual rate of amortisation (%)	6.67 - 33.33	5		

7.1 Amortisation charge for the year has been allocated as follows:

	2023	2022
	(Rupees in '000)	
Cost of goods sold (note 36.1)	**42,200**	28,543
Cost of services rendered (note 36.2)	**12,522**	10,889
Selling and distribution expenses (note 37)	**11,316**	4,371
Administrative expenses (note 38)	**372,473**	376,495
	438,511	420,298

7.2 This mainly includes cost incurred in respect of OneSAP project, which is being amortised over a period of 8 years.

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.

8. LONG TERM INVESTMENTS

	2023	2022
	------ (Rupees in '000) ------	
Investments in Joint Venture and Associates		
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 Limited (FECPL) 306,075,948 (2022: 306,075,948) ordinary shares of Rs 10 each [Percentage of holding 39.9% (2022: 39.9%)]	**30,109,803**	29,516,748
Less: Provision for impairment (note 8.5)	**1,224,304**	1,224,304
	28,885,499	28,292,444
- Sindh Engro Coal Mining Company Limited (SECMC) 191,643,025 (2022: 191,643,025) ordinary shares of Rs 10 each [Percentage of holding 11.9% (2022: 11.9%)] - (note 8.6 & 8.7)	**4,996,840**	7,163,979
- Others		
Gross carrying value as at December 31	**1,860,187**	1,860,187
Less: Investment disposed during the year	**100**	-
Less: Impairment recognised there against	**1,327,684**	1,327,684
	532,403	532,503
Others (note 8.9)	**70,580**	92,320
Other investments - at fair value through profit or loss (note 8.10)	**-**	440,023
	34,485,322	36,521,269

8.1 **Details of investment in EVTL is as follows:**

	2023	2022
At the beginning of the year	**-**	-
Add: Share of profit for the year (note 42)	**1,444,422**	1,222,769
Less: Provision adjustment in respect of tax contingency (note 30.6)	**79,422**	290,269
Less: Dividend received during the year	**1,365,000**	932,500
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 1,379.996 million (2022: Rs 1,089.727 million) previously set off against the carrying value of the Group's investment has increased by Rs 79.422 million (2022: Rs 290.269 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 1,459.418 million (2022: Rs 1,379.996 million).

8.2 As at December 31, 2023, ECL held 45,000,000 ordinary shares (2022: 45,000,000 ordinary shares) of EVTL representing 50% of issued, subscribed and paid-up capital of EVTL.

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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 (2022: 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 30.6) depicting the Group's constructive obligation to bear the potential exposure.

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

Statement of financial position

Particulars	2023	2022
	-------- (Rupees in '000) --------	
Cash and cash equivalents	625,973	494,198
Current financial liabilties (excluding trade and other payables)	628,831	503,724
Non-current financial liabilities (excluding trade and other payables)	318,688	748,219
Non-current assets	3,681,057	3,633,484
Current assets	4,451,103	2,990,253
Non-current liabilities	(1,026,468)	(1,344,162)
Current liabilities	(4,152,063)	(2,484,790)
	2,953,629	2,794,785
Group's share at 50% (2022: 50%)	1,476,815	1,397,393
Provision against tax contingency	(1,459,418)	(1,379,996)
Others	(17,397)	(17,397)
Carrying amount	-	-

Statement of profit or loss and other comprehensive income

Particulars	2023	2022
	-------- (Rupees in '000) --------	
Revenue from contracts with customers	6,927,823	5,503,117
Depreciation and amortization	371,808	285,551
Interest income	567,348	154,141
Income tax expense	2,324,161	1,506,406
Total comprehensive income for the year	2,888,844	2,445,537

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 changes 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, 2023, no further impairment charge is required to be recognised in respect of this investment.

8.6 Details of material investments in associated companies are as follows:

Particulars	2023 FCEPL	2023 SECMC	2022 FCEPL	2022 SECMC
	------------------------- (Rupees in '000) -------------------------			
At beginning of the year	**28,292,444**	**7,163,979**	27,349,835	6,190,488
Add:				
- Share of profit for the year (note 42)	**602,006**	**3,195,433**	983,804	1,008,703
- Reversal of profits	**-**	**-**	-	(35,212)
- Dividend received during the year	**-**	**(677,286)**	-	-
- Share of other comprehensive loss	**(8,951)**	**-**	(41,195)	-
- Adjustment in respect of carrying value of thermal assets (notes 2.1 & 5.1.1)	**-**	**(4,685,286)**	-	-
	593,055	**(2,167,139)**	942,609	973,491
	28,885,499	**4,996,840**	28,292,444	7,163,979

8.7 The summary of financial information / reconciliations of associated companies in which the Group holds material investments as of December 31, are as follows:

Particulars	FCEPL 2023	FCEPL 2022	SECMC 2023	SECMC 2022
	--------------- (Rupees in '000) ---------------			
Revenue	**100,235,403**	73,473,687	**109,407,088**	51,491,274
Profit after tax	**1,508,786**	2,465,673	**29,160,750**	8,476,494
Other comprehensive loss	**(22,437)**	(103,246)	**-**	-
Total comprehensive income	**1,486,349**	2,362,427	**29,160,750**	8,476,494
Non-current assets	**15,880,600**	12,914,115	**96,529,367**	97,212,818
Current assets	**26,006,202**	21,832,496	**136,375,499**	104,472,423
Total assets	**41,886,802**	34,746,611	**232,904,866**	201,685,241
Less:				
Non-current liabilities	**833,851**	1,229,288	**73,158,548**	74,711,753
Current liabilities	**26,876,931**	20,827,652	**78,255,667**	66,060,879
Total liabilities	**27,710,782**	22,056,940	**151,414,215**	140,772,632
Net assets	**14,176,020**	12,689,671	**81,490,651**	60,912,609
Group's share in %	**39.9%**	39.9%	**11.9%**	11.9%
Group's share of net assets	**5,656,235**	5,063,180	**9,697,387**	7,248,600
Recognition of investment at fair value	**24,337,818**	24,337,818	**-**	-
Adjustment in respect of carrying value of thermal assets (note 2.1)	**-**	-	**(4,685,286)**	-
Others	**115,750**	115,750	**(15,261)**	(84,621)
Provision for impairment	**(1,224,304)**	(1,224,304)	**-**	-
Carrying amount	**28,885,499**	28,292,444	**4,996,840**	7,163,979

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 Fair value 2023	Quoted Fair value 2022	Carrying amount 2023	Carrying amount 2022
			----- (Rupees in '000) ----		----- (Rupees in '000) ----	
FrieslandCampina Engro Pakistan Limited	5th Floor, The Harbour Front Building, Plot No. HC-3, Block-4, Scheme No.5, Clifton, Karachi.	Equity Method	**25,058,438**	20,109,190	**28,885,499**	28,292,444

8.9 This amount is net of loss of for the year Rs 22.582 million (2022: Rs 51.081 million) arising on remeasurement of investment of Einfiniti carried at fair value through other comprehensive income.

	2023	2022
	------ (Rupees in '000) ------	
8.10 Other investments - at fair value through profit or loss		
e2e Business Enterprises (Private) Limited - unquoted (note 8.10.1) [23,770,701 (2022: 23,770,701) Ordinary shares of Rs 10 each] Percentage of holding 39.00% (2022: 39.00%)	**237,707**	237,707
Less: Accumulated impairment	**(237,707)**	(237,707)
Octopus Limited - quoted (a subsidiary of Avanceon Limited)		
Consideration for swapping shares in EMPAK (note 20.7)	**-**	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.

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

9. DEFERRED TAXATION

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
	----------------- (Rupees in '000) -----------------			
Dawood Hercules Corporation Limited	**-**	**213,490**	304,935	-
Engro Corporation Limited	**-**	**167,431**	101,660	-
Engro Fertilizers Limited	**-**	**10,401,710**	-	8,154,634
Engro Energy Limited	**-**	**2,580,932**	-	1,462,365
Engro Polymer and Chemicals Limited	**-**	**2,982,382**	-	2,130,680
Engro Elengy Terminal (Private) Limited	**-**	**2,056,717**	-	1,547,614
Net effect of consolidation adjustments	**-**	**463,807**	-	99,921
	-	**18,866,469**	406,595	13,395,214

9.1 Credit / (Debit) balances arising on account of:

	2023	2022
	------ (Rupees in '000) ------	
- Accelerated depreciation allowance	**26,626,870**	21,799,207
- Provisions (note 9.3)	**(7,674,025)**	(7,639,445)
- Net investment in leases	**24,718,798**	18,910,802
- Lease liability	**(24,264,046)**	(19,035,924)
- Right-of-use-assets	**362,251**	320,150
- Share issuance cost, net of equity	**(77,771)**	(65,149)
- Others	**(825,608)**	(1,301,022)
	18,866,469	12,988,619

9.2 As at December 31, 2023, unutilised tax losses of ECL including brought forward depreciation amounts to Rs 1,606.813 million (2022: Rs 3,948.996 million) which will be adjusted against the taxable income of ensuing years. However, as majority portion of ECL's income is subject to final tax regime, deferred tax asset has not been recognised on these losses in these consolidated financial statements.

9.3 This includes an amount of Rs 7,631.070 million (2022: Rs 6,457.059 million) relating to disallowance of GIDC provision by the income tax department on account of non-payment.

9.4 Net deferred tax asset amounting to Rs 134.222 million (2022: Rs 413.345 million) has not been recognised by Enfrashare related to business losses aggregating to Rs 2,330.641 million (2022: Rs 2,168.056 million), unused tax depreciation aggregating to Rs 8,723.570 million (2022: Rs 6,702.231 million) and taxable temporary differences aggregating to Rs 10,710.053 million (2022: Rs 4,065.635 million) as it is not certain that taxable future profits will be available against which these can be utilised. Unused tax depreciation losses can be carried forward for an infinite period of time.

10. FINANCIAL ASSETS AT AMORTISED COST

	2023	2022
	------ (Rupees in '000) ------	
Investment in Term Deposit Receipts	**-**	1,317,506
Investment in Term Finance Certificates	**-**	261,000
Investment in Pakistan Investment Bonds (note 10.1)	**1,051,611**	2,204,759
	1,051,611	3,783,265

10.1 These bonds carry interest at the rate of 13.04% (2022: ranging between 13.04% to 17.57%) per annum and have maturity in four years (2022: two to five years).

11. DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2023, Enfrashare has outstanding interest rate swap agreements with Standard Chartered Bank Pakistan Limited for notional amounts aggregating to Rs 5,000 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:

Notional Amount	Effective date	Termination date	Fixed rate %	Fair value as at December 31 2023	2022
----- (Rupees in '000) ----				----- (Rupees in '000) ----	
1,000,000	July 2, 2021	June 3, 2026	9.85	**201,093**	158,797
4,000,000	July 2, 2022	June 3, 2026	10.35	**762,114**	578,522
				963,207	737,319

12. NET INVESTMENT IN LEASE

	2023	2022
	------- (Rupees in '000) -------	
Undiscounted lease payments analysed as:		
Recoverable after 12 months	**75,101,392**	72,143,936
Recoverable within 12 months	**14,614,206**	11,760,764
	89,715,598	83,904,700
Less: unearned finance income	**24,866,800**	26,061,002
Net investment in lease	**64,848,798**	57,843,698
Net investment in lease analysed as:		
Recoverable after 12 months	**56,961,334**	52,160,406
Recoverable within 12 months	**7,887,464**	5,683,292
	64,848,798	57,843,698
Maturity analysis of undiscounted net investment in lease:		
within 1 year	**14,599,336**	11,760,764
between 1 and 2 years	**14,434,189**	11,776,622
between 2 and 3 years	**14,308,112**	11,620,709
between 3 and 4 years	**14,308,112**	11,493,870
between 4 and 5 years	**14,347,312**	11,493,870
later than 5 years	**17,718,537**	25,758,865
	89,715,598	83,904,700

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.

12.2 Enfrashare is party to an agreement that conveys the right to use energy equipment. This arrangement is classified as finance lease, with Enfrashare as the lessor. Net investment in lease includes deferred incentive income of Rs 216 million (2022: Rs 367.522 million) and Rs 152.519 million (2022: Rs 152.519 million), respectively, offered to the customer on signing of multiple contracts accounted for as a single arrangement as disclosed in note 28.1 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 14,625.547 million (2022: Rs 10,929.793 million).

	2023	2022
	------- (Rupees in '000) -------	
13. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES		
Considered good		
Loans and advances to:		
- Executives (notes 13.1 to 13.4)	**190,857**	113,903
- Other employees (notes 13.2 & 13.4)	**15,343**	42,408
Deposits to suppliers	**204,620**	194,978
	410,820	351,289
Less: Current portion shown under current assets (note 17)	**151,395**	111,057
	259,425	240,232
Receivable from Sui Southern Gas Company Limited (SSGCL) (note 13.5)	**805,817**	869,985
Less: Current portion shown under current assets (note 17)	**76,720**	64,168
	729,097	805,817
Direct cost of Floating Storage & Regasification Unit (FSRU) (note 13.6)	**1,297,737**	1,297,737
Less: Accumulated amortisation	**764,224**	677,708
	533,513	620,029
Security deposits (note 13.7)	**289,320**	224,548
Other receivables (note 13.8)	**3,114,264**	1,926,162
	4,925,619	3,816,788

13.1 Reconciliation of the carrying amount of loans and advances to executives:

Balance as at January 1	**113,903**	166,333
Add: Disbursements	**373,764**	254,650
Less: Repayments / amortisation	**(296,810)**	(307,080)
Balance as at December 31	**190,857**	113,903

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;
- advances to employees for car earn out assistance, long-term incentive and house rent advance; and
- an amount of Rs 18.715 million (2022: Rs 11.692 million) in respect of key management personnel.

13.3 The maximum amount outstanding at the end of any month during the year from the executives of ECL aggregated Rs 190.857 million (2022: Rs 120.215 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.

13.5 In 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 'Custom Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. custom duty and advance income tax. EETPL was of the view that the FSRU had been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (vii) relating to clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment.

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

The Court, in judgement passed on May 26, 2016, held EETPL liable to custom duty and remanded the matter related to advance income tax to Customs Authorities with directions. EETPL, in response to the aforementioned judgement and demand raised by Customs Authorities, has paid an amount of Rs 1,325.103 million in respect of custom duty. On the basis of prudence, Rs 1,297.737 million is being amortised over the term of 15 years.

13.7 These mainly represent security deposits paid by Enfrashare to service providers in respect of utility connections.

13.8 This represents accrued infrastructure equalisation revenue of Enfrashare amounting to Rs 3,114.264 million (2022: Rs 1,926.162 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.

	2023	2022
	------- (Rupees in '000) -------	
14. STORES, SPARES AND LOOSE TOOLS		
Consumable stores (notes 14.2 and 14.3)	**13,821,885**	10,526,425
Spares and loose tools (note 14.3)	**612,000**	624,777
	14,433,885	11,151,202
Less: Provision for surplus and slow moving items (note 14.1)	**1,494,527**	1,316,388
	12,939,358	9,834,814

14.1 Provision for surplus and slow moving items

Balance as at January 1	**1,316,388**	1,260,255
Charge for the year - net (note 36.1)	**178,246**	84,591
Write off	**(107)**	(28,458)
Balance as at December 31	**1,494,527**	1,316,388

14.2 During the year, the Group has directly written off stores, spares and loose tools amounting to Rs 5.054 million (2022: Rs 25.975 million) (note 36.1).

14.3 This includes stores in transit amounting to Rs 87.208 million (2022: Rs 73.784 million).

15. STOCK-IN-TRADE

	2023	2022
	------- (Rupees in '000) -------	
Raw and packing materials (note 15.1)	**15,931,461**	9,894,583
Unprocessed rice	**-**	1,202,364
Fuel stock (note 15.4)	**703,111**	537,232
Work-in-process	**711,227**	133,161
Finished goods:		
- own manufactured products (notes 15.1 and 15.2)	**6,648,552**	9,469,340
- purchased and packaged products (notes 15.1 and 15.2)	**9,885,568**	9,313,718
	16,534,120	18,783,058
Less: Provision for impairment against stock-in-trade (note 15.3)	**143,152**	307,609
	33,736,767	30,242,789

15.1 Includes:

- materials in transit amounting to Rs 11,713.186 million (2022: Rs Nil); and
- inventories amounting to Rs 4,790.544 million (2022: Rs 3,437.422 million) held at storage facilities of third parties.

15.1.1 During the year, raw materials and finished goods amounting to Rs 52.038 million (2022: Rs 237.549 million) were written off.

15.2 These include stock-in-trade costing Rs Nil (2022: Rs 4,079.147 million) carried at net realisable value amounting to Rs Nil (2022: Rs 3,651.147 million).

15.3 Provision for impairment against stock-in-trade

	2023	2022
	------- (Rupees in '000) -------	
Balance as at January 1	**307,609**	146,194
Charge for the year - net	**334,001**	179,507
Written off during the year	**(498,458)**	(18,092)
Balance as at December 31	**143,152**	307,609

15.4 This includes High Speed Diesel (HSD) inventory required to be maintained for operating the power plant in case supply of gas is unavailable to EPQL. As per clause (b) of section 5.14 of the PPA, EPQL is required to maintain HSD inventory at a level sufficient for operating the power plant at full load for seven days. However, due to non-payment of dues in full by NTDC, EPQL is maintaining a lower level of HSD inventory.

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16. TRADE DEBTS

	2023	2022
	------- (Rupees in '000) -------	
Considered good		
- secured (notes 16.1 to 16.2)	**73,543,603**	67,536,108
- unsecured	**1,953,953**	3,659,355
	75,497,556	71,195,463
Considered doubtful (note 16.4)	**380,705**	350,069
	75,878,261	71,545,532
Less: Provision for impairment (note 16.5)	**380,705**	350,069
	75,497,556	71,195,463

16.1 These include trade debts of EPTL and EPQL aggregating to Rs 66,985.143 million (2022: Rs 61,326.079 million) due from Central Power Purchasing Agency (CPPA-G), alongwith delayed payment charges which are secured by a guarantee from the Government of Pakistan under the Implementation Agreements and as such are considered good. This is inclusive of overdue debt of Rs 46,463.764 million (2022: Rs 41,155.626 million) carrying mark up at the rate of 3 months KIBOR plus 2% per annum.

16.2 These include an amount of Rs 2,719.686 million (2022: Rs 2,637.756 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 As at December 31, 2023, trade debts aggregating to Rs 29,033.792 million (2022: Rs 29,963.359 million) were neither past due nor impaired.

16.4 As at December 31, 2023, trade debts aggregating Rs 380.705 million (2022: Rs 350.069 million) were past due and impaired and have been provided for.

16.5 The movement in provision during the year is as follows:

	2023	2022
	------- (Rupees in '000) -------	
Balance as at January 1	**350,069**	338,007
Add: Provision for doubtful debts (note 40)	**91,554**	12,426
Trade debts written off	**(60,918)**	(364)
Balance as at December 31	**380,705**	350,069

16.6 During the year, the Group has directly written off trade debts amounting to Rs Nil (2022: Rs 2.204 million).

16.7 As at December 31, 2023, trade debts aggregating Rs 46,463.764 million (2022: Rs 41,232.104 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:

	2023	2022
	------- (Rupees in '000) -------	
- Upto 3 months	**28,877,056**	33,434,497
- 3 to 6 months	**17,335,232**	7,100,949
- More than 6 months	**251,476**	696,658
	46,463,764	41,232,104

16.8 Details of amounts due from associated companies / related parties are as follows:

	2023	2022
	------- (Rupees in '000) -------	
	-	49,073
- GEL Utility Limited	**249,027**	198,966
- Tenaga Generasi Limited	**249,027**	248,039

16.9 The ageing analysis of past due receivables from associated companies / related parties are as follows:

	2023	2022
	------- (Rupees in '000) -------	
- Upto 3 months	**-**	16,940
- 3 to 6 months	**-**	57,022
- More than 6 months	**97,215**	51,629
	97,215	125,591

16.10 The maximum amount due from related parties at the end of any month during the year aggregated Rs 366.125 million (2022: Rs 288.128 million).

17. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2023	2022
	------- (Rupees in '000) -------	
Current portion of long-term loans and advances to executives and other employees (note 13)	**151,395**	111,057
Advances to executives and other employees (note 17.1)	**11,639**	4,317
Advance to associated undertakings (note 17.3)	**3,017**	3,017
Advance to suppliers	**506**	2,679
Current portion of receivable from SSGCL (note 13)	**76,720**	64,168
Advances and deposits	**7,250,148**	4,628,523
Prepayments:		
- insurance	**1,628,863**	682,125
- freight	**19,041**	164,876
- others	**410,403**	1,230,781
	9,551,732	6,891,543

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 This represents Rs 3.017 million (2022: Rs 3.017 million) due from The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2022: Rs 3.017 million).

18. OTHER RECEIVABLES

	2023	2022
	------- (Rupees in '000) -------	
Receivable from Government of Pakistan (GoP) against:		
- Sales tax refunds	**20,044,622**	15,999,317
- Subsidy (note 18.1)	**6,523,493**	6,523,493
	26,568,115	22,522,810
Less: Loss allowance on subsidy receivable from GoP (note 18.1.1 and 18.2)	**4,759,699**	2,319,548
Less: Provision for impairment (note 18.1)	**155,127**	155,127
	21,653,289	20,048,135
Delayed payment charges (note 18.4)	**18,514,398**	9,868,982
Workers' profits participation fund	**393,056**	401,745
Reimbursable cost from CPPA in respect of:		
- Workers' profits participation fund (note 18.9)	**4,976,153**	2,712,723
- expenses	**17,536**	32,627
Receivable from:		
- Engro Vopak Terminal Limited	**127,222**	58,253
- Dawood Corporation (Private) Limited	**5,427**	3,524
- Dawood Lawrencepur Limited	**173**	147
- Inbox Business Technologies (Private) Limited, Karachi	**1,066**	701
- Sach International (Private) Limited	**578**	922
- Tenaga Generasi Limited	**294**	2,367
- Reon Energy Limited	**45,751**	51,458
- Dawood Investments (Private) Limited (formerly known as Patek (Private) Limited)	**32,482**	2,283
- Engro Foundation	**112**	112
- Thar Foundation	**4,978**	1,451
- Sindh Engro Coal Mining Company Limited	**14,781**	17,246
- Thar Power Company Limited	**4,036**	3,483
- FrieslandCampina Engro Pakistan Limited	**6,925**	1,753
- China East Resources Import and Export Corporation	**100,305**	100,305
- Pebbles (Private) Limited	**17**	6
- Cyan Limited	**2,107**	583
- Empiric AI (Private) Limited - (EMPAK)	**34,080**	68,159
Claims receivable - net	**-**	620,364
Insurance claim receivable	**62,190**	365,825
Retirement benefit funds	**31,414**	125,797
Others (notes 18.7, 18.8 and 18.10)	**4,156,122**	1,607,469
	28,531,203	16,048,285
	50,184,492	36,096,420

18.1 In 2015, the Government of Pakistan (GoP) had notified payment of subsidy on sold product at the rate of Rs 0.5 million per 50 kg bag of Di-Ammonia Phosphate (DAP), Rs 0.217 million per 50 kg bag of Nitrophos (N) and Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

In 2016, another subsidy scheme was announced by the GoP effective June 25, 2016 whereby subsidy was payable on sold product at the rate of Rs 0.156 million per 50 kg bag of Urea, Rs 0.3 million per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and NPK fertilizers (based on phosphorus content).

In 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs 0.1 million per 50 kg bag for Urea only. This subsidy scheme was effective till June 30, 2018. In line with the notification issued for the said scheme, Ministry of National Food Security and Research has appointed third party auditors for verification of subsidy claims which is underway.

	2023	2022
	------- (Rupees in '000) -------	
Subsidy receivable from the Government of Pakistan - net		
Gross subsidy receivable from the GoP	**6,523,493**	6,523,493
Provision against doubtful receivable (note 18.3)	**(155,127)**	(155,127)
Loss allowance on subsidy receivable from the GoP (note 18.1.1 and 18.2)	**(4,759,699)**	(2,319,548)
	1,608,667	4,048,818

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

	2023	2022
	------- (Rupees in '000) -------	
Balance as at January 1	**2,319,548**	1,796,612
Loss allowance for the year	**2,440,151**	522,936
Balance as at December 31	**4,759,699**	2,319,548

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 4,759.699 million (2022: Rs 2,319.548 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, 2023, specific provision in respect of subsidy amounts to Rs 155.127 million (2022: Rs 155.127 million).

18.4 This represents mark up on overdue trade debts relating to EPQL and EPTL, of which Rs 14,630.961 million (2022: Rs 7,467.066 million) is overdue.

18.5 The ageing analysis of past due receivables from associated undertakings / related parties is as follows:

	2023	2022
	------- (Rupees in '000) -------	
Upto 3 months	**72,781**	29,007
3 to 6 months	**48,707**	56,692
More than 6 months	**57,421**	111,088
	178,909	196,787

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18.6 The maximum amount due from related parties at the end of any month during the year amounts to Rs 494.006 million (2022: Rs 2,230.389 million).

18.7 As at December 31, 2023, receivables aggregating to Rs 54.730 million (2022: Rs 54.730 million) were impaired and have been provided for in full.

18.8 These include amount 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 (2022: 740.888 million) relating to the project phase of EPTL which as per the Tariff Decision (note 35.2.1) is allowed to be claimed as a pass-through item from CPPA-G under the PPA, if disallowed by the relevant authorities.

18.10 This includes Rs 1,936.432 million (2022: Rs Nil) paid to a gas supplier pursuant to an arrangement under which EFert has committed to fulfill certain obligations in case of default by another gas company. The gas supplier will return the amount so paid once another gas company settles its outstanding amount.

	2023	2022
19. CONTRACT ASSET	------- (Rupees in '000) -------	
Capacity Purchase Price component of tariff - EPTL (note 36.1.2)	**13,817,606**	12,130,839
Unbilled revenue	**3,062,607**	1,993,454
	16,880,213	14,124,293

	2023	2022
	------- (Rupees in '000) -------	
20. SHORT TERM INVESTMENTS		
At fair value through profit or loss		
Investment in units of mutual funds (notes 20.1 and 20.2)	**31,665,215**	17,166,688
Market Treasury bills (T-Bills) (note 20.3)	**-**	1,899,434
Special Sharikah Certificates (note 20.4)	**969,712**	-
Quoted shares (notes 20.5, 20.6 and 20.7)	**7,914,529**	8,613,043
Pakistan Investments Bonds (PIBs)	**-**	1,799,903
	40,549,456	29,479,068
At fair value through other comprehensive income		
Pakistan Investments Bonds (PIBs) (notes 20.9 to 20.10)	**10,572,006**	29,380,322
At amortised cost		
Fixed income placements / Term deposit receipts (note 20.12)	**20,575,464**	9,525,568
Treasury bills (T-Bills) (note 20.11)	**5,168,726**	25,326,017
Pakistan Investment Bonds (PIBs) (note 20.8)	**1,764,472**	2,924,976
	27,508,662	37,776,561
	78,630,124	96,635,951

20.1 These represent investment in 482,654,197 units (2022: 111,900,826 units) of mutual funds having cost amounting to Rs 27,036.396 million (2022: Rs 17,138.858 million).

20.2 These include investment in 167,574,225 units (2022: 2,500,000 units) of Shariah Compliant mutual funds having cost amounting to Rs. 11,069.513 million (2022: Rs. 2,500 million).

20.3 These securities have matured during the year on January 5, 2023. The yield on these securities was 16.65% per annum (2022: 16.65% per annum).

20.4 This represents investment in Special Sharikah Certificates at return of 19.25% (2022: Nil) per annum and are being held for trading.

20.5 Particulars regarding quoted shares are as follows:

	As at January 1, 2023	Purchased during the year	Bonus shares received during the year	Sold during the year	As at December 31, 2023	Cost as at December 31, 2023	Fair value as at December 31, 2023	Unrealised gain / (loss) as at December 31, 2023
	---- Number of shares ----				----Rupees in 000----			
Banking, Insurance and Investment companies	65,247,590	4,509,075	-	48,539,942	21,216,723	2,980,378	3,706,597	726,219
Cement	10,358,556	697,028	-	8,783,556	2,272,028	592,458	591,127	(1,331)
Engineering	100,000	-	-	100,000	-	-	-	-
Exploration and production	8,441,942	11,888,749	-	4,956,246	15,374,445	1,995,776	2,168,859	173,083
Fertilizer	2,013,982	1,339,001	-	3,352,983	-	-	-	-
Technology and communication	9,158,784	1,252,033	1,176,260	651,500	10,935,577	1,249,421	1,242,446	(6,975)
Oil Marketing companies	1,381,018	-	-	381,018	1,000,000	150,385	176,700	26,315
Textile	1,617,982	-	502,991	1,720,973	400,000	10,442	28,800	18,358
Power	8,273,682	-	-	8,273,682	-	-	-	-
						6,978,860	7,914,529	935,669

20.6 Fair value of shariah compliant quoted shares is Rs 4,425 million (2022: Rs 3,193 million).

20.7 These include 8,932,510 (2022: 7,767,400) ordinary shares of Octopus Limited which were previously classified as long-term investment as at December 31, 2022. In accordance with the share swap agreement between the Company and Avanceon Limited received in consideration against sale of shares held by the Company in EMPAK, the Company had agreed to hold these shares of Octopus Limited for atleast two (02) years ending on December 30, 2024.

20.8 These bonds carry interest at the rates ranging between 17.57% to 21.50% (2022: 14.84% to 17.66%) per annum and are maturing in 9 months (2022: maturity ranging between 1 to 12 months).

20.9 These bonds carry yield of 12.75% to 13.40% (2022: 12.75% to 17.65%) per annum and have maturity terms ranging between 5 to 10 years.

20.10 This amount is net of loss amounting to Rs 1,388.624 million (2022: Rs 854.981 million) arising on remeasurement of Pakistan Investment Bonds.

20.11 These Treasury Bills carry interest at the rates ranging between 21.4% to 22.5% (2022: 14.75% to 16.87%) per annum and are maturing on various dates between 1 to 11 months.

20.12 These represent placements with banks and Term Deposit Receipts carrying interest at the rate ranging between 17.45% to 22.35% (2022: 10.25% to 16%) per annum and maturing on various dates between 1 to 11 months (2022: between 3 to 10 months).

21. CASH AND BANK BALANCES

	2023	2022
	------- (Rupees in '000) -------	
Balances with banks in:		
- deposit accounts (notes 21.1 and 21.2)	**42,250,566**	38,112,814
- deposit accounts - islamic (note 21.3)	**1,707,383**	483
- current accounts	**23,156,120**	6,868,335
Cash in hand	**14,734**	13,690
	67,128,803	44,995,322

21.1 Local currency conventional deposits carry return ranging from 7.5% to 21.3% (2022: 4.5% to 16.5%) per annum.

21.2 This includes bank balances Rs 18,419.040 million (2022: Rs 11,889.207 million) held in foreign currency bank accounts and carry return ranging upto 4% (2022: upto 2.75%) per annum.

21.3 These are shariah compliant bank balances and carry profit at rates ranging from 7.5% to 21.20% (2022: 4% to 9.1%) per annum.

22. ASSETS CLASSIFIED AS HELD FOR SALE

Certain assets have been classified as held for sale due to the decision of the directors of EFert to sell its existing E-Logistics business (previously classified under vehicles in operating assets - note 5.1). There are several interested buyers and EFert is in the process of finalization of deal. Efert's management is committed in its plan to sell this business and expects the sale to be completed within 12 months from the reporting date. Therefore, the assets have been classified at lower of their carrying amount and fair value less cost to sell as recognised under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

23. SHARE CAPITAL

23.1 Authorised share capital

2023	2022		2023	2022
-----(Number of shares) -----			------ (Rupees in '000) ------	
1,000,000,000	1,000,000,000	Ordinary shares of Rs 10 each	**10,000,000**	10,000,000

23.2 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
-----(Number of shares) -----			------ (Rupees in '000) ------	
13,900,000	13,900,000	Ordinary shares of Rs 10 each fully paid in cash	**139,000**	139,000
467,387,116	467,387,116	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**4,673,871**	4,673,871
481,287,116	481,287,116		**4,812,871**	4,812,871

23.3 During the year, there has been no movement in the ordinary share capital of the Holding Company.

	2023	2022
	----- (Number of shares) -----	
23.4 Shares held by related parties		
Dawood Lawrencepur Limited Percentage of holding 16.19% (2022: 16.19%)	**77,931,896**	77,931,896
The Dawood Foundation Percentage of holding 3.95% (2022: 3.95%)	**18,991,988**	18,991,988
Dawood Investments (Private) Limited [formerly known as Patek (Private) Limited] Percentage of holding 9.86% (2022: 9.86%)	**47,450,048**	47,450,048
Sach International (Private) Limited Percentage of holding 0.001% (2022: 0.001%)	**6,996**	6,996
Directors and Chief Executive Officer of the Holding Company (including their spouse and minor children) Percentage of holding 3.88% (2022: 3.88%)	**18,697,228**	18,697,228

24. MAINTENANCE RESERVE

24.1 In accordance with the Power Purchase Agreement (PPA), EPQL is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any shortfall from the contractual limit.

Under the PPA, 1/24th of the annual operating and maintenance budget of the power plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter, the Fund may be re-established at such other level that EPQL and CPPA-G mutually agree.

In 2012 EPQL, due to uncertain cash flows resulting from delayed payments by CPPA-G has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank, which has been invested in Treasury Bills having a face value of Rs 50 million (2022: Rs 49.321 million) as at December 31, 2023. Till such time the amount is deposited again to the required level, EPQL has unutilized short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

During the year, an amount of Rs 496.644 million (2022: Rs Nil), being owners' share, has been transferred from unappropriated profit to the fund because the operations and maintenance regime of the plant involves expenditure on equipment and overhaul of the power plant on certain intervals that are based on plant operations. An amount covering these cost calculated based on factored fired hours has been appropriated to maintenance reserve.

	2023	2022
25. BORROWINGS - Secured	------ (Rupees in '000) ------	
Islamic Finances (note 25.1)	**41,990,765**	37,249,513
Conventional Finances (note 25.2)	**33,469,383**	41,623,936
Foreign currency borrowings and others (note 25.3)	**117,664,705**	106,825,744
	193,124,853	185,699,193
Less: Current portion shown under current liabilities (note 25.5)	**28,580,236**	27,699,919
Less: Government grant (note 26)	**2,472,574**	1,825,480
	162,072,043	156,173,794

	Note	Mark-up	Installments		2023	2022
			Number	Commenced/ Commencing from	------ (Rupees in '000) ------	
25.1 Islamic Finances						
Bilateral loan	25.4.1	6 months KIBOR + 0%	6 half yearly	July 15, 2021	**903,584**	2,710,751
Islamic long term financing facility (ILTFF)	25.4.2	SBP rate + 1.2%	32 quarterly	December 14, 2022	**1,633,332**	1,868,317
Islamic Temporary Economic Refinance Facility (ITERF)	25.4.3	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2023 and January 2025	**3,395,059**	1,716,699
Loan under Diminishing Musharaka agreement	25.4.4	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	**300,000**	400,000
Syndicated Long Term Islamic Finance Facility	25.4.5	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	**8,733,733**	8,730,846
Loan under Diminishing Musharaka agreement	25.4.6	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	**6,000,000**	6,000,000
Islamic Facility Agreements	25.4.7	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	**3,025,057**	3,322,900
Meezan Bank Limited - Facility 1	25.4.8	3 months KIBOR + 0.93%	20 quarterly	January 1, 2024	**4,500,000**	4,500,000
Meezan Bank Limited - Facility 2	25.4.9	3 months KIBOR + 0.4%	28 quarterly	September 1, 2025	**3,000,000**	3,000,000
Faysal Bank Limited	25.4.10	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	**1,000,000**	1,000,000
National Bank of Pakistan	25.4.20 & 25.4.21	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	**-**	500,000
MCB Bank Limited - Syndicate facility	25.4.22	3 months KIBOR + 0.7%	20 quarterly	February 1, 2024	**3,500,000**	3,500,000
MCB Bank Limited - Syndicate Facility 2	25.4.11	3 months KIBOR + 0.65%	28 quarterly	July 1, 2023	**6,000,000**	-
					41,990,765	37,249,513
25.2 Conventional Finances						
MCB Bank Limited - Facility 1	25.4.12	3 months KIBOR + 0.95%	20 quarterly	October 1, 2022	**800,000**	1,000,000
Bank Alfalah Limited	25.4.13	3 months KIBOR + 0.8%	20 quarterly	March 1, 2023	**900,000**	1,000,000
Habib Bank Limited - Facility 1	25.4.14	3 months KIBOR + 0.95%	20 quarterly	April 1, 2023	**1,530,000**	1,700,000
Habib Bank Limited - Facility 2	25.4.15	3 months KIBOR + 0.7%	20 quarterly	February 1, 2024	**2,000,000**	2,000,000
MCB Bank Limited - Facility 3	25.4.16	3 months KIBOR + 0.4%	28 quarterly	August 1, 2025	**2,000,000**	2,000,000
Habib Bank Limited - Facility 3	25.4.17	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	**2,500,000**	2,500,000
United Bank Limited	25.4.18	3 months KIBOR + 0.4%	28 quarterly	December 1, 2025	**1,500,000**	1,500,000
Facilities of EFert - Senior lenders						
Allied Bank Limited	25.4.20 & 25.4.21	3 months KIBOR + 0.35%	12 quarterly	March 30, 2023	**176,521**	264,781
Allied Bank Limited	25.4.20 & 25.4.21	6 months KIBOR + 0.20%	6 half yearly	June 30, 2023	**31,550**	47,261
Allied Bank Limited	25.4.20 & 25.4.21	3 months KIBOR + 0.35%	6 half yearly	June 21, 2023	**666,667**	1,000,000
Allied Bank Limited	25.4.20 & 25.4.21	6 months KIBOR + 0.2%	4 half yearly	June 30, 2022	**-**	1,050,000
Allied Bank Limited	25.4.20 & 25.4.21	3 months KIBOR + 0.2%	6 half yearly	June 16, 2022	**833,333**	1,666,667
MCB Bank Limited	25.4.20 & 25.4.21	3 months KIBOR + 0.25%	6 half yearly	June 27, 2022	**833,333**	2,083,333
MCB Bank Limited	25.4.20 & 25.4.21	6 months KIBOR + 0.20%	4 half yearly	December 25, 2021	**-**	1,500,000
					2,541,404	7,612,042
JS Bank Limited		SBP Rate + 2%	20 quarterly	September 23, 2019	**10,000**	30,000
Bank Alfalah Limited		SBP Rate + 2%	20 quarterly	May 1, 2012	**51,128**	78,740
National Bank of Pakistan	25.4.7	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	**2,370,132**	2,603,492
HBL - led consortium	25.4.7	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	**12,868,593**	14,135,614
Allied Bank Limited	25.4.25	6 months KIBOR + 0.8%	4 half yearly	June 15, 2022	**-**	515,295
					29,071,257	36,675,183
TERF Loans - EFert						
Allied Bank Limited	25.4.19	1.50%	Various	March 30, 2023	**630,664**	676,310
Habib Bank Limited	25.4.19	2.00%	Various	January 29, 2022	**729,898**	799,841
MCB Bank Limited	25.4.19	1.50%	Various	January 13, 2023	**3,037,564**	3,472,602
					4,398,126	4,948,753
					33,469,383	41,623,936

25.3

Foreign Borrowings and Others	Note	Mark-up	Installments Number	Installments Commenced/ Commencing from	2023	2022
					------ (Rupees in '000) ------	
International Finance Corporation (IFC)	25.4.23	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	1,645,647	3,913,259
International Finance Corporation (IFC)	25.4.24	SOFR + 3.68%	7 half yearly	July 15, 2025	4,112,422	-
Deutsche Investitions und Entwicklungsgesellschaft	25.4.20	6 months LIBOR + 3.75%	9 half yearly	December 15, 2019	-	755,646
Allied Bank Limited (Bahrain)	25.4.25	SOFR + CAS (0.4286%) +3%	6 half yearly	June 13, 2022	1,208,755	1,945,047
China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industrial and Commercial Bank of China Limited (ICBCL)	25.4.26	6 months LIBOR + 4.2%	20 half yearly	June 1, 2020	115,411,260	105,576,723
					122,378,084	112,190,675
Less: Transaction costs	25.4.27				(4,713,379)	(5,364,931)
					117,664,705	106,825,744

25.4 Detail of the financings are set out as follows:

25.4.1 In 2019, EPCL entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL (except land and building) to the extent of Rs 1,199.450 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.

25.4.2 In 2020, EPCL obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan (SBP) through musharaka agreement entered with financial institutions to finance its PVC III expansion project. This is secured by way of hypothecation charge over present and future fixed assets of EPCL (excluding land and building), to the extent of Rs 2,437.500 million which shall rank pari passu with the charges created in favour of the existing creditors.

25.4.3 In 2021, EPCL obtained ITERF of SBP for a period of 10 years (including 2 years grace period) through musharaka agreement entered with financial institutions of Rs 1,000 million to finance its capital expenditure. The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL (excluding land and building), to the extent of Rs 1,250 million which shall rank pari passu with the charges created in favor of existing creditors. During the year, EPCL further received Rs 144.522 million on account of ITERF loan facility.

In 2021, EPPL entered into a musharaka agreement with MCB Bank Limited and MCB Islamic Bank Limited (MIBL) for Rs 550 million and Rs 100 million respectively, under the ITERF of SBP. The borrowing is secured by way of hypothecation charge of present and future movable fixed assets of EPPL (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.

In 2022, EPPL entered into a musharaka agreement with Faysal Bank Limited for Rs 2,000 million under the ITERF of SBP. The borrowing is secured by way of hypothecation charge over plant and machinery of EPPL with 20% margin. During the year, EPPL received additional Rs 1,615.854 million on account of ITERF loan facility to the extent of Rs 2,500 million.

25.4.4 In 2021, EPCL made a draw down of Rs 400 million under diminishing musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL (excluding land and building), to the extent of Rs 500 million which shall rank pari passu with charges created in favor of existing creditors.

25.4.5 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 bonds. The borrowing is secured by way of hypothecation charge over present and future fixed assets of EPCL, to the extent of Rs 11,666.667 million which shall rank pari passu with the charges created in favor of existing creditors.

25.4.6 On December 12, 2022, EPCL obtained loans amounting to Rs 6,000 million to finance its capital expenditure through musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). The borrowing is secured by way of hypothecation charge of present and future fixed assets of EPCL, to the extent of Rs 7,833.333 million which shall rank pari passu with the charges created in favor of existing creditors.

25.4.7 EPTL has entered into the following loan agreements:

- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs 17,016 million. As at December 31, 2023, the outstanding balance of the borrowing was Rs 12,868.593 million (2022: Rs 14,135.614 million).

- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs 3,134 million. As at December 31, 2023, the outstanding balance of the borrowing was Rs 2,370.132 million (2022: Rs 2,603.492 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, 2023, the outstanding balance of the borrowing was Rs 3,025.057 million (2022: Rs 3,322.900 million).

These loans are secured primarily through first ranking hypothecation charge over project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and have pledged shares in favour of the Security Trustee.

These include 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.

25.4.8 In November 2021, Enfrashare entered into a secured long term musharka financing facility extended by Meezan Bank Limited (the Bank) for an amount up to Rs 4,500 million. Facility availed as at December 31, 2023 is of Rs 4,500 million (2022: Rs 4,500 million). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) in favour of the Bank in the sum of Rs 6,000 million. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables from CM Pak Limited amounting to Rs 6,000 million favouring the Bank along with collection of receivable from the Bank's channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of the Bank in terms of the letter of lien amounting to Rs 6,000 million.

d) Letter of comfort of ECL.

25.4.9 In September 2022, Enfrashare entered into a secured long term musharka financing facility and secured facility extended by the Bank for an amount up to Rs 3,000 million. Facility availed as at December 31, 2023 is of Rs 3,000 million (2022: Rs 3,000 million). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the Bank in the sum of Rs 4,000 million. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables from CM Pak Limited amounting to Rs 10,000 million favouring the Bank along with collection of receivable from the Bank's channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of Meezan Bank Limited.

(d) Letter of comfort of ECL.

25.4.10 In December 2022, Enfrashare entered into a secured long term musharaka agreement and secured facility extended by Faysal Bank Limited for an amount up to Rs 1,000 million. Facility availed as at December 31, 2023 is of Rs 1,000 million (2022: Rs 1,000 million). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the investment agent in the sum of Rs 1,334 million. This charge ranks pari passu (by way of security pooling in favour of HBL as the security agent) with the charges created in favour of the existing creditors.

(b) Lien and right to set-off over the Payment Account in favour of Faysal Bank Limited in terms of a letter of lien up to the sum of Rs 1,333 million.

25.4.11 In July 2023, Enfrashare entered into a secured syndicated long term musharka financing facility and secured syndicated term finance facility extended by the Participants (i.e. MCB Bank Limited, Meezan Bank Limited, Allied Bank Limited and Faysal Bank Limited) for an amount up to Rs 6,000 million. Facility availed as at December 31, 2023 is of Rs 6,000 million (2022: Rs Nil). The total tenor of loan is ten years from date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) Charge by way of hypothecation over all the present and future current and fixed assets (excluding land and buildings) in favour of the security agent in the sum of Rs 8,000 million.

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(b) Lien and right to set-off over the Debt Payment Account and the Debt Service Reserve Account in favour of the Facility Agent in terms of the letter of lien in the sum of Rs 2,000 million.

(c) Lien and right of set-off over the Finance Payment Account and the Payment Service Reserve Account in favour of the Investment Agent in terms of the letter of lien in the sum of Rs 6,000 million.

(d) Letter of comfort ECL.

25.4.12 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, 2023 is of Rs 800 million (2022: 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 the following collaterals / assurances made by Enfrashare:

(a) 1st hypothecation charge amounting to Rs 1,333 million over current assets and fixed assets (excluding land and building) of Enfrashare.

(b) Assignment of receivables favouring MCB Bank Limited along with collection of receivable from MCB Bank Limited's channel.

(c) Letter of comfort of ECL.

25.4.13 In March 2021, Enfrashare entered into a secured long term financing facility extended by Bank Alfalah Limited (the Bank) for an amount up to Rs 1,000 million. Facility availed as at December 31, 2023 is of Rs 900 million (2022: 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 the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) in favour of the Bank in the sum of Rs 1,333 million. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables favouring the Bank along with collection of receivable from the Bank's channels.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of the Bank.

(d) Letter of comfort of ECL.

25.4.14 In April 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited (the Bank) for an amount up to Rs 1,700 million. Facility availed as at December 31, 2023 is of Rs 1,530 million (2022: 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 the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) in favour of the Bank in the sum of Rs 2,667 million. This charge ranks pari passu with the charges created in favour of the existing creditors.

(b) Assignment over receivables from Telenor Pakistan (Private) Limited (Telenor) due under the contract executed between Telenor and Enfrashare amounting to Rs 2,534 million favouring the Bank.

(c) Lien and right to set-off over the Bank Account, Debt Service Reserve Account, the Invoicing Discount Account and the Debt Payment Account in favour of the Bank in terms of the letter of lien amounting to Rs 2,667 million.

(d) Letter of comfort of ECL.

25.4.15 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, 2023 is of Rs 2,000 million (2022: Rs 2,000 million). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu hypothecation charge over the all present and future current assets and movable assets (excluding land and building) for a sum of Rs 2,667 million. This charge ranks first pari passu with the charges created in favour of the existing creditors.

(b) Assignment of over receivables from Telenor due under the contract executed between Telenor and Enfrashare amounting to Rs 5,200 million favouring Habib Bank Limited.

(c) Lien and right to set-off over the Bank Account, Debt Service Reserve Account, the Invoicing Discount Account and the Debt Payment Account in favour of the Bank in terms of the letter of lien amounting to Rs 2,667 million.

(d) Letter of comfort of ECL.

25.4.16 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, 2023 is of Rs 2,000 million (2022: Rs 2,000 million). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the investment agent in the sum of Rs 2,667 million. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables amounting to Rs 4,000 million favouring MCB.

(c) Letter of comfort of ECL.

25.4.17 In December 2022, Enfrashare entered into a secured term finance facility and secured facility extended by Habib Bank Limited (the Bank) for an amount up to Rs 2,500 million. Facility availed as at December 31, 2023 is of Rs 2,500 million (2022: Rs 2,500 million). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the Bank in the sum of Rs 3,334 million. This charge ranks pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables from Telenor amounting to Rs 8,534 million favouring the Bank along with collection of receivable from Habib Bank's channel.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of Habib Bank Limited.

(d) Letter of comfort of ECL.

25.4.18 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, 2023 is of Rs 1,500 million (2022: Rs 1,500 million). The total tenor of loan is ten years from the date of disbursement of finance with 3 years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the investment agent in the sum of Rs 2,000 million. This charge ranks pari passu (by way of security pooling in favour of HBL as the security agent) with the charges created in favour of the existing creditors.

(b) Lien and right to set-off over the Debt Payment Account in favour of United Bank Limited in terms of a letter of lien and right of set-off up to the sum of Rs 2,000 million.

25.4.19 During the year, EFert repaid TERF loan to Habib Bank Limited, Allied Bank Limited and MCB Bank Limited amounting to Rs 69.943 million, Rs 45.646 million, and Rs 435.038 million respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installment starting from January 2022.

In accordance with IFRS 9 Financial Instruments, the Group has recognised these loans at their fair value and the differential markup as deferred government grant income, as mentioned in note 26 to the consolidated financial statements, which will be amortised and set off against finance cost over the period of the facilities.

25.4.20 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 2,750 million, Rs 2,320.638 million, Rs 500 million and Rs 955.378 million (including exchange loss), respectively.

25.4.21 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.

25.4.22 In December 2021, Enfrashare entered into a secured syndicated long term musharka financing facility and secured syndicated term finance facility extended by the Participants (i.e. MCB Bank Limited, The Bank of Punjab and Habib Metropolitan Bank Limited) for an amount up to Rs 3,500 million (2022: Rs 3,500 million). Facility availed as at December 31, 2023 is of Rs 3,500 million (2022: Rs 3,500 million). The total tenor of loan is seven years from the date of disbursement of finance with two years grace period for principal portion.

The financing facility is secured against the following collaterals / assurances made by Enfrashare:

(a) 1st pari passu charge by way of hypothecation over all the present and future fixed assets (excluding land and buildings), current assets and receivables in favour of the Participants in the sum of Rs 4,667 million. This charge ranks 1st pari passu with the charges created in favour of the existing creditors and pari passu inter-se the Participants.

(b) Assignment of receivables amounting to Rs 6,007 million favouring the Participants along with collection and of receivable from the Participant's bank channel and Bank Alfalah Limited.

(c) Lien and right to set-off over the Collection Account, Payment Account and the Payment Service Reserve Account in favour of the Participants in terms of the Letter of Lien amounting to Rs 4,667 million.

(d) Letter of comfort of ECL.

25.4.23 In 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 agreement is covered under Islamic mode of financing.

25.4.24 In 2021, EPCL had entered into an Ijarah agreement with IFC for a total of USD 15 million, the draw down of which was made during the year. This is secured by way of hypothecation charge of present and future fixed assets of EPCL (excluding land and building) to the extent of USD 18.750 million which shall rank pari passu with the charges created in favour of the existing creditors. The agreement is covered under Islamic mode of financing.

25.4.25 The proceeds from loans obtained by EETPL are carried net of unamortised balance of transaction costs amounting to Rs 13.870 million (2022: Rs 28.344 million).

The principal amounts for repayment at December 31, 2023 for foreign currency denominated loan is USD 4.337 million (2022: USD 8.667 million).

During the year, an amendment to the USD Facility Agreement between EETPL and Allied Bank Limited (Bahrain) was executed, pursuant to which, LIBOR was replaced by Secured Overnight Financing Rate (SOFR) with effect from July 1, 2023. The repayments to be made hereforth shall use SOFR for the purpose of mark up calculation.

25.4.26 EPTL has entered into a USD Facility Agreement on December 21, 2015 with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 621 million for a period of 14 years. The facility is secured primarily through first ranking hypothecation charge over the project assets of EPTL. Further, the shareholders of EPTL have committed to provide cost overrun support for 10% of entire debt and pledged shares in favour of the Security Trustee. As at December 31, 2023, outstanding balance was USD 408.680 million (2022: USD 465.750 million).

25.4.27 These primarily represent payments made by EPTL to China Export and Credit Insurance Bank (Sinosure), in connection with insurance cover obtained over financing arrangements relating to Chinese lenders, and payments to various financial institutions in respect of transaction and related cost for loan arrangements. Transaction costs have been adjusted against related borrowings and are being amortised over the term of the respective borrowings.

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

	2023	2022
	-------- (Rupees in '000) --------	
Balance as at January 1	**185,699,193**	164,191,574
Add:		
Borrowings availed during the year	**11,909,581**	26,773,322
Exchange loss	**27,366,209**	27,167,532
Amortisation of transaction cost (note 41)	**857,541**	885,074
Less: Repayment of borrowings	**32,707,671**	33,318,309
	7,425,660	21,507,619
	193,124,853	185,699,193
Less: Current portion shown under current liabilities	**28,580,236**	27,699,919
Less: Government grant (note 26)	**2,472,574**	1,825,480
Balance as at December 31	**162,072,043**	156,173,794

26. GOVERNMENT GRANT

	2023	2022
Balance as at January 1	**1,825,480**	1,263,327
Add: Grant recognised on loan at below market interest rate	**1,020,074**	973,820
Less: Released to the consolidated statement of profit or loss	**372,980**	411,667
	2,472,574	1,825,480
Less: Current portion of Government grant	**452,387**	353,201
	2,020,187	1,472,279

	2023	2022
	-------- (Rupees in '000) --------	
27. LEASE LIABILITIES		
Non-current portion	**66,785,160**	62,397,791
Current portion	**10,637,203**	9,062,433
Total lease liability as at December 31	**77,422,363**	71,460,224

27.1 This primarily includes liabilities aggregating to Rs 61,012.786 million (2022: Rs 54,833.722 million) relating to terminal business. Incremental borrowing rate of the business is 8.29% per annum and remaining term of the lease is 6 years and 3 months.

	2023	2022
	-------- (Rupees in '000) --------	
28. DEFERRED LIABILITIES		
Retirement and other service benefits obligations	**485,659**	578,301
Deferred incentive revenue (note 28.1)	**273,488**	534,814
Deferred liability on FSRU (note 28.2)	**3,396,220**	2,606,555
Provision for dismantling and restoration cost (note 28.3)	**492,860**	497,490
Consideration payable against asset purchase agreement (note 28.4)	**436,248**	-
	5,084,475	4,217,160
Less: Current portion shown under current liabilities	**626,493**	577,116
	4,457,982	3,640,044

28.1 These primarily include deferred incentive revenue of Rs 231.294 million (2022: Rs 488.755 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.

28.2 This represents deferred rental income derived from net capacity payments under LNG Operations and Services Agreement (LSA) in respect of LNG Terminal classified as an operating lease component which is being amortised over the terms of LSA.

	2023	2022
	-------- (Rupees in '000) --------	
28.3 Provision for sites dismantling and restoration costs		
Balance as at January 1	**497,490**	293,606
Provision made during the year	**63,043**	139,889
Unwinding of discount	**59,587**	42,750
Revision due to change in estimates	**(127,260)**	21,245
Balance as at December 31	**492,860**	497,490

28.3.1 The provision for site dismantling and restoration costs has been discounted at a real discount rate of 1.28% (2022: 0.91%) per annum.

28.4 Enfrashare entered into an asset purchase agreement with Pakistan Telecom Mobile Limited (PTML) effective from July 1, 2023 (the effective date) for purchase of tower sites and allied telecommunication infrastructure whereby Enfrashare provided a discount in respect of monthly invoices raised to PTML for a period of twenty-seven months from the effective date. The related discount was provided against the full cash consideration under the asset purchase agreements entered into by Enfrashare with PTML. Present value of the discount provided to PTML amounted to Rs 545 million discounted at weighted average cost of capital of Enfrashare. The said amount has been recognised as assets under 'Property, plant and equipment' and a corresponding deferred liability has been recognised. Deferred liability is amortised over a twenty-seven month period from the effective date of the agreement.

	2023	2022
	-------- (Rupees in '000) --------	
29. LONG TERM PROVISIONS		
Provision for Gas Infrastructure Development Cess (GIDC) (note 29.1 and 29.2)	**25,179,332**	27,939,393
Provision for gas price revision (note 29.3)	**517,392**	517,392
Others (note 29.4)	**1,456,775**	-
	27,153,499	28,456,785
Less: Current portion of provision for GIDC and gas price revision	**27,153,499**	25,503,815
	-	2,952,970

29.1 The Honorable Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 (Judgment) declared that the levy imposed under the Gas Infrastructure Development Cess (GIDC) Act, 2015 (the Act) is valid and in accordance with the provisions of the Constitution of Pakistan 1973 (the Constitution). The SCP in its Judgment stated that the Government has already collected Rs 295 million and this amount combined with the outstanding amount would be in the vicinity of Rs 700 million. The SCP, therefore, issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the Act;

- As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020, and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge (LPS); and

- In case, no work is carried out on the gas infrastructure pipelines in the manner and / or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

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

Aggrieved by the Judgment, EFert and EPCL filed review petitions before the SCP on various grounds, which were dismissed by the SCP on November 02, 2020, (Review Decision). However, the Review Decision 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 for enforcement of the exemption provided under the proviso to Section 8(2) of the 2015 Act.

Subsequent to the Review Decision, EFert filed a rectification application before the SCP seeking a clarification regarding the increase in number of installments.

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

Further, against the GIDC instalment invoice received from Sui Northern Gas Pipelines Limited (SNGPL) to EFert on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11, 2007 (GSPA), EFert approached the SHC to challenge this imposition. EFert has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive action against EFert on collecting GIDC on feed stock gas supplied under the GSPA. EFert's management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence no provision on account of GIDC has been recorded in respect of feed gas received under the GSPA.

The Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. in monthly installment rather than lump sum amount), the Group has remeasured its previously undiscounted provision at its present value using the risk free rate to incorporate the effect of the time value of money arising from the expected settlement based on an instalment plan and accordingly, recognised remeasurement gain amounting to Rs 2,904.978 million in 2020 which has been fully unwinded as at the year end.

29.2 During the year, EPCL has reassessed its obligation in respect of recognition of provision of default surcharge on GIDC, in consultation with its external legal counsel. The legal counsel of EPCL is of the view that EPCL has reasonable grounds to contest the applicability of default surcharge, as there is a stay order in place given by the SHC and there was no mens rea on EPCL's part. Accordingly, EPCL has reversed provision of default surcharge recognised till December 31, 2022 during the current year.

29.3 In 2017, EPCL had filed suits in the SHC, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regularity Authority (OGRA) vide SRO no.(1)/2016 dated December 30, 2016, whereby EPCL cited the increase as illegal and unconstitutional. The SHC granted an interim order in favour of EPCL which is still operational. However, EPCL has recognised a provision of Rs 517.392 million for the period from December 2017 to September 2018.

29.4 Represents provision recognised as an abundant caution and based on a prudence basis for certain cases being contested by EEL and claims against EPQL. This also includes provision related to investment in SEL.

29.4.1 The movement in provision during the year is as follows:

	2023	2022
	-------- (Rupees in '000) --------	
Balance at January 1	**1,424,101**	1,489,808
Exchange differences	**32,674**	93,191
Paid / realisation	**-**	(1,582,999)
As at December 31	**1,456,775**	-

30. TRADE AND OTHER PAYABLES

	2023	2022
Creditors	**29,027,781**	11,143,071
Accrued liabilities (notes 30.1 to 30.5)	**83,564,912**	58,871,305
Provision against tax contingency of EVTL (notes 8.1.1, 8.3 and 30.6)	**602,606**	682,028
Advances from customers (note 30.7)	**20,754,627**	16,347,911
Contractors' / suppliers' deposits and retention money (note 30.8)	**1,385,031**	325,192
Workers' welfare fund	**2,660,100**	1,344,093
Workers' profits participation fund	**4,054,351**	2,557,527
Sales tax payable	**157,225**	203,999
Payable to retirement benefit funds	**318,824**	308,868
Withholding tax payable	**478,724**	464,794
Payable to:		
- Thar Power Company Limited	**750,799**	210,224
- Nimir Industrial Chemicals Limited	**46,292**	-
- FrieslandCampina Pakistan Holdings B.V (note 30.9)	**929,088**	932,367
- Sindh Engro Coal Mining Company	**36,422,652**	31,327,765
- Engro Vopak Terminal Limited	**512,788**	286,184
- Dawood Foundation	**16,119**	39,624
- Engro Foundation	**372,790**	175,954
- FrieslandCampina Engro Pakistan Limited	**275,990**	20,905
Others (note 30.10)	**585,248**	626,799
	182,915,947	125,868,610

30.1 These include accrual in respect of gas charges amounting to Rs 687.898 million (2022: Rs 605.671 million).

30.2 On June 4, 2021, the SHC through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. EFert and EPCL filed a petition against the judgment before the Honorable Supreme Court of Pakistan (SCP) challenging the SHC judgement. In September 2021, the SCP suspended the Judgement of SHC along with the recovery of Cess. Management is confident that ultimate outcome of the case will come in its favor; however, on prudence basis, has recognised a provision for cess amounting to Rs. 6,070.280 million (2022: Rs. 4,869.100 million) in these consolidated financial statements.

30.3 On June 10, 2021, EFert filed a Suit before the SHC in which it prayed that SNGPL be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale and

Purchase Agreement (GSPA) and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. EFert, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs 16,736.935 million (2022: Rs 6,706.128 million) in these consolidated financial statements.

30.4 These include accruals recorded in respect of the following related parties:

	2023	2022
	-------- (Rupees in '000) --------	
Thar Power Company Limited	**170,401**	98,481
The Dawood Foundation	**21,200**	22,196
Reon Energy Limited	**-**	21,587
Sindh Engro Coal Mining Company Limited	**12,587,081**	7,561,786
	12,778,682	7,704,050

30.5 In 2022, EFert received a letter from one of its gas supplier, referring to a letter issued by MoE, which indicated that the pricing of gas supplied to Efert from the aforementioned gas field would be higher of the applicable Petroleum Policy or the gas price notified by the Oil and Gas Regulatory Authority ("OGRA") for the fertilizer sector ("MoE Letter") and such charge shall be applicable from the date of execution of the GSPA.

In this regard, EFert has submitted a formal response to the gas supplier. Without prejudice to the foregoing and any admission of liability, the Group has on prudent basis recorded a provision amounting to Rs 2,380.450 million (2022: Rs 2,380.450 million) in these consolidated financial statements.

30.6 The movement in provision is as follows:

	2023	2022
	-------- (Rupees in '000) --------	
Balance at the beginning of the year	**682,028**	972,297
Provision adjustment in respect of tax contingency (note 8.1)	**(79,422)**	(290,269)
	602,606	682,028

30.7 This represents advances received by the Group from customers and distributors for goods to be delivered.

30.8 This includes deposits amounting to Rs 348.949 million (2022: Rs. 307.664 million) which have been kept in separate bank accounts. This also includes deposits amounting to Rs 1,020.733 million (2022: Rs 7.400 million) which are fully utilized in business in accordance with the requirements of written agreements and in terms of section 217 of the Act.

30.9 This includes an amount of Rs 928.998 million (2022: Rs 928.998 million) equal to 51% of the sales tax receivable of FrieslandCampina Engro Pakistan Limited (FCEPL), an associated company, recognised in the financial years 2012 to 2016, which the Holding Company is required to pay, under the Share Purchase Agreement (SPA) with FrieslandCampina Pakistan Holding B.V. (FCP), if the same is not recovered by FCEPL within six years after it is recognised. Accordingly, on prudence basis, the Holding Company has recognised its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered.

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30.10 Includes liability towards Long Term Incentive Plan (LTIP) amounting to Rs 158.353 million (2022: Rs 133.993 million). In 2022, the Board of Directors of the Holding Company approved LTIP for granting of cash-settled phantom shares to certain executive employees. Under the LTIP, the actual amount of phantom shares that may vest at exercise price of nil ranges from 0% to 121% of the awards, depending on the outcomes of prescribed service and performance conditions over a three-year period.

	2023	2022
	-------- (Rupees in '000) --------	
31. CONTRACT LIABILITIES		
Contract liabilities	**14,427,927**	12,980,370

31.1 This represents contract liabilities related to EPTL as explained in notes 35.2.1 and 36.1.2.

	2023	2022
	-------- (Rupees in '000) --------	
32. ACCRUED INTEREST / MARK-UP		
Accrued interest / mark-up on:		
- long-term borrowings	**2,361,443**	2,751,430
- short-term borrowings	**446,200**	170,942
	2,807,643	2,922,372
33. SHORT-TERM BORROWINGS		
Running finances utilised under mark-up arrangements (note 33.1)	**25,232,254**	33,087,283
Shariah compliant short-term finance (note 33.2)	**1,500,000**	2,250,000
Export refinance facility (note 33.3)	**324,360**	474,360
Islamic running finance facility (note 33.1)	**4,583,105**	-
Short-term loans	**-**	3,660,000
	31,639,719	39,471,643

33.1 The short-term running finances available to the Group from various banks under mark-up arrangements amount to Rs 78,552 million (2022: Rs 54,655 million). The rates of mark-up on these finances are KIBOR plus spread ranging from 0.2% to 1.5% (2022: 0.0% to 13.1%) per annum. The aggregate running finances are secured by way of hypothecation of ranking floating charge over present and future loans, advances, receivables, stocks, book debts and other current assets and pledge over shares. The Group has utilised Rs 45,583.841 million (2022: Rs 37,933.917 million) as at the reporting date.

33.2 EPTL has entered into a Musharaka agreement with Meezan Bank Limited as Investment Agent and issued Sukuks of face value of Rs 3,000 million (2022: Rs 3,000 million) for a period of five years with a call option exercisable towards the end of every year. These Sukuks are issued to cater the working capital requirements of EPTL and carry profit at the rate of 3 Months KIBOR plus 1.1% per annum, payable quarterly. The Sukuks are secured by way of first charge, ranking pari passu, over the project assets of EPTL.

33.3 This represents export refinance facility obtained by EPCL carrying mark-up at the rate of 19% (2022: 3%) on rollover basis for six months. This facility is secured by floating charge over stocks and book debts of EPCL.

34. CONTINGENCIES AND COMMITMENTS

34.1 Contingencies

34.1.1 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.

34.1.2 Engro Corporation Limited

34.1.2.1 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, a super tax at ten percent has been imposed on the specified sectors (including the fertilizer and chemical sector) in case the income exceeds Rs 300 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) where through an interim order, relief was granted conditional on submission of equivalent bank guarantees. The SHC in its judgement dated December 22, 2022, declared that “the super tax levy shall only be applicable from the tax year 2023” and the imposition of higher rate on the specified sectors as discriminatory.

The SHC decision was challenged by FBR in the SCP, where vide an interim order, the SCP directed the Nazir of SHC to encash the bank guarantees furnished by taxpayers upto the extent of four percent.

ECL has recorded provision of super tax for the year ended December 31, 2021 (tax year 2022), at the rate of four percent in these consolidated financial statements on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent for TY 2022 amounting to Rs 2,738.141 million are remote. Therefore, no provision is recorded thereagainst in these consolidated financial statements.

34.1.2.2 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan (CCP), 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.

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34.1.2.3 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.

34.1.2.4 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 secured by pledging 66,000,000, 103,500,000, 56,000,000 and 53,000,000 shares of EFert, EPCL, FCEPL and EPQL, respectively.

34.1.2.5 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 2.606 million (2022: US Dollars 5.660 million) for its equity commitments related to SECMC, its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) October 31, 2024; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by 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 (2022: 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 105,000,000 and 65,000,000 respectively.

34.1.2.6 EETPL has issued SBLCs amounting to US Dollars 22.500 million (2022: US Dollars 22.500 million). This has been secured by pledging ECL's shares of EFert and EPCL of quantities 66,000,000 and 117,000,000, respectively.

34.1.3 Engro Fertilizers Limited and its subsidiary company

34.1.3.1 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 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.

In 2022, the decision of the CIR(A) was received for all these years where legal objections interalia taken up on the selection / conduct of audit in this manner were upheld. In these orders, favorable decisions were made on majority of the matters, certain issues were remanded back for verification while inadmissibility of certain expenses and disallowance of WPPF were maintained, aggregating to Rs 581.898 million. EFert has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the unfavorable decisions of CIR(A) which is currently pending.

Subsequently, the tax department issued appeal effect orders based on favorable CIR(A)'s decision, where tax department again decided some of the remanded back issues against EFert resulting in tax liability of Rs 194.148 million. Appeal before CIR(A) had been filed against these appeal effect orders. During the year, CIR(A)'s order on aforesaid appeal has been received in favour of EFert.

In respect of sales tax audits, in 2021, the tax department only issued a Show Cause Notice (SCN) for TY 2017. EFert filed Constitutional Petitions before the SHC challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 13, 2021, the SHC granted ad-interim orders in favour of EFert for all three tax years.

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

34.1.3.2 In 2022, in respect of TY 2018, EFert received an order from the Assistant Commissioner Inland Revenue (ACIR) restricting brought forward losses having a tax impact of Rs 580.910 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 considers, based on the tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

34.1.3.3 In 2015, EFert received a sales tax order from the tax department for the tax periods January 01, 2013 to December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs 402.875 million and on the presumption that output tax liability is not being discharged by EFert on advances received from dealers amounting to Rs 1,844.075 million. EFert filed an appeal thereagainst with the CIR(A) which decided the matters in favour of EFert. The department thereafter challenged the decision of the CIR(A) with the ATIR, which is pending to be heard. No provision has been made by the Group in this respect in these consolidated financial statements.

34.1.3.4 EFert filed a constitutional petition in the SHC against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and SNGPL for continuous supply of 100 mmscfd gas per day to EFert's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. Through its order dated October 18, 2011, the SHC ordered that SNGPL should supply 100 mmscfd gas per day to EFert's new plant. However, five petitions have been filed in the SCP against the aforementioned order of the SHC by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited alongwith twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. EFert's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be low.

Further, EFert upon continual curtailment of gas after the aforementioned decision of the SHC has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. EFert, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to EFert's plant despite the judgment of the SHC in EFert's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the SHC. The application is pending for hearing and no orders have yet been passed in this regard.

34.1.3.5 In 2013, EFert, along with other fertilizer companies, received a show cause notice from the CCP for initiating action under the Competition Act, 2010 (2010 Act) in relation to alleged unreasonable increase

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in fertilizer prices. EFert has responded in detail that factors resulting in such increase were mainly due to imposition of infrastructure cess, sales tax and gas curtailment. The CCP issued an order in March 2013, whereby it held that EFert has a dominant position in the urea market and that it has abused the same by unreasonable increases in urea prices during the period December 2010 to December 2011. The CCP also held another major fertilizer company to be responsible for abusing its dominant position. Moreover, the CCP imposed a penalty of Rs 3,140 million and Rs 5,500 million on EFert and the other fertilizer company, respectively. An appeal has been filed before the Competition Appellate Tribunal (CAT) and a writ has been filed in the SHC wherein stay has been granted in favour of EFert restraining CCP and Federation of Pakistan (i.e. Respondents) from taking any coercive action.

In case of the other fertilizer company, the CAT has transferred the case back to the CCP for reassessment. EFert has also challenged the composition of the CAT before the SHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against EFert during the pendency of the petition. EFert's management believes that the chances of ultimate success are strong and, hence, no provision has been made in this respect in these consolidated financial statements.

34.1.3.6 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to EFert's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 between EFert and SNGPL be declared void ab initio because the output of Qadirpur gas field has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. EFert has outrightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to EFert through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to EFert's new plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (iii) both EFert and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in the SCP. However, EFert's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be low.

34.1.3.7 In 2018, the tax department [i.e. Large Taxpayers Unit (LTU)] issued an order for the period June 2016 to July 2017 with a demand of Rs 1,006 million mainly on account of further sales tax to be charged on fertilizers sales to unregistered persons. EFert filed an appeal before the CIR(A) who disposed off the appeal in favour of the tax department. Thereafter, EFert filed an appeal before the ATIR, and it also decided the same in favour of the tax department. EFert challenged the ATIR Order, to the extent of its ruling in relation to exemption from further sales tax, before the SHC by filing Sales Tax Reference Application. On October 11, 2021, the SHC granted an ad-interim order restraining the tax department from taking coercive action against EFert in respect of the recovery of the impugned demand. EFert's management believes that the chances of ultimate success are strong and, hence, no provision has been made in this respect in these consolidated financial statements.

34.1.3.8 During the year, EFert received an amendment order in respect of TY 2021, creating disallowances having a tax impact of Rs 916.584 million. The disallowances mainly pertain to disallowance of provision for WPPF and on account of disallowance of minimum tax on opening stock-in-trade. EFert has filed an appeal before the CIR(A) in respect of this order, which is pending to be heard.

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

34.1.4 Elengy Terminal Pakistan Limited and its subsidiary company

34.1.4.1 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 above levied cess and has provided bank guarantee amounting to Rs 19 million (2022: 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.

34.1.4.2 As detailed in note 13.6, 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.

34.1.5 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 EPQL.

34.1.6 Engro Eximp Agriproducts (Private) Limited (EEAP)

34.1.6.1 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, 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.

34.1.6.2 The Assistant Commissioner Inland Revenue (ACIR) raised a demand of Rs 250 million for tax year 2020 dated March 30, 2023, through passing order under section 161(1A) of the Ordinance. The ACIR applied straight rate of withholding taxes and alleged short deduction on the entire expenditure. EEAPL filed an appeal against the said order which was remanded back by the Commissioner Appeals vide order dated May 16, 2023. The remand back proceeding has not been initiated to date. The management of EEAPL based on the advice of the legal counsel believes that there are strong grounds to defend this matter, accordingly no provision is recorded in these consolidated financial statements.

34.1.7 Associated Companies and Joint Venture

34.1.7.1 Details of material contingencies which might affect share of profit from associated undertakings and joint venture are as follows:

34.1.7.2 FCEPL has provided bank guarantees to the Government of Sindh, amounting to Rs 403.387 million (2022: Rs 323.386 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 SHC dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. SCP's order further stated that the petitioners (including FCEPL) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

34.1.7.3 During the year, Customs Department issued various orders alleging that FCEPL has misdeclared Harmonized System (HS) code on certain raw materials imported and therefore, required to pay additional duties and taxes creating demand of Rs 420.834 million. FCEPL being aggreived with the said demands has filed appeals before Collector of Customs, which are pending adjudication. FCEPL has issued bank guarantees amounting to Rs 50.731 million for provisional release of raw materials.

FCEPL has also filed appeal in the SHC against the Classification Ruling issued for one of its raw material which is also pending adjudication. FCEPL, based on the opinion of its legal and tax consultants, is confident of a favorable outcome of these appeals.

34.1.7.4 Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amount to Rs 3,706.665 million (2022: Rs 2,418.431 million).

34.1.8 Details relating to tax contingencies and other tax related matters are disclosed in note 43.

34.2 Commitments

Details of commitments as at December 31, 2023 entered by the Group are as follows:

34.2.1 Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs 77,623.023 million (2022: Rs 43,204.163 million).

34.2.2 The aggregate facilities available to the Group for opening letter of credits and bank guarantees, and other commitments other than those disclosed elsewhere in these consolidated financial statements, amount to Rs 43,518.883 million (2022: Rs 35,314.255 million).

34.2.3 In 2019, Engro Peroxide (Private) Limited (EPPL), a subsidiary of EPCL, entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6.993 million. As at December 31, 2023, outstanding commitment for civil works and equipment procurement amounts to EUR Nil (2022: EUR 1.331 million).

34.2.4 In 2021, EPPL, a subsidiary of EPCL, entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide Plant at a consideration of CNY 104.400 million. As at December 31, 2023, outstanding commitment for civil works and equipment procurement amounts to CNY 12.547 million (2022: CNY 70.592 million).

34.2.5 In 2021, EPPL, a subsidiary of EPCL, entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide Plant at a consideration of Rs 927 million. As at December 31, 2023, outstanding commitment amounts to Rs 196.265 million (2022: Rs 472.174 million).

34.2.6 In May 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the Hydrogen Peroxide Plant for a consideration of Rs 470 million. As at December 31, 2023, outstanding commitment for equipment procurement amounts to Rs 146.138 million (2022: Rs 180.716 million).

34.2.7 EPCL has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) caustic soda in respect of which future lease commitments aggregate to Rs 16.770 million (2022: Rs 3.600 million).

34.2.8 EETPL under the Time Charter Party and LNG Storage and Re-gasification Agreement with Excelerate Energy Middle East, LLC (EE) has furnished SBLC through United Bank Limited (UBL) amounting to USD 22.500 million (2022: USD 22.500 million) to EE. This SBLC is valid till March 7, 2024 and is renewable annually. The aforementioned guarantee is secured against the Holding Company's shares in EFert and EPCL and a corporate guarantee and project assets of EETPL.

34.2.9 National Bank of Pakistan (NBP) has issued Standby Letter of Credit (Equity SBLC) worth USD 18.900 million (in Pak Rupee equivalent) on behalf of EEL for its equity commitments related to SECMC in favour of the Inter-creditor Agent (Habib Bank Limited) and SECMC. The Equity SBLC has been furnished for subscription and / or contribution of sponsor equity pursuant to the Sponsor Support Agreement (SSA) originally dated February 26, 2016, and amended and restated from time to time. Equity SBLC 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, 2023, the outstanding amount of SBLC is USD 2.606 million (2022: USD 5.660 million).

34.2.10 Allied Bank of Pakistan (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21.070 million on behalf of EEL relating to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) dated March 22, 2016 and expires on earlier of (i) June 30, 2024 or (ii) on payment of the

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Maximum Amount. This guarantee was secured by pledging ECL's 105,000,000 shares of EFert and 65,000,000 shares of FCEPL.

34.2.11 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.

Phases I and II have been achieved; however, these cost overruns / commitments will be released on finalization of Project Completion Document (PCD). During the year, PCD for Phase I has been filed and concluded with the lenders, whereas, PCD for Phase II is yet to be finalised. The cost overruns / committments have not yet been released.

34.2.12 Commitments of EPCL in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregate to USD 10.584 million valid till March 31, 2026 (2022: USD 22.752 million), (ii) Ethylene Di Chloride (EDC) aggregate to USD 8.270 million valid till December 31, 2028 (2022: USD 11.602 million), and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 0.667 million valid till December 31, 2024 (2022: USD 0.665 million).

34.2.13 On March 28, 2022, and as supplemented from time-to-time, Allied Bank Limited (ABL) and Faysal Bank Limited (FBL) have committed to provide Payment Service Reserve Account SBLC worth USD 23.316 million and Rs 1,029.044 million on behalf of EEL for its commitments related to EPTL, in favor of their Senior Lenders. These SBLCs will expire on March 22, 2024 and July 14, 2024, respectively.

34.2.14 EEAPL has entered into export selling contracts of Nil (2022: 2,100 tons) of Super Basmati Rice to various parties on agreed terms for delivery on various date subsequent to the year end. The sales value of these open commitments at year end amounts to Nil (2022: Rs 619.103 million).

34.2.15 EFert's commitment in respect of gas supply arrangement amounting to Rs 7,776.485 million (2022: Rs 2,763.202 million).

34.2.16 Following bank guarantees have been extended by other companies of the Group:

- EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to USD 5 million (2022: Rs 1,860 million) and USD 10 million (2022: Rs 930 million) in favour of SSGCL to guarantee performance of its obligations under the LNG Operations and Services Agreement (LSA). The aforementioned guarantee is secured against project assets of EETPL and the Holding Company's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2024 and are renewable annually.
- EETPL has provided bank guarantee amounting to Rs 886.053 million (2022: Rs 1,952.145 million) from MCB Bank Limited and Rs 1,536.743 million (2022: Rs 1,322.483 million) from Bank Alfalah Limited, in favor of Nazir of the SHC to comply with the interim orders of the SHC. During the year, EETPL filed application to the SHC to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the SHC. These guarantees have been secured against bank balances and short term investments of EETPL.
- EFert has issued bank guarantees amounting to Rs 8,444.554 million (2022: Rs 9,117.070 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, 2023 amounting to Rs 7,300 million (2022: Rs 7,048 million). The amount utilized thereagainst as at December 31, 2023 is Rs. 6,391.001 million (2022: Rs 6,268.568 million).

The performance guarantees of Rs 102.180 million and Rs 286.682 million given in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of EPPL, respectively. With regards to greenfield status, the management of the EPCL is of the view that if any payment on account of sales tax and income tax which amounts to Rs 149.620 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 on behalf of EEL, Allied Bank Limited has issued counter guarantee on behalf of EEL amounting to Rs 400 million in favor of Bank Alfalah Limited. This guarantee will expire on March 25, 2024.

- Bank guarantees amounting to Rs 2,496.126 million (2022: 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 of Pakistan, Askari Bank Limited and Faysal Bank Limited, have issued guarantees of Rs 1,500 million, Rs 1,000 million and Rs 3,505 million, respectively, expiring on December 31, 2024, December 28, 2024 and July 4, 2025, respectively. Further, Meezan Bank Limited has issued three guarantees of Rs 1,114.610 million, Rs 900 million and Rs 600 million each expiring on November 21, 2024, December 27, 2024 and August 10, 2024, respectively. These guarantees have been issued on behalf of EPTL in favour of SECMC to secure EPTL’s payment obligations under the Coal Supply Agreement. The SBLC Issuing Banks have entered into a non-funded financing facility with EPTL as Junior Creditors and acceded the Intercreditor Agreement and security accordingly.

35. REVENUE

	2023	2022
	-------- (Rupees in '000) --------	
Own manufactured products (notes 35.1 and 35.2)	**276,639,955**	292,903,884
Less:		
- Sales tax	**(29,066,295)**	(23,991,695)
- Discounts	**(3,088,312)**	(2,297,964)
	244,485,348	266,614,225
Purchased product	**182,520,427**	63,532,101
Services rendered (note 35.3)	**66,431,687**	31,425,223
Less: Sales tax	**(10,948,560)**	(4,928,705)
	238,003,554	90,028,619
	482,488,902	356,642,844

35.1 These include export sales amounting to Rs 2,557.491 million (2022: Rs 6,817.888 million) made in European, USA, Middle East and Afghanistan markets.

35.2 These include revenue from sale of Energy which comprises of:

	2023	2022
	-------- (Rupees in '000) --------	
Capacity purchase price (note 35.2.1)	**63,549,688**	43,773,052
Energy purchase price	**68,709,231**	50,761,902
	132,258,919	94,534,954

35.2.1 On June 15, 2022, National Electric Power Regulatory Authority (NEPRA) decided upon the Commercial Operations Date (COD) Adjustment Tariff (Tariff Decision), forming the basis on which future indexations in the EPTL's tariff are to be made and the revenue is to be recognised with effect from the COD. EPTL believes that the aforementioned Tariff Decision is principally not in accordance with EPTL's Upfront Tariff issued by NEPRA dated March 13, 2015, and being aggrieved from the Tariff Decision, EPTL had filed an appeal before the Appellate Tribunal - NEPRA on July 13, 2022 in accordance with the applicable legislation.

Further, EPTL had obtained a stay order from SHC against the above Tariff Decision till the finalisation of EPTL's appeal before the Appellate Tribunal - NEPRA. Accordingly, the Tariff Decision dated June 15, 2022 also stands suspended.

In light of the aforementioned appeal filed and favorable advice from EPTL's legal counsel, EPTL's management had assessed that it has strong legal grounds against certain disallowances made by NEPRA in the Tariff Decision and the Group has continued to recognise revenue in these consolidated financial statements in accordance with its interpretation of the relevant tariff provisions.

However, there were certain adjustments disallowed in the Tariff Decision which are applicable on the EPTL post COD and the Group had recognised its impact in the consolidated financial statements for the year ended December 31, 2022 amounting to Rs 2,338.389 million which pertains to prior periods i.e. from July 10, 2019 till December 31, 2021. Resultantly, the Group has also recognised contract liability in respect of these disallowances of Rs 610.321 million as at December 31, 2023.

35.3 This includes revenue from services rendered by EETPL which comprises of:

	2023	2022
	-------- (Rupees in '000) --------	
Operating lease rental income	**1,563,427**	1,261,205
Revenue from O&M services	**5,667,134**	4,125,807
Finance income on sublease	**7,541,283**	6,139,802
Revenue from utilisation / regasification services	**6,538,153**	4,882,042
	21,309,997	16,408,856

35.4 All revenue earned by the Group is Shariah compliant.

36. COST OF REVENUE

	2023	2022
Cost of goods sold (note 36.1)	**303,362,204**	233,446,118
Cost of services rendered (note 36.2)	**18,231,635**	14,173,711
Finance cost on lease liabilities	**5,259,214**	4,341,277
	326,853,053	251,961,106

		2023	2022
		-------- (Rupees in '000) --------	
36.1	**Cost of goods sold**		
	Raw and packing materials consumed including unprocessed rice (notes 36.1.2)	**50,067,902**	120,366,664
	Salaries, wages and staff welfare (note 36.3)	**6,907,031**	5,321,923
	Fuel and power	**42,174,554**	28,561,919
	Operation and management	**3,983,814**	-
	Repairs and maintenance	**3,671,165**	7,233,362
	Depreciation - Right-of-use assets (note 6.2)	**449,661**	449,662
	Depreciation (note 5.4)	**14,582,634**	11,885,090
	Amortisation of intangible assets (note 7.1)	**42,200**	28,543
	Consumable stores	**2,993,454**	2,098,563
	Staff recruitment, training, safety and other expenses	**1,402,855**	906,447
	Purchased services	**3,078,254**	3,058,878
	Storage and handling / product transportation	**3,080,623**	2,761,435
	Travel	**923,561**	626,178
	Communication, stationery and other office expenses	**264,644**	143,721
	Insurance	**3,902,447**	2,819,284
	Rent, rates and taxes	**686,229**	241,754
	Provision against surplus and slow moving spares (note 14.1)	**178,246**	84,591
	Write-off of stores and spares (note 14.2)	**5,054**	25,975
	Write-off of stock in trade - net of proceeds (note 15.1.1)	**52,038**	237,549
	Other expenses	**353,636**	128,842
	Manufacturing cost	**138,800,002**	186,980,380
	Add: Opening stock of work-in-process	**133,161**	177,862
	Less: Closing stock of work-in-process (note 15)	**711,227**	133,161
		(578,066)	44,701
	Cost of goods manufactured	**138,221,936**	187,025,081
	Add: Opening stock of finished goods manufactured	**9,469,340**	7,351,417
	Less: Closing stock of finished goods manufactured (note 15)	**6,648,552**	9,469,340
		2,820,788	(2,117,923)
	Cost of goods sold		
	- own manufactured product	**141,042,724**	184,907,158
	- purchased product (note 36.1.1)	**162,319,480**	48,538,960
		303,362,204	233,446,118

		2023	2022
36.1.1	**Cost of goods sold - purchased and packaged products**		
	Opening stock	**9,453,715**	8,523,247
	Add: Purchases	**162,861,690**	49,469,428
	Less: Closing stock	**9,995,925**	(9,453,715)
		162,319,480	48,538,960

36.1.2 During the year, EPTL has reversed cost of revenue amounting to Rs 1,686.767 million based on certain clarifications that have been sought by SECMC from Thar Coal Energy Board (TCEB) with respect to tariff components as approved by TCEB related to its COD stage tariff for 3.8 MTPA (Phase I) on December 29, 2022. Resultantly, EPTL has also accounted for consequential adjustment in revenue, contract liability and contract asset by the same amount.

		2023	2022
		-------- (Rupees in '000) --------	
36.2	**Cost of services rendered**		
	Fixed expenses	**3,813,809**	2,539,978
	Variable expenses (notes 36.2.1)	**4,431,354**	3,289,463
	Operational and maintenance services	**1,342,420**	996,950
	Depreciation (note 5.4)	**3,036,437**	2,035,301
	Depreciation - Right-of-use asset (note 6.2)	**706,711**	611,894
	Amortisation of intangible assets (note 7.1)	**12,522**	10,889
	Amortisation of direct cost on FSRU	**86,516**	86,516
	Salaries, wages and staff welfare (note 36.3)	**514,662**	878,949
	Fuel and Power	**2,729,117**	2,143,452
	Purchased services	**21**	160,218
	Communication and other office expenses	**2,685**	89,105
	Stores and spares consumed	**157**	-
	Repairs and maintenance	**706,634**	504,839
	Travelling and entertainment	**54,283**	157,238
	Security and other expense	**636,398**	525,328
	Others	**157,909**	143,591
		18,231,635	14,173,711

36.2.1 This includes Rs 2,947.483 million (2022: Rs 1,989.088 million) in respect of royalty charges paid to Port Qasim Authorities as per the LSA.

36.3 This includes Rs 491.727 million (2022: Rs 436.366 million) in respect of staff retirement benefits.

		2023	2022
		-------- (Rupees in '000) --------	
37.	**SELLING AND DISTRIBUTION EXPENSES**		
	Salaries, wages, and staff welfare (note 37.1)	**1,742,835**	1,629,617
	Staff recruitment, training, safety and other expenses	**181,638**	196,958
	Product transportation and handling	**7,326,179**	5,448,535
	Repairs and maintenance	**20,346**	19,225
	Advertising and sales promotion	**786,475**	755,244
	Rent, rates and taxes	**606,443**	554,666
	Communication, stationery and other office expenses	**50,517**	49,988
	Travel	**205,776**	307,305
	Depreciation (note 5.4)	**147,138**	154,212
	Depreciation - Right-of-use assets (note 6.2)	**25,392**	25,299
	Amortisation of intangible assets (note 7.1)	**11,316**	4,371
	Purchased services	**138,694**	96,926
	Others	**378,012**	83,504
		11,620,761	9,325,850

37.1 These include Rs 122.465 million (2022: Rs 137.130 million) in respect of staff retirement benefits.

	2023	2022
	-------- (Rupees in '000) --------	
38. ADMINISTRATIVE EXPENSES		
Salaries, wages, directors' remuneration and staff welfare (note 38.1)	**6,579,567**	5,587,947
Staff recruitment, training, safety and other expenses	**261,294**	222,203
Repairs and maintenance	**134,051**	94,688
Advertising	**304,846**	418,551
Rent, rates and taxes	**859,951**	528,400
Communication, stationery and other office expenses	**633,495**	517,290
Travel	**1,224,888**	871,365
Depreciation - Right-of-use Asset (note 6.2)	**350,202**	260,669
Depreciation (note 5.4)	**769,580**	564,789
Amortisation of intangible assets (note 7.1)	**372,473**	376,495
Purchased services	**3,714,489**	1,960,888
Donations (note 57)	**1,454,702**	804,050
Share based compensation expense (note 38.2)	**24,360**	133,993
Legal and professional charges	**2,248**	31,604
Insurance	**2,587**	7,422
Subscription and periodicals	**53,097**	24,347
Advisory and consultancy	**359,072**	-
Others	**210,095**	562,109
	17,310,997	12,966,810

38.1 These include Rs 411.290 million (2022: Rs 406.238 million) in respect of staff retirement benefits.

38.2 This represents expense recognised for cash settled share based payment transactions of Rs 24.360 million (2022: 133.993 million).

	2023	2022
	-------- (Rupees in '000) --------	
39. OTHER INCOME		
Financial assets:		
Income on deposits / other financial assets	**22,951,309**	13,144,871
Interest on receivable from SSGCL	**151,469**	161,969
Gain on disposal of subsidiary - EMPAK	**-**	465,898
Others	**22,298**	45
Non financial assets:		
Insurance claims	**239,655**	106,743
Gain on disposal of property, plant and equipment	**94,117**	264,024
Income from sale of spares / scrap	**230,136**	181,248
Delayed payment charges on overdue receivables	**10,456,513**	5,233,201
Reversal of impairment of property, plant and equipment	**-**	1,458,297
Others	**144,078**	302,085
	34,289,575	21,318,381

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

	2023	2022
	-------- (Rupees in '000) --------	
40. OTHER OPERATING EXPENSES		
Workers' profits participation fund	**2,826,885**	2,006,619
Workers' welfare fund	**1,270,039**	627,473
Legal and professional charges	**632,132**	547,066
Human resources development	**35,129**	21,351
Research and development	**2,402**	2,507,929
Exchange loss	**1,252,204**	2,998,075
Remeasurement loss on provision for GIDC (note 29.1)	**678,192**	1,102,678
Impairment against long-term investments and off balance sheet obligation of investee company	**-**	71,146
Write-off of property, plant and equipment	**60,785**	270
Auditors' remuneration (note 40.1)	**139,560**	159,719
Provision for doubtful debts (note 16.5)	**91,554**	12,426
Others	**581,795**	285,877
	7,570,677	10,340,629

40.1 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:

	2023	2022
	-------- (Rupees in '000) --------	
Fee for:		
- audit of annual financial statements	**18,198**	21,236
- review of half yearly financial information	**5,331**	5,588
- special audits, certifications, review of compliance with the Code of Corporate Governance, secondments and other assurance and advisory services	**44,730**	49,311
- taxation services	**64,954**	78,245
Reimbursement of expenses	**6,347**	5,339
	139,560	159,719

41. FINANCE COST	2023	2022
	-------- (Rupees in '000) --------	
Interest / mark-up on conventional borrowings:		
- long-term	**25,236,645**	15,553,638
- short-term	**4,770,080**	4,300,565
Markup on Shariah compliant borrowings:		
- long-term	**3,974,422**	151,940
- short-term	**252,956**	-
Interest on lease liabilities	**1,598,584**	1,542,016
Unwinding of deferred incentive revenue	**51,641**	79,313
Amortisation of transaction costs (note 25.5)	**857,541**	885,075
Foreign exchange loss - net	**-**	789,319
Delayed payment charges	**5,565,775**	3,806,908
Financial / bank charges	**2,954,477**	1,771,306
(Reversal of provision) / provision for default surcharge on GIDC (note 29.2)	**(678,364)**	503,733
Others	**281,537**	77,038
	44,865,294	29,460,851

	2023	2022
	-------- (Rupees in '000) --------	
42. SHARE OF INCOME FROM JOINT VENTURE AND ASSOCIATES		
Joint venture:		
Share of profit before taxation	**2,606,503**	1,975,972
Less: Share of provision for taxation	**1,162,081**	753,203
	1,444,422	1,222,769
Associates		
Share of profit from:		
- Sindh Engro Coal Mining Company Limited	**3,195,433**	1,008,703
- Friesland Campina Engro Pakistan Limited	**602,006**	983,804
	3,797,439	1,992,507
	5,241,861	3,215,276
43. TAXATION		
Current		
- for the year	**37,347,417**	22,243,812
- for prior years	**3,794,106**	6,768,661
	41,141,523	29,012,473
Deferred		
- for the year	**3,902,934**	(5,335,658)
- for prior years	**-**	1,174
	3,902,934	(5,334,484)
	45,044,457	23,677,989

Details of significant income tax matters are as follows:

43.1 The Holding Company

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

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

Additionally, the CIR filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof. The appeal against the order of CIRA is still pending. Meanwhile, the ex-subsidiary has also obtained stay from the Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of 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.

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

On September 11, 2020, CIR issued an order, where he agreed with the management contention with respect to capital gain. On Intercorporate dividend decision was kept on hold due to pending decision of High Court, whereas Super Tax was charged u/s 4B @ 3% on dividend income amounting to PKR 666.9mn. Company filed an appeal with the CIRA.

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

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

The management and the tax consultant of the 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.

43.1.3 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.

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 on a prudent basis has recorded a provision amounting to Rs 109 million in these consolidated financial statements.

43.1.4 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. 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 ompany and should be treated as 'income from business.

On April 21, 2021, an appeal was filed by the Company before the CIRA on which the CIRA issued an order on September 20, 2023, 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 on the advice of tax consultant filed an appeal with the Appellate Tribunal Inland Revenue on November 15, 2023 and is expecting a favourable outcome of the appeal. Hence, no provision has been recorded in these consolidated financial statements.

43.1.5 During the year the Company received an income tax demand dated February 28, 2023 in relation to the Tax Year 2022. The Company received a notice from ACIR wherein ACIR stated 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 earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business'.

On November 07, 2023, ACIR issued an order wherein Holding Company's contention with respect to profit on debt was disregarded. The Holding Company based on the advice of its tax consultant filed an appeal with CIRA. On January 5, 2024, CIRA issued an order stating 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 on the advice of tax consultant filed an appeal with the Appellate Tribunal Inland Revenue on January 18, 2024 and is expecting a favourable outcome of the appeal. Hence, no provision has been recorded in these consolidated financial statements.

43.1.6 The Holding Company has filed its annual tax return for the Tax Year 2023 within the due date i.e., September 30, 2023. However, with respect to super tax applicable under section 4C of the Income Tax Ordinance 2001, the Holding Company has filed a petition before the Islamabad High Court on the grounds that tax on income falling under the Final Tax Regime is deducted at the time of receipt of income and is deemed full and final, therefore, no further tax should be applicable on such income. Stay order was granted by the Islamabad High Court. The department filed an appeal with the Supreme Court against the stay order. The case had been heard and decision is reserved.

The Holding Company has on a prudent basis recorded a provision for super tax in these consolidated financial statements.

43.2 Engro Corporation Limited

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

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

43.2.2 Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs 500 million. This is retrospectively applicable from tax year 2023 onwards. Accordingly, the Group has increased the super tax provision to 10% (previously recognised at 4%, based on the rate applicable at December 31, 2022) which has resulted in additional provision of Rs 4,106.686 million for prior tax year 2023. Further, this also includes super tax provision recognised at 10% for tax year 2024, amounting to Rs 9,057.159 million.

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

43.2.3 The current year charge includes the impact of higher deferred tax expense at the rate of 39% (including 10% super tax) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled. Liability as at December 31, 2022 was recognised at 33% being the rate then enacted.

43.2.4 Following is the position of the ECL's open tax assessments:

43.2.4.1 During the year, in respect of tax year 2022, the Assistant Commissioner Inland Revenue (ACIR) has issued an amended order under section 4C of the Ordinance and has raised a demand of Rs 251.746 million mainly due to non-consideration of taxable loss while computing the 'income' for the purpose of super tax. ECL filed an appeal before the CIR(A), who has maintained the said demand. ECL has filed an appeal with ATIR against the order of the CIR(A). ECL, based on the advice of its tax consultant, is confident that the matter will ultimately be decided in its favor, hence, no provision has been made in this respect.

43.2.4.2 In 2020, the ACIR through order dated December 22, 2020 amended the return for the tax year 2017 by creating tax demand of Rs 4,335.176 million mainly on account of tax levied on undistributed profits under section 5A and Super Tax under section 4B. ECL had obtained stay from SHC against the levy of tax on undistributed profits, therefore the said demand was not recoverable by the tax department. In April 2021, the SHC disposed of the appeal against the levy of tax under section 5A as ultra vires to the Constitution. During the year, the ACIR passed the order dated

December 30, 2022 rectifying the earlier order in relation to the levy of tax on undistributed profits. Thereafter, the demand of Rs 4,335.176 million was reduced and refundable of Rs 392.231 million was determined. As normal recourse, ECL filed an appeal against the order of ACIR before the CIR(A) which has been heard on January 31, 2023 and is reserved for order.

During the year, the ACIR initiated proceedings and further amended the order for tax year 2017 to raise demand of Rs 19,687.430 million mainly on account of tax levied on capital gains on disposal of shares of listed subsidiaries of Rs 14,388.250 million (including super tax) and tax on undistributed profits under section 5A of the Ordinance of Rs 4,727.408 million.

Subsequently, following the submission of a rectification application by ECL, the ACIR has deleted the demand of Rs 4,727.408 million, in accordance with the judgement of SHC dated April 2, 2021, which declared the imposition of levy on undistributed profits under section 5A as ultra vires to the Constitution.

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

43.2.4.3 In 2020, the income tax department, in respect of the tax year 2014, amended the return by creating tax demand of Rs 401.240 million whereby the ACIR has levied tax on capital gains on disposal of shares of listed subsidiary, apportioned expenses against dividend income, disallowed the classification of 'Interest Income' as "Income from Business" as well as not allowing the adjustment of brought forward capital losses and brought forward minimum tax paid under section 113(2)(c) of the Ordinance. As a normal recourse, ECL filed an appeal against the order of ACIR before the CIR(A). In 2022, Appellate order has been framed by CIR(A) and favorable decision was made in respect of taxation of capital gains on disposal of shares of listed subsidiary whereas other matters have been remanded back to the ACIR for reconsideration. The tax department has filed an appeal on these matters before the ATIR.

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

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

43.2.4.4 During 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs 128.400 million, whereby, the ACIR - Audit has levied tax on inter-corporate dividends, Super Tax including on exempt income, the effects of classification of 'Interest Income' as "Income from Other Sources" as well as not allowing the adjustment of the minimum tax paid under section 113(2)(c) of the Ordinance. In the year 2019, the CIR(A) vide order dated May 6, 2019 has maintained the matter relating to taxation of intercorporate dividend, Super Tax under section 4B, the classification of the interest income and carry forward of minimum tax for adjustment whereas the rectificatory matters including the levy of Super Tax on exempt income 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, the Group has recorded provision against Super Tax.

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43.2.4.5 In 2017, the ACIR through order dated June 13, 2017 amended the return for the tax year 2016 creating tax demand of Rs 1,573.876 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 SHC (where the matter is separately being contested by ECL) and the carry forward under section 113(2)(c) has been linked to the decision of the SCP in the case of another taxpayer.

Against the order dated June 13, 2017, ECL had filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs 1,084.733 million. Through the said order, the ACIR accepted ECL's contention relating to various matters except the issue of allocation of expenses to capital gains. ECL contested this matter in appeal before the CIR(A) who has maintained the order of ACIR through order dated December 18, 2018. ECL filed an appeal before the ATIR against the CIR(A) order.

In 2020, ECL received appeal effect order dated November 20, 2020 issued by the ACIR giving effect to the findings of appellate orders of CIR(A) and ATIR by deleting the tax levied on inter-corporate dividends and Super Tax on exempt income which resulted in revised demand of Rs 149.257 million. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in ECL's favour as "Income from Business".

In 2022, Appellate Order 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 the Holding Company.

43.2.4.6 In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs 218.790 million and raised a demand of Rs 139.575 million whereby 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.

In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs 250.773 million on similar grounds as above. ECL filed an appeal against the said order with CIR(A), who based on ATIR's order for tax year 2011, has remanded back the order to assessing officers for denovo proceedings.

During 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, ECL received notices of demand amounting to Rs 105.955 million and Rs 250.773 million, respectively, whereby the Deputy / Additional Commissioner Inland Revenue – Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains.

ECL filed appeals thereagainst before the CIR(A) and also obtained stays from the SHC from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of both tax years, the CIR(A) accepted ECL's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR(A) for both tax years, which were subsequently dismissed. In 2017, ECL reversed excess provision of Rs 168.896 million in respect of tax years 2011 and 2012 consequent to denovo proceedings after which the amended orders were passed in respect of the aforementioned tax years, wherein, the Commissioner has maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". In response, ECL filed an appeal challenging this contention before the CIR(A). In January 2019, the CIR(A) passed the appellate orders for both the years and has again remanded the matter to the assessing officer for denovo proceedings.

During 2020, ECL received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs 75.308 million and Rs 112.681 million, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as “Income from Other Sources”. During 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.

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

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

43.3 Engro Fertilizers Limited (EFert) and its subsidiary companies

43.3.1 In 2015, the income tax department amended the assessment filed by EFert for tax year 2014. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from EEAPL, under section 59B of the Ordinance resulting in demand of Rs 1,231.201 million (additions to taxable income of Rs 3,191.963 million). In addition, the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which EFert specifically obtained a stay order. The matter was heard by the CIR(A) and favorable decision was made in respect of exchange gain and loss and acceptance of tax refunds of prior years, whilst other additions made by the tax department in respect of ACT, loss on derivatives and group relief under section 59B were maintained in the order. EFert has filed an appeal against the order of CIR(A) before the Income Tax Appellate Tribunal (ITAT) which is pending to be heard.

43.3.2 In 2014, the income tax department amended the assessment filed by EFert for tax years 2010 and 2011. EFert filed appeals thereagainst before the ATIR against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011, and loss on derivative for tax year 2011 raising a demand in respect of these years in aggregate of Rs 1,075.466 million. EFert had challenged the said decision before the SHC. In the year 2020, the matter was heard, and was reserved for judgement. The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

43.3.3 In 2020, the income tax department amended the assessment filed by EFert for tax year 2019. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs 1,145.227 million (additions to taxable income of Rs 3,305.905 million). In addition, the tax department raised demand for Super tax amounting to Rs 476.629 million.

In 2022, the appeal was heard by CIR(A) and favorable decision was passed mainly pertaining to proration of expenses to exempt income, tax credit on investment in plant and machinery, and disallowance of deductible allowances for WWF and WPPF, hence, reducing the aggregate demand to Rs 294.586 million. EFert has filed 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.

43.3.4 In 2019, the income tax department amended the assessment filed by EFert for the tax years 2015, 2016 and 2017. EFert filed appeals before CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from 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 SHC for questions of law arising out of the ATIR order.

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

43.3.5 During the year, EFert received an order from the ACIR disallowing amortization on intangibles amounting to Rs 293.480 million for tax year 2017, having a tax impact of Rs 90.978 million. Further, the order incorporated other amendments, thereby creating a demand of Rs 494.108 million. EFert has filed an appeal before the CIR(A) and hearing is yet to be held.

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this order.

43.3.6 In 2018, EFert received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the Ordinance for TY 2018. EFert filed a Constitutional Petition before the SHC challenging the notice as well as the vires of Section 4B of the Ordinance. An interim order was granted in favour of EFert. On July 21, 2020, SHC held that of Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, EFert filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by EFert only in relation to TY 2018 i.e. the year which was challenged before the SHC as well.

Pursuant to the SHC Judgement, the tax department passed orders to EFert for TY 2015 to 2019 in relation to recovery of Super Tax aggregating to Rs 2,110.491 million. EFert filed appeals against the orders before CIR(A).

On November 26, 2020, the SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including EFert) subject to them depositing 50% of the impugned outstanding tax amount. EFert has till date paid super tax amounting to Rs 1,573.528 million against the relevant tax years. Adequate provision for the remaining amount related to Super Tax for the respective tax years is being maintained in these consolidated financial statements.

43.3.7 During the year, EFert received an order from the DCIR, in respect of tax year 2022, amending the Group return filed along with its subsidiary company to make disallowances having a tax impact of Rs 1,383.076 million. These mainly pertain to disallowance of provisions made for Sindh Infrastructure Cess accruals and trade debts invoking the provisions of Section 34(3) of the Ordinance amortisation on right to use brand and loss allowance on subsidy under Section 20 of the Ordinance and Workers' Profits Participation Fund (WPPF). The DCIR has also concluded that the provision for GIDC is considered as taxable income for the purposes of determination of Super Tax under Section 4C of the Ordinance. The DCIR has also disallowed refund adjustment amounting to Rs 1,859.844 million. Further, the order also incorporates the enhanced amount of levy of Super Tax under Section 4C of the Ordinance, thereby creating a total demand of Rs 3,718.104 million. EFert has filed an appeal before the CIR(A) against this order.

The Group maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this amendment.

43.3.8 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 SHC against the below-mentioned ATIR's decisions in EFert's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial years 2006 to 2008): Rs 1,500.847 million.
- Inter-Corporate Dividend (Financial years 2007 and 2008): Rs 336.5 million.
- G.P. Apportionment (Financial years 1995 to 2002): Rs 653 million.

The Group maintains adequate provision has been maintained in these consolidated financial statements and the Group is confident of an ultimate favorable outcome on these cases.

43.4 Engro Polymer and Chemicals Limited (EPCL) and its subsidiary companies

43.4.1 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 SHC challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company.

However, SHC directed the department to refrain from passing the order on the 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 SHC order in SCP, which was heard on March 18, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by EPCL. EPCL based on the advice of its legal advisor, is confident of a favorable decision. Accordingly, no provision is recognised in these consolidated financial statements.

43.4.2 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 SHC 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, 2022,

super tax was declared intra vires by SHC and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, EPCL received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. EPCL filed appeal against the said notices with CIR(A) whereby the action of 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 SHC, which is pending adjudication. In November 2020, the SCP conditionally granted stay subject to deposit of 50% of super tax demand.

43.4.3 DCIR through his order dated November 30, 2010 raised a tax demand of Rs 163.206 million for the tax year 2009. 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.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position except for additions on account of SED provision of Rs 36.687 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 SHC against the additions maintained by ATIR. Likewise, the tax department has also filed reference with SHC against the order passed by the ATIR in favour of EPCL. The 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.

43.4.4 During the year, the income tax department amended the assessment filed by EPCL for tax year 2019. EPCL preferred an appeal thereagainst before the CIR(A) against the disallowances, which mainly pertains to the adjustment of minimum tax carried forward resulting in excess demand of Rs 532.754 million. EPCL has paid demand of Rs 200 million under protest. However, as EPCL based on the advice of its tax consultant expects a favourable outcome, accordingly, no provision has been recognised in these consolidated financial statements.

43.4.5 During the year, income tax department finalized the monitoring proceedings for tax years 2018 to 2022 against EPCL and raised demand amounting to Rs 316.851 million on account of alleged non-withholding of taxes on payments made to various parties. The tax demand has been paid by EPCL under protest and has preferred an appeal before the CIR(A) to contest the aforementioned monitoring proceedings. EPCL, based on the advice form its tax consultant expects a favourable outcome in this respect and hence, no provision has been recognised in these consolidated financial statements.

43.4.6 During the year, the income tax department amended the assessment filed by EPCL for tax year 2020. The DCIR has allowed the tax credit claimed under section 65B to the extent of 5% and hence, the Group has recognised tax credit amounting to Rs 157.500 million in these consolidated financial statements to the extent of credit allowed. EPCL has preferred an appeal before the CIR(A) against the disallowances, for remaining tax credit under section 65B.

43.4.7 During the year, the Group has recognised tax credit (pertaining to EPCL) amounting to Rs 400.861 million related to prior years under section 65E of the Ordinance.

43.5 Elengy Terminal Pakistan Limited (ETPL) and its subsidiary company

43.5.1 EETPL's tax exemption period ended on March 28, 2020. In the post exemption period, EETPL applied for issuance of nil deduction certificate on the premise that its income from terminal services falls under clause 42 of Part IV of Second Schedule 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 SHC and through the interim orders SHC 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 SHC. EETPL in compliance with the SHC 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.

43.6 Engro Energy Limited (EEL) and its subsidiary companies

43.6.1 In 2021, the ACIR under section 122 (5A) of the Ordinance, amended the tax return for the tax year 2020 vide order dated September 28, 2021 (Rectified Order November 8, 2021) and made certain additions and disallowances that primarily 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 dated October 26, 2021 before the CIR(A), which was decided via order dated August 8, 2023, where certain issues were decided in favour of EEL.

43.6.2 EPTL's income tax return for tax year 2020 has been amended under section 122(5) of the Ordinance. The ACIR has issued order dated August 30, 2021, under which other income has been taxed which was partially treated by EPTL as exempt business income while the remaining was set-off against business losses. This has resulted in a tax demand of Rs 190.963 million. 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.

43.6.3 In 2020, the ACIR under section 122 (5A), amended the tax return for the tax year 2017 vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertains to apportionment of administrative expenses against profit on debt and receipts on account of project management services to be taxed under 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.

43.6.4 EEL's income tax return for the tax year 2016 was selected for audit under section 214C of the Ordinance. The DCIR after conducting audit made certain additions and disallowances, and hence, amended the return filed by EEL vide order dated November 2, 2018, framed under section 122(1)/(5) of the Ordinance. These additions primarily 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 SHC 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.

In 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

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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.

43.6.5 The Assistant Commissioner Inland Revenue (ACIR) through separate show cause notices dated December 11, 2017 and December 12, 2017, issued in respect of tax years 2012, 2013, 2015 and 2016, raised an issue with respect to the inter-corporate dividend claimed as exempt. EEL challenged these notices before the SHC which has restrained the tax authorities from taking any coercive action including passing an order on the basis of the said notices. In addition, the ACIR also showed an intention to levy super tax on dividend income for tax years 2015 and 2016, against which an order dated June 28, 2022, has been issued for tax year 2016 whereby a demand of Rs 23 million has been raised by the DCIR. Being aggrieved, EEL has filed an appeal before the CIR(A) against the said order of June 28, 2022, for which no hearing has been fixed yet. EEL's management believes that the ultimate outcome will be in its favor, accordingly, no provision has been made in this respect in these consolidated financial statements.

43.6.6 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 SHC for a stay against recovery of said demand which was duly granted till the adjudication of appeal by the CIR(A).

In 2019, EEL received an order of CIR(A) in which certain issues were remanded back to the DCIR while other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, EEL's management believes that EEL has a 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

43.7 FrieslandCampina Engro Pakistan Limited (FCEPL)

Following is the position of FCEPL's open tax assessments:

43.7.1 The DCIR issued show cause notices for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for the year 2013 on October 17, 2017 and for years 2014, 2015 and 2016 on March 9, 2018, aggregating to Rs 14,886.500 million, challenging the exemption / zero rating on these products. Against the show cause notices, FCEPL had filed Constitutional Petitions before the SHC for year 2013 on October 25, 2017 and for years 2014, 2015 and 2016 on March 15, 2018, and had obtained an interim injunction against adverse action by tax authorities on the same day. The SHC through its order dated November 18, 2020 has upheld FCEPL's view with respect to 'Tarang' in view of the decision of the Classification Committee (CC) obtained by FCEPL on February 11, 2019. With respect to 'Omung' the SHC suspended the notice, advising that the FBR may refer the matter to the CC, for a decision afresh; and till such time no action can be taken against FCEPL. The amount of show cause notices pertaining to 'Omung' aggregate to Rs 1,480.841 million. In case the CC (for Omung) decides against FCEPL, FCEPL can avail all legal remedies available to it. FCEPL filed an appeal against this decision with respect to Omung in the SCP. Further, FBR also challenged the order dated November 18, 2020 in the SCP. Subsequent to year end, SCP disposed-off cross appeals filed against the SHC order dated November 18, 2020. SCP has allowed FCEPL's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. Accordingly, show cause notices issued to FCEPL have been completely quashed.

On March 15, 2022, the CC issued ruling, effective prospectively, on tea whiteners including 'Tarang'. CC therein reviewed its previous rulings and decided the matter against the taxpayers. On October 28, 2022, the Lahore High Court (LHC) passed an order setting aside the ruling dated March 15, 2022 and remanded back the case to the Collector of Customs to re-adjudicate the matter as per the procedure prescribed under the law. Pursuant to the order of the LHC if any classification ruling is issued, the same would be applicable prospectively from the date of the final decision by the Collector of Customs. Some dairy companies have further challenged LHC order in SCP on the ground that LHC direction to Collector of Customs to re-adjudicate the matter afresh is void and illegal.

Following the directions of LHC, on April 04, 2023, the Customs department confirmed the earlier ruling of the CC pertaining to Tea Whiteners dated March 15, 2022 against the taxpayers. Being aggrieved, the ruling dated April 04, 2023 was again challenged in LHC on the grounds that proper opportunity of being heard was not provided to petitioners. Later by, LHC converted these appeals into representations before the FBR and directed the FBR to decide the same within 15 days. FBR vide order dated September 20, 2023 has upheld the CC ruling. However, various companies have challenged the FBR order in LHC which has suspended FBR's order and directed that previous ruling shall continue to apply in meantime. Hence, no provision has been recognised prior to the date of the aforementioned latest Classification decision.

43.7.2 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.

43.7.3 FCEPL in accordance with section 59B 'Group Relief' of the Ordinance had surrendered to ECL, its tax losses amounting to Rs 4,288.134 million out of the total tax losses of Rs 4,485.498 million for the financial years ended December 31, 2006, 2007 and 2008 (i.e. tax years 2007, 2008 and 2009) for cash consideration aggregating to Rs 1,500.847 million, being equivalent to tax benefit / effect thereof.

FCEPL had been designated as part of the Group of ECL by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59B of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

The ATIR, in respect of surrender of aforementioned tax losses by the FCEPL to ECL for the financial years ended December 31, 2006 and 2007, decided the appeals on July 1, 2010 in favor of ECL, whereby, allowing the surrender of tax losses by FCEPL to ECL. The tax authority has filed reference application dated October 23, 2010 there against before the SHC, which is under the process of hearings. On May 20, 2013, ATIR also decided similar appeal filed by ECL for the year ended December 31, 2008 in favor of ECL. FCEPL based on the merits of the case expects a favorable outcome of the matter.

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43.8 Relationship between tax expense and accounting profit

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2023	2022
	-------- (Rupees in '000) --------	
Profit before taxation	**81,409,094**	66,598,319
Tax calculated at the rate of 29% (2022: 29%)	**23,608,637**	19,313,512
Effect of exemption from tax on certain income	**(2,608,777)**	(5,716,960)
Effect of applicability of lower tax rate, FTR and other tax credits / debits	**15,487,373**	2,582,996
Impact of change in tax rate	**1,955,016**	(1,326,196)
Effect of super tax	**1,168,617**	348,206
Tax effect of expenses not allowed for tax purposes	**897,113**	2,927,055
Effect of prior year charges and deferred tax charge	**4,636,546**	6,769,835
Un-recoupable minimum turnover tax	**-**	4,870
Impact of Alternative Corporate Tax	**332,982**	-
Tax effect of minimum tax liability on imports, exports and local trading	**1,124,501**	897,734
Effect of surrender of tax losses	**(1,659,978)**	(2,171,249)
Others	**102,427**	48,186
Tax charge for the year	**45,044,457**	23,677,989

44. PROFIT FROM DISCONTINUED OPERATIONS

In 2022, the Board of Directors of engro digital Limited (EDL, a former subsidary of Engro Infiniti) had decided to discontinue its operations. As a result, financial performance of EDL had been classified as discontinued operations in prior years, the summary of which is as follows:

	2023	2022
	-------- (Rupees in '000) --------	
Other operating expenses	**-**	(197)
Other income	**-**	268
Profit from operations	**-**	71
Finance cost	**-**	-
Profit before taxation	**-**	71
Taxation	**-**	-
Profit for the year	**-**	71
Net cash inflow from operating activities	**-**	204
Net increase in cash generated by EDL	**-**	204

45. EARNINGS PER SHARE - BASIC AND DILUTED

45.1 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, 2023, there is no dilutive effect on the basic earnings per share of the Group. Earnings per share is based on following:

	2023	2022
	-------- (Rupees in '000) --------	
Profit for the year, attributable to:		
- continuing operations	**8,322,061**	5,866,154
- discontinued operations	**-**	14
	8,322,061	5,866,168
	-----(Number in thousands) -----	
Weighted average number of ordinary shares for determination of basic and diluted EPS	**481,287**	481,287
Earnings per share - Basic and Diluted		
- continuing operations	**17.29**	12.19
- discontinued operations	**-**	-
	17.29	12.19

46. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

46.1 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:

	2023			2022		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executive Officer	Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Managerial remuneration	**15,656**	**-**	**7,311,781**	15,466	-	9,149,815
Retirement benefits funds including ex-gratia	**1,304**	**-**	**935,044**	2,936	-	870,233
Rent and Utilities	**8,611**	**-**	**12,877**	8,000	-	4,315
Medical	**1,304**	**-**	**1,948**	1,044	-	2,073
Other benefits	**14,870**	**-**	**3,107,687**	484	-	544,019
Total	**41,745**	**-**	**11,369,337**	27,930	-	10,570,455
Number of persons including those who worked part of the year	**1**	**10**	**1,545**	1	9	1,503

46.2 In addition, the Chief Executive Officer (CEO), certain directors and executives are provided with Group owned and maintained cars.

46.3 Meeting fees aggregating Rs 11 million (2022: Rs 22 million) were paid to 10 directors (2022: 9 directors).

46.4 The names of the key management personnel of the Group and directors are stated in note 55.

47. RETIREMENT BENEFITS

47.1 Defined benefit plans

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, EFert offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of the funds, the Act, the Ordinance and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

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

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 year Special Savings Certificates, Regular Income Certificates, Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

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

In addition to above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

47.1.1 Valuation results

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

47.1.2 Consolidated statement of financial position reconciliation

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	**2023**	2022
	(Rupees in '000)			
Present value of defined benefit obligation	**541,696**	555,972	**57,602**	19,103
Fair value of plan assets	**(413,440)**	(358,530)	**(40,704)**	(43,900)
Deficit / (Surplus)	**128,256**	197,442	**16,898**	(24,797)
Unrecognised asset	**-**	-	**-**	24,797
Net liability recognised in the statement of financial position	**128,256**	197,442	**16,898**	-

47.1.3 Movement in liability recognised in the consolidated statement of financial position

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	**2023**	2022
	(Rupees in '000)			
Net liability at beginning of the year	**197,441**	118,772	**-**	-
Expense / (income) for the year	**53,689**	42,116	**29,380**	(2,278)
Net contribution by the Group	**(90,439)**	(3,846)	**-**	-
Remeasurement (loss) / gain recognised in Other Comprehensive Income	**(32,437)**	40,399	**(12,482)**	2,278
Net liability at end of the year	**128,254**	197,441	**16,898**	-

47.1.4 Movement in present value of defined benefit obligation

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	**2023**	2022
	(Rupees in '000)			
As at beginning of the year	**555,972**	476,398	**19,103**	22,324
Current service cost	**28,415**	28,652	**32,467**	-
Interest cost	**70,634**	55,393	**2,297**	2,400
Benefits paid during the year	**(111,762)**	(13,070)	**(5,540)**	(3,059)
Fund transferred to other group company	**-**	(10,122)	**-**	-
Remeasurement loss / (gain) recognised in Other Comprehensive Income	**(1,563)**	18,721	**9,275**	(2,562)
As at end of the year	**541,696**	555,972	**57,602**	19,103

47.1.5 Movement in fair value of plan assets

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2023	2022	**2023**	2022
	(Rupees in '000)			
As at beginning of the year	**358,530**	357,626	**43,900**	42,821
Expected return on plan assets	**45,360**	41,928	**5,384**	4,678
Contributions by the Group	**90,439**	3,846	**-**	-
Benefits paid during the year	**(111,762)**	(13,070)	**(5,540)**	(3,059)
Fund transferred to other group company	**-**	(10,122)	**-**	-
Remeasurement (loss) / gain recognised in Other Comprehensive Income	**30,874**	(21,678)	**(3,040)**	(540)
As at end of the year	**413,441**	358,530	**40,704**	43,900

47.1.6 Charge for the year

	2023	2022	**2023**	2022
Current service cost	**28,415**	28,651	**32,467**	-
Net Interest cost / (income)	**25,274**	13,465	**(3,087)**	(2,278)
	53,689	42,116	**29,380**	(2,278)

	2023	2022	2023	2022
47.1.7 Principal actuarial assumptions used in the actuarial valuation				
Discount rate	**15.5% - 16%**	13.25% - 14.5%	**16.00%**	13.25%
Expected rate of return on plan assets - per annum	**16.00%**	13.25%	**16.00%**	13.25%
Expected rate of increase in future salaries - per annum	**14.5% - 16%**	12.25% - 13.5%	**-**	-
	(Rupees in '000)			
47.1.8 Actual return on plan assets	**74,534**	21,209	**5,657**	7,581

47.1.8.1 Plan assets comprise of the following

	2023 (Rupees in '000)	2023 (%)	2022 (Rupees in '000)	2022 (%)
Defined Benefit Gratuity Plans				
Debt	**342,164**	83%	**257,437**	74%
Mutual fund units (quoted)	**2,154**	1%	**81,213**	23%
Equity	**42,291**	10%	**-**	0%
Others (including cash)	**26,831**	6%	**10,323**	3%
	413,440	100%	**348,973**	100%
Defined Benefit Pension Plan				
Debt	**30,000**	74%	**30,000**	56%
Others	**10,704**	26%	**23,457**	44%
	40,704	100%	**53,457**	100%

47.1.9 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.

47.1.10 Expected contribution for the year ending December 31, 2024 is as follows:

	(Rupees in '000)
Defined benefit gratuity plans	46,254
Defined benefit pension plan	(2,510)

47.1.11 Remeasurement gain / (loss) recognised in Other Comprehensive Income

	Defined Benefit Gratuity Plans Funded 2023	2022	Defined Benefit Pension Plan Funded (Curtailed) 2023	2022
	(Rupees in '000)			
Gain / (loss) from change in experience adjustments	**2,440**	(18,172)	**2,741**	1,332
Gain / (loss) from change in financial assumptions	**(877)**	(549)	**(12,016)**	1,230
Remeasurement (loss) / gain of Obligation	**1,563**	(18,721)	**(9,275)**	2,562
Actual return on plan assets	**(35,635)**	21,209	**(5,384)**	7,581
Expected return on plan assets	**64,809**	(41,928)	**5,657**	(4,678)
Difference in opening fair value of plan assets	**1,700**	(959)	**(3,313)**	(3,443)
Remeasurement (loss) / gain of Plan Assets	**30,874**	(21,678)	**(3,040)**	(540)
Effect of asset ceiling	**-**	-	**24,797**	(4,300)
	32,437	(40,399)	**12,482**	(2,278)

47.1.12 Sensitivity analysis

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

	Defined Benefit Gratuity Plans Funded – Increase in Assumption	Decrease in Assumption	Defined Benefit Pension Plan Funded (Curtailed) – Increase in Assumption	Decrease in Assumption
	(Rupees in '000)			
Discount rate	**471,238**	580,682	**54,055**	61,580
Long-term salary increases	**580,705**	488,870	**-**	-
Long-term pension increases	**-**	-	**61,544**	54,025

47.1.13 Maturity Profile

Time in years	Gratuity Plans	Pension Plan
	(Rupees in '000)	
1	127,024	4,931
2	23,558	4,483
3	62,630	4,045
4	59,117	3,621
5-10	456,130	13,981
11-15	1,019,097	4,437
16-20	1,153,706	1,343
20+	5,363,830	530
Weighted average duration	7.98	6.16

47.2 Defined contribution plans

An amount of Rs 735.349 million (2022: Rs 944.603 million) has been charged during the year in respect of defined contribution plans maintained by the Group.

		2023	2022
		-------- (Rupees in '000) --------	
48.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	**81,409,094**	66,598,390
	Adjustment for non-cash charges and other items:		
	Depreciation (note 5.4)	**18,535,789**	14,645,078
	Depreciation on right-of-use assets (note 6.2)	**1,531,966**	1,357,024
	Adjustment in respect of carrying value of thermal assets (note 2.1)	**29,950,311**	-
	Capital work-in-progress written off (note 5.7.1)	**1,921**	-
	Return on investments	**(23,125,076)**	(13,310,188)
	Remeasurement loss on provision for GIDC	**678,192**	1,102,678
	Rent concession on lease liability	**-**	(12,729)
	Reversal of impairment of property, plant and equipment (note 39)	**-**	(1,458,297)
	Amortisation of intangible assets (note 7.1)	**438,511**	420,298
	Amortisation of direct cost on FSRU (note 36.2)	**86,516**	86,516
	Amortisation of transaction costs (note 41)	**857,541**	885,074
	Unwinding of deferred incentive revenue (note 41)	**51,641**	79,313
	Charge in respect of defined benefit liabilities	**244,738**	233,132
	Gain on disposal of subsidiary - EMPAK (note 39)	**-**	(465,898)
	(Gain on disposal) / write-off of property, plant and equipment	**(33,332)**	(264,582)
	Share of income from joint venture and associated companies (note 42)	**(5,241,861)**	(3,215,276)
	Financial charges	**37,679,483**	22,061,422
	Exchange loss (note 40)	**1,252,204**	3,793,725
	Impairment of long term investment	**-**	35,212
	Finance income on sub-lease (note 35.3)	**(7,541,283)**	(6,139,802)
	Finance cost on lease liabilities	**6,954,151**	5,931,308
	Amortisation of deferred income	**(129,802)**	(360,721)
	(Reversal of provision for) / provision for default surcharge on GIDC (note 41)	**(678,364)**	503,733
	Loss allowance on subsidy receivable from GoP	**2,440,151**	522,936
	Working capital changes (note 48.1)	**26,828,559**	11,150,689
		172,191,050	104,179,035
48.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	- Stores, spares and loose tools	**(3,104,544)**	(524,683)
	- Stock-in-trade	**(3,493,978)**	1,270,218
	- Trade debts	**(7,058,013)**	(20,313,325)
	- Loans, advances, deposits and prepayments	**(2,678,189)**	(1,812,869)
	- Other receivables - net	**(16,832,941)**	(10,251,850)
		(33,167,665)	(31,632,509)
	Increase in current liabilities		
	- Trade and other payables and provisions	**59,996,224**	42,783,198
		26,828,559	11,150,689

		2023	2022
		-------- (Rupees in '000) --------	
49.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances (note 21)	**67,128,803**	44,995,322
	Short-term investments (note 20)	**11,748,960**	11,801,728
	Short-term borrowings (note 33)	**(29,512,634)**	(36,660,982)
	Bank balances held under lien (note 49.1 & 49.2)	**(1,673,148)**	(1,287,110)
	Short-term investments under lien	**(931,000)**	-
		46,760,981	18,848,958

49.1 Includes balance of Rs 19 million (2022 Rs 17 million) held against bank guarantee in favor of custom authorities to comply with interim orders of the Court and Rs 98.931 million (2022: Rs 40.752 million) held against letter of credit in favor of Custom Authorities have been excluded from cash and cash equivalents for the purpose of consolidated statement of cash flows.

49.2 Includes bank balance amounting to Rs. 1,555,217 million (2022: Rs 1,229.358 million) under lien in favour of the banks against next due interest and principal repayments of loans by Enfrashare.

		2023	2022
		-------- (Rupees in '000) --------	
50.	**FINANCIAL INSTRUMENTS BY CATEGORY**		
50.1	**Financial assets**		
	- Financial assets at amortised cost		
	Long-term investments	**1,051,611**	3,783,265
	Net investment in leases	**64,848,798**	57,843,698
	Long-term loans and other receivables	**4,620,221**	3,371,984
	Trade debts	**75,497,556**	71,195,463
	Loans, advances and deposits	**7,265,310**	4,638,536
	Other receivables	**28,531,203**	16,048,285
	Accrued income	**4,396,241**	2,279,037
	Short-term investments	**27,508,662**	37,776,561
	Cash and bank balances	**67,128,803**	44,995,322
		280,848,405	241,932,151
	- Financial assets measures at fair value through other comprehensive income		
	Pakistan Investments Bonds	**10,572,006**	29,380,322
	Derivative financial instruments	**963,207**	737,319
	Other investments	**70,580**	92,320
		11,605,793	30,209,961
	- Financial assets measured at fair value through profit or loss		
	Mutual fund units	**31,665,215**	17,166,688
	Pakistan Investment Bonds	**-**	1,799,903
	Quoted shares	**7,914,529**	8,613,043
	Treasury Bills	**-**	1,899,434
	Special Sharikah Certificates	**969,712**	-
		40,549,456	29,479,068

	2023	2022
	-------- (Rupees in '000) --------	
50.2 Financial liabilities		
- Financial liabilities at amortised cost		
Long-term borrowings	**190,652,279**	183,873,713
Lease liabilities	**77,422,363**	71,460,224
Trade and other payables	**154,208,314**	104,268,258
Short-term borrowings	**31,639,719**	39,471,643
Unclaimed dividend	**13,738,490**	13,340,127
Accrued interest / mark-up	**2,807,643**	2,922,372
	470,468,808	415,336,337

51. FINANCIAL RISK MANAGEMENT

51.1 Financial risk factors

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

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

Risk managed and measured by the Group are explained below:

a) Market risk

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

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

i) Currency risk

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

This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions, foreign currency loan liabilities, related interest payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options, interest rate swaps or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at December 31, 2023, if the foreign exchange rate had weakened / strengthened by 1% against Pakistani Rupee with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs 134.363 million (2022: 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 and long term investments. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

Fair value risk - Presently, fair value risk to the Group arises from 'balances with banks' and T-bills which are based on fixed interest rates. As at December 31, 2023, 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, 2023, if interest rates had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs 805.412 million (2022: Rs 778.452 million), mainly as a result of interest rate exposure on variable rate borrowings.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

iii) Price risk

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

As at December 31, 2023, if net asset value had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been higher / lower by Rs 251.594 million (2022: 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 and management quality rating of A1 and AM3, respectively. However, the Group maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Group's fertilizer segment is exposed to concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees.

The Group's power segment is not exposed to any credit risk on its trade debts as these are secured by sovereign guarantee from the Government of Pakistan.

The Group's polymer / chemical segment is not materially exposed to credit risk on trade debts as unsecured credit is provided to selected parties with no default in recent history and a major part is secured by bank guarantees.

The Group's terminal segment is not materially exposed to credit risk on trade debts, other receivables and lease receivables from SSGC considering history, no default has been made by the customer and payments are received on a timely basis.

The Group's connectivity and telecom segment is not materially exposed to credit risk on balances with banks and financial institutions, deposits, trade debts and other receivables.

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

	2023	2022
	-------- (Rupees in '000) --------	
Loans, advances and deposits	**4,214,717**	3,028,248
Trade debts	**29,033,792**	29,963,359
Contract assets	**16,880,213**	14,124,293
Other receivables	**9,998,270**	9,407,541
Short-term investments	**52,592,831**	26,692,256
Bank balances	**67,114,069**	44,981,632
Accrued income	**4,396,241**	2,279,037
	184,230,133	130,476,366

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. Investments in Pakistan Investment Bonds and Treasury Bills are government guaranteed. The credit quality of the Group's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

		Rating	
Bank / financial Institution	**Rating agency**	**Short term**	**Long term**
Conventional			
ABL Asset Management Company Limited	PACRA	-	AM1
Al Baraka Bank (Pakistan) Limited	VIS	A-1	A+
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Citibank N.A.	Moody's	P-1	Aa3
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Industrial and Commercial Bank of China	Moody's	-	A1
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-
The Bank of Punjab	PACRA	A-1+	AA+
UBL Fund Managers Limited	JCR-VIS	-	AM1
Mobilink Microfinance Bank Limited	PACRA	A-1	A
Telenor Microfinance Bank Limited	PACRA	A-1	A
United Bank Limited	JCR-VIS	A1+	AAA
Samba Bank Limited	PACRA	A1	AA
HBL Asset Management Limited	VIS	AM1	-
Pak Kuwait Investment Company (Private) Limited	PACRA	AAA	A1+
National Investment Trust Limited	VIS	AM1	-
Faysal Asset Management Limited	VIS	AM2++	-
Alfalah Asset Management Limited	VIS	AM1	-
MCB Investment Management Limited	PACRA	AM1	-
Bank of China	FITCH	F1+	A+

		Rating	
Bank / financial Institution	**Rating agency**	**Short term**	**Long term**
Islamic			
Al Baraka Bank (Pakistan) Limited	VIS	A-1	A+
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-
UBL Fund Managers Limited	JCR-VIS	-	AM1
ABL Asset Management Company Limited	PACRA	-	AM1
Meezan Bank Limited	JCR-VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Faysal Asset Management Limited	VIS	AM2++	-
Dubai Islamic Bank Pakistan Limited	VIS	A1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A
Bank of Khyber	PACRA	A-1	A
Al - Meezan Investment Management Limited	JCR-VIS	-	AM1

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	-------------------2023-------------------			-------------------2022-------------------		
	Maturity upto one year	**Maturity after one year**	**Total**	Maturity upto one year	Maturity after one year	Total
	--- (Rupees) ---					
Financial liabilities						
Borrowings	**67,802,230**	**198,856,023**	**266,658,253**	69,755,196	165,197,151	234,952,347
Lease liabilities	**15,766,128**	**110,278,522**	**126,044,650**	12,814,445	86,210,125	99,024,570
Trade and other payables	**154,463,308**	**-**	**154,463,308**	104,950,286	-	104,950,286
Unclaimed Dividend	**13,738,490**	**-**	**13,738,490**	13,340,127	-	13,340,127
Accrued interest / mark-up	**2,807,643**	**-**	**2,807,643**	2,922,372	-	2,922,372
	254,577,799	**309,134,545**	**563,712,344**	203,782,426	251,407,276	455,189,702

52. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The regulatory regime in which the Group's power segment operates renders the value of the equity to a bond given the guaranteed IRR of 15% with an indexation allowed under the PPA for changes in US $ / PKR exchange rate.

The Group's strategy is to ensure compliance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lender covenants. The proportion of borrowing to equity at year end was:

	2023	2022
	-------- (Rupees in '000) --------	
Total Borrowings	**190,652,279**	190,360,396
Total Equity	**232,897,272**	248,660,216
	423,549,551	439,020,612
Gearing ratio	**81.86%**	76.55%

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.

53. FAIR VALUE ESTIMATION

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

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

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	Level 1	Level 2	Level 3	Total
	-------------------- (Rupees in '000) --------------------			
As at December 31, 2023				
Fair value through profit or loss				
- Mutual funds	-	31,665,215	-	31,665,215
- Quoted shares	7,914,529	-	-	7,914,529
- Special Sharikah Certificates	-	969,712	-	969,712
	7,914,529	32,634,927	-	40,549,456
Fair value through other comprehensive income				
- Derivative financial instruments	-	963,207	-	963,207
- Pakistan Investment Bonds (PIBs)	-	10,572,006	-	10,572,006
- Other Investments	65,580	5,000	-	70,580
	65,580	11,540,213	-	11,605,793
As at December 31, 2022				
Fair value through profit or loss				
- Mutual funds	-	17,166,688	-	17,166,688
- Treasury bills (T-Bills)	-	1,899,434	-	1,899,434
- Quoted shares	8,613,043	-	-	8,613,043
- Pakistan Investment Bonds (PIBs)	-	1,799,903	-	1,799,903
	8,613,043	20,866,025	-	29,479,068
Fair value through other comprehensive income				
- Derivative financial statements	-	737,319	-	737,319
- Pakistan Investment Bonds (PIBs)	-	29,380,322	-	29,380,322
- Other Investments	-	92,320	-	92,320
	-	30,209,961	-	30,209,961

Level 1 fair value has been determined using prices quoted on Pakistan Stock Exchange.

Level 2 fair values have been determined on the basis of PKRV rates and closing net asset values for government securities and mutual fund units, respectively.

There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

54. SEGMENT REPORTING

54.1 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 Group 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. This also includes investments made in local mining business.
Connectivity and telcom	This part of the business includes buying, building, maintaining and operating telecommunication infrastructure and anciliary products and services.
Other operations	It includes management of investments in associates and joint ventures by ECL. It also includes investments made in foods and dairy segment.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and 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 the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

54.2 The following information presents operating results regarding operating segments for the year ended December 31, 2023 and asset information regarding operating segments as at December 31, 2023:

	Fertilizer		Polymer		Terminal		Power and mining		Connectivity and telcom		Other operations		Elimination - net		Consolidated	
	(Rupees in '000)															
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue from external customers (note 35)	**223,704,592**	157,016,931	**81,269,534**	82,059,583	**21,309,997**	16,408,856	**122,521,891**	83,069,965	**13,230,238**	9,094,633	**142,360,381**	75,461,756	**(121,907,731)**	(66,468,880)	**482,488,902**	356,642,844
Segment gross profit / (loss)	**72,297,228**	42,847,140	**20,733,922**	23,379,899	**7,038,661**	5,611,632	**47,523,124**	29,371,094	**5,369,868**	3,830,597	**26,464,753**	22,993,544	**(23,791,707)**	(23,352,168)	**155,635,849**	104,681,738
Segment expenses - net of other income	**(21,598,718)**	(14,979,123)	**(3,946,877)**	(5,029,383)	**(352,956)**	(546,548)	**7,848,548**	2,267,909	**(1,108,586)**	(795,503)	**(7,244,713)**	(8,598,565)	**1,065,366**	2,593,522	**(25,337,936)**	(25,087,691)
Interest and other income from financial assets	**3,345,739**	1,838,431	**1,183,635**	1,437,332	**1,242,207**	692,804	**7,224,574**	3,527,054	**347,416**	546,632	**21,505,525**	13,756,434	**(11,724,020)**	(8,025,904)	**23,125,076**	13,772,783
Finance cost (note 41)	**(1,910,830)**	(2,621,808)	**(4,214,708)**	(3,091,904)	**(890,760)**	(965,141)	**(31,553,414)**	(18,846,137)	**(6,678,490)**	(3,603,487)	**(1,829,849)**	(1,581,589)	**2,212,757**	1,249,215	**(44,865,294)**	(29,460,851)
Loss allowance on subsidy receivable from GoP	**(2,440,151)**	(522,936)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(2,440,151)**	(522,936)
Share of income from joint venture and associates (note 42)	**-**	-	**-**	-	**1,444,422**	1,222,769	**3,195,433**	1,008,703	**-**		**602,006**	983,804	**-**	-	**5,241,861**	3,215,276
Adjustment in respect of carrying value of thermal assets	**-**	-	**-**	-	**-**	-	**(29,950,311)**	-	**-**	-	**-**	-	**-**	-	**(29,950,311)**	-
Income tax (charge) / credit (note 43)	**(23,502,166)**	(10,558,414)	**(4,823,678)**	(5,006,829)	**(3,382,723)**	(2,323,766)	**(3,626,462)**	(1,976,879)	**238,353**	308,915	**(10,208,383)**	(3,979,727)	**260,602**	(141,289)	**(45,044,457)**	(23,677,989)
Segment profit / (loss) after tax - continued operations	**26,191,102**	16,003,290	**8,932,294**	11,689,115	**5,098,851**	3,691,750	**661,492**	15,351,744	**(1,831,439)**	287,154	**29,289,339**	23,573,901	**(31,977,002)**	(27,676,624)	**36,364,637**	42,920,330
Segment gain / (loss) - discontinued operations	**-**	-	**-**	-	**-**	-	**-**	-	**71**	71	**-**	-	**(71)**	-	**-**	71
	26,191,102	16,003,290	**8,932,294**	11,689,115	**5,098,851**	3,691,750	**661,492**	15,351,744	**(1,831,368)**	287,225	**29,289,339**	23,573,901	**(31,977,073)**	(27,676,624)	**36,364,637**	42,920,401
Segment assets	**160,842,670**	145,413,332	**90,597,810**	85,400,579	**83,026,306**	74,971,634	**325,947,570**	292,796,191	**69,097,845**	60,974,587	**126,708,770**	127,501,222	**(74,843,492)**	(57,508,215)	**781,377,479**	729,549,330
Investment in joint venture / associates (note 8)	**-**	-	**-**	-	**-**	-	**5,529,243**	7,696,482	**-**	-	**28,885,499**	28,292,444	**-**	-	**34,414,742**	35,988,926
Total segment assets	**160,842,670**	145,413,332	**90,597,810**	85,400,579	**83,026,306**	74,971,634	**331,476,813**	300,492,673	**69,097,845**	60,974,587	**155,594,269**	155,793,666	**(74,843,492)**	(57,508,215)	**815,792,221**	765,538,256
Total segment liabilities	**112,939,915**	100,359,904	**62,005,725**	58,278,863	**73,534,119**	67,330,086	**263,093,522**	228,595,228	**50,989,467**	42,760,262	**48,363,965**	34,202,006	**(28,031,764)**	(14,648,308)	**582,894,949**	516,878,041
Capital expenditure	**6,174,436**	8,377,514	**11,366,384**	9,095,716	**646,236**	463,889	**3,536,315**	4,671,204	**7,927,473**	17,626,696	**1,090,751**	619,548	**624,109**	-	**31,365,704**	40,854,567
Depreciation	**3,883,411**	3,256,411	**3,433,012**	2,934,134	**441,281**	442,703	**8,029,418**	6,486,824	**3,388,571**	2,276,585	**882,532**	613,669	**9,530**	-	**20,067,755**	16,010,326
Amortisation of intangible assets (note 7.1)	**203,700**	181,908	**104,545**	97,446	**12,126**	12,332	**67,022**	64,171	**12,442**	10,811	**38,673**	62,462	**3**	(8,832)	**438,511**	420,298

54.3 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 (2022: Rs 82,548.083 million), attributable to power and mining segment.

55. RELATED PARTIES TRANSACTIONS AND BALANCES

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 Company
2	China Machinery Engineering Corporation	N/A	Associated Company
3	China East Resources Import & Export Corporation	N/A	Associated Company
4	EmpiricAI (Private) Limited	N/A	Associated Company
5	Engro Foundation	N/A	Associated Company
6	Friesland Campina Engro Pakistan Limited	39.90%	Associated Company
7	Mitsubishi Corporation	N/A	Associated Company
8	Reon Energy Limited	N/A	Associated Company
9	Siddiqsons Energy Limited	N/A	Associated Company
10	Signify Pakistan Limited	N/A	Associated Company
11	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
12	Thar Foundation	N/A	Associated Company
13	Thar Power Company Limited	N/A	Associated Company
14	Vopak LNG Holding B.V., incorporated in the Netherlands	N/A	Associated Company
15	Engro Vopak Terminal Limited	50.00%	Joint Venture
16	Mr. Ghias Khan	N/A	Chief Executive Officer of Group Company
17	Habib Bank Limited	N/A	Common Directorship
18	Pakistan Stock Exchange Limited - PSX	N/A	Common Directorship
19	Sui Southern Gas Company Limtited - SSGC	N/A	Common Directorship
20	Pakistan Institute of Corporate Governance (PICG)	N/A	Associated Company
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 Genarasi Limited	N/A	Common Directorship
27	The Karachi Education Initiative	N/A	Common Directorship
28	Unilever Pakistan Foods Limited	N/A	Common Directorship
29	Karachi Port Trust	N/A	Common Directorship
30	Engro Power Services Limited	N/A	Common Directorship
31	Indus Hospital and Health Network	N/A	Common Directorship
32	GEL Utility Limited	N/A	Common Directorship
33	KSB Pumps Company Limited	N/A	Common Directorship

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S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
34	Nimir Industrial Chemicals Limited	N/A	Common Directorship
35	ATS Synthetic (Private) Limited	N/A	Common Directorship
36	Mr. Abdul Samad Dawood	N/A	Director of Group Company
37	Mr. Khawaja Iqbal Hassan	N/A	Director of Group Company
38	Mr. Mohammad Abdul Aleem	N/A	Director of Group Company
39	Mr. Rizwan Diwan	N/A	Director of Group Company
40	Ms. Dominique Russo	N/A	Ex-Director of Group Company
41	Ms. Henna Inam	N/A	Director of Group Company
42	Mr. Mazhar Abbas Hasnani	N/A	Key Management Personnel / Ex - Director
43	Mrs. Ayesha Dawood	N/A	Spouse of director
44	Mrs. Humera Aleem	N/A	Spouse of director
45	Mrs. Kulsum Dawood	N/A	Spouse of director
46	Dr. Shamshad Akhtar	N/A	Ex-Director of Group Company
47	Mr. Asad Said Jafar	N/A	Director of Group Company
48	Mr. Asim Murtaza Khan	N/A	Director of Group Company
49	Mr. Feroz Rizvi	N/A	Ex-Director of Group Company
50	Mr. Hideki Adachi	N/A	Director of Group Company
51	Mr. Ismail Mahmood	N/A	Director of Group Company
52	Mr. Javed Akbar	N/A	Director of Group Company
53	Mr. Nazoor Ali Baig	N/A	Director of Group Company
54	Ms. Ayesha Aziz	N/A	Director of Group Company
55	Ms. Danish Zuberi	N/A	Director of Group Company
56	Mr. Tomoya Kondo	N/A	Director of Group Company
57	Mr. Tariq Nisar	N/A	Director of Group Company
58	Ms. Maryam Aziz	N/A	Director of Group Company
59	Mr. Usman Hassan	N/A	Key management personnel
60	Mr. Shahab Qader Khan	N/A	Key management personnel
61	Ms. Semeen Akhtar	N/A	Key management personnel
62	Mr. Abdul Qayoom	N/A	Key management personnel
63	Mr. Ahsan Zafar Syed	N/A	Key management personnel
64	Mr. Mohammad Yasir Khan	N/A	Key management personnel
65	Mr. Aneeq Ahmed	N/A	Key management personnel
66	Mr. Athar Abrar Khawaja	N/A	Key management personnel
67	Mr. Eram Hasan	N/A	Key Management Personnel
68	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
69	Mr. Imran Ahmed	N/A	Key Management Personnel
70	Mr. Jahangir Piracha	N/A	Key management personnel
71	Mr. Kalimuddin A Khan	N/A	Key management personnel
72	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
73	Mr. Khawaja Bilal Mustafa	N/A	Key Management Personnel

S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
74	Mr. Khusrau Nadir Gilani	N/A	Key Management Personnel
75	Mr. Mahmood Siddiqui	N/A	Key management personnel
76	Mr. Muhammad Idrees	N/A	Key Management Personnel
77	Mr. Muhammad Majid Latif	N/A	Key Management Personnel
78	Mr. Muhammad Saad Khan	N/A	Key Management Personnel
79	Mr. Nadir Salar Qureshi	N/A	Key Management Personnel
80	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
81	Mr. Syed Shahzad Nabi	N/A	Key Management Personnel
82	Mr. Shariq Abdullah	N/A	Key Management Personnel
83	Mr. Suleiman Ijaz	N/A	Key Management Personnel
84	Mr. Ammar Shah	N/A	Key management personnel
85	Mr. Syed Manzoor Hussain Zaidi	N/A	Key Management Personnel
86	Mr. Sayyed Mohsin Hassan	N/A	Key management personnel
87	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
88	Mr. Tariq Zafar	N/A	Key Management Personnel
89	Mr. Yusuf Jamil Siddiqui	N/A	Key Management Personnel
90	Ms. Ekta Sitani	N/A	Key Management Personnel
91	Ms. Nida Fatima Hashmi	N/A	Key management personnel
92	Ms. Rabia Wafah Khan	N/A	Key management personnel
93	Ms. Shomaila Loan	N/A	Key Management Personnel
94	Mr. Vaqar Zakaria	N/A	Director of Group Company
95	Ms. Fauzia Viqar	N/A	Ex-Director of Group Company
96	Mr. Kaiser Bengali	N/A	Director of Group Company
97	Ms. Nausheen Ahmed	N/A	Director of Group Company
98	Mr. Kan Li	N/A	Director of Group Company
99	Mr. Xiangwei Duan	N/A	Director of Group Company
100	Mr. Xinjie Wei	N/A	Director of Group Company
101	Mr. Sami Aziz	N/A	Key Management Personnel
102	Mr. Wang Pu	N/A	Key Management Personnel
103	Mr. Ali Rathore	N/A	Key Management Personnel
104	Mr. Fahad Dar	N/A	Key Management Personnel
105	Ms. Suman Humayyun	N/A	Key Management Personnel
106	Mr. Umair Ali Bhatti	N/A	Key Management Personnel
107	Mr. Atif Muhammad Ali	N/A	Key Management Personnel
108	Mr. Adeel Qamar	N/A	Key Management Personnel
109	Mr. Arif Jalil	N/A	Key Management Personnel
110	Mr. Khawaja Haider Abbas	N/A	Key Management Personnel
111	Engro Corporation Limited - MPT Employees Gratuity Fund	N/A	Post Employement Benefits
112	Engro Corporation Limited - MPT Employees Pension Fund	N/A	Post Employement Benefits
113	Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employement Benefits

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S.No	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
114	Engro Corporation Limited Provident Fund	N/A	Post Employement Benefits
115	Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employement Benefits
116	Engro Corporation Limited DB Pension Fund	N/A	Post Employement Benefits
117	Engro Fertilizers Limited NMPT Gratuity Fund	N/A	Post Employement Benefits
118	Engro Fertilizers Limited Pension Fund	N/A	Post Employement Benefits
119	Engro Foods Employees Gratuity Fund	N/A	Post Employement Benefits
120	Dawood Lawrencepur Limited	16.19%	Common directorship
121	Cyan Limited	N/A	Common directorship
122	The Dawood Foundation	3.95%	Common directorship
123	Dawood Corporation (Private) Limited	N/A	Common directorship
124	Sach International (Private) Limited	0.00%	Common directorship
125	Reon Alpha (Private) Limited	N/A	Common directorship
126	Dawood Investments (Private) Limited (formerly known as Patek (Private) Limited)	9.86%	Common directorship
127	Shell Pakistan Limited	N/A	Common directorship
128	Pakistan Business Council	N/A	Common directorship
129	Muller & Phipps Pakistan (Private) Limited	N/A	Common directorship
130	Engro Fertilizer Limited	N/A	Common directorship
131	HRSG BPO	N/A	Common directorship
132	WWF – Pakistan (World Wide Fund For Nature)	N/A	Common directorship
133	Mr. Kamran Hanif	N/A	Chief Financial Officer of Holding Company
134	Mr. Shamoon Chaudry	N/A	Chief Executive Officer of Holding Company
135	Mr. Hussain Dawood	N/A	Director of Group Company
136	Ms. Sabrina Dawood	N/A	Director of Group Company
137	Mr. Isfandiyar Shaheen	N/A	Director of Holding Company
138	Mr. Zamin Zaidi	N/A	Key Management Personnel
139	Mr. Muhammad Bilal Ahmed	N/A	Director of Holding Company
140	Mr. Shahzada Dawood	N/A	Ex-Director of the Holding Company
141	Mr. Shabbir Hussain Hashmi	N/A	Ex-Director of the Holding Company
142	Mr. Kamran Nishat	N/A	Director of Group Company
143	Mr. Hasan Reza Ur Rahim	N/A	Ex-Director of the Holding Company
144	Mr. Parvez Ghias	N/A	Ex-Director of the Holding Company
145	Mr. Muhammed Amin	N/A	Director of the Holding Company
146	Ms. Azmeh Dawood	N/A	Daughter of Director
147	Ms. Ayesha Zeba Ghias	N/A	Spouse of Ex- Director of Holding Company
148	Staff Provident Fund	N/A	Employees' Retirement Fund
149	Staff Gratuity Fund	N/A	Employees' Retirement Fund

55.1 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:

	2023	2022
	-------- (Rupees in '000) --------	
Associated Companies		
Purchases and services	**51,376,156**	51,177,849
Donations	**1,282,156**	673,910
Sale of goods and rendering of services	**4,861,260**	-
Short-term loan received	**2,849,878**	2,849,878
Reimbursement of expenses made to associated companies	**332,857**	366,323
Reimbursement of expenses made by associated companies	**310,331**	431,408
Dividends paid / payable	**7,076,923**	2,703,394
Loans repaid	**130,306**	113,052
Finance costs	**5,870,350**	4,175,664
Investment made	**104,938**	-
Divestment	**104,938**	-
Joint Ventures		
Purchase of services	**4,378,161**	3,178,688
Services rendered	**5,706**	-
Reimbursements	**146,709**	78,865
Dividend received	**1,365,000**	932,400
Expenses paid on behalf of joint venture company	**450,634**	399,456
Dividend paid	**-**	1,078,176
Retirement funds		
Contribution to retirement benefit and contribution funds	**1,242,904**	1,061,004
Key management personnel		
Dividend paid	**336,573**	191,867
Directors' fees	**11,000**	22,000
Remuneration and other benefits paid	**150,780**	150,780
Sale of vehicle to key management personnel	**965**	2,190
Reimbursement to key management personnel	**371**	1,808
Remuneration of key management personnel	**1,711,311**	1,561,448

55.2 Details of balances with related parties are stated in respective notes to these consolidated financial statements.

55.3 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	Engro LNG FZE	Vopak LNG Holding B.V.
Country of Incorporation	Nigeria	People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates	United Arab Emirates	Netherlands
% of effective holding	45.00%	N/A	N/A	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	N/A
Basis of relationship	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	subsidiary	(indirectly through subsidiary)	Associate

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

56. CONTRIBUTORY RETIREMENT FUNDS

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.

57. DONATIONS

57.1 Donations include the following in which the Directors of the Holding Company or Group companies are interested:

Director	Interest in Donee	Name of donee	2023
			---(Rupees in '000)---
Ghias Khan	Director	Engro Foundation	1,027,909
Hussain Dawood	Chairman		
Ghias Khan	Trustee		
Sabrina Dawood	Trustee		
Abdul Samad Dawood	Trustee	The Dawood Foundation	576

Director	Interest in Donee	Name of donee	2022
			---(Rupees in '000)---
Ghias Khan	Director		
Shahzada Dawood	Trustee		
Hussain Dawood	Trustee	Engro Foundation	497,218
Hussain Dawood	Chairman		
Sabrina Dawood	Trustee		
Abdul Samad Dawood	Trustee	The Dawood Foundation	2,726

57.2 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:

	2023
	---(Rupees in '000)---
Engro Foundation	**1,027,909**
Thar Foundation	**300,080**
Flood Relief	**2,500**
Dawood Foundation	**576**

58. PRODUCTION CAPACITY

		Designed Annual Capacity		Actual Production	
		2023	2022	**2023**	2022
Urea (note 58.1)	Metric Tons	**2,275,000**	2,275,000	**2,313,448**	1,954,528
NPK (note 58.1)	Metric Tons	**100,000**	100,000	**96,328**	137,075
PVC Resin (note 58.1)	Metric Tons	**295,000**	295,000	**230,000**	239,000
EDC (note 58.1)	Metric Tons	**127,000**	127,000	**100,000**	102,000
Caustic soda (note 58.1)	Metric Tons	**106,000**	106,000	**96,000**	97,000
Caustic flakes (note 58.1)	Metric Tons	**20,000**	20,000	**13,000**	9,000
VCM (note 58.1)	Metric Tons	**245,000**	245,000	**224,000**	219,000
Power (note 58.2)	Mega Watt Hours	**7,166,294**	7,139,758	**4,493,430**	4,454,614
Power	Mega Watt	**66**	66	**45**	55
Integrated rice processing					
- Milling	Metric Tons	**144,000**	144,000	**12,713**	60,738
- Drying	Metric Tons	**270,000**	270,000	**282**	27,118

58.1 Production planned as per market demand and in house consumption needs.

58.2 Output produced by the plants of EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

58.3 Three months season design capacity and production is dependent on availability of rice paddy.

58.4 The annual regassification capacity of EETPL as service provider to SSGCL is 4.5 MTPA and there has been no shortfall during the year.

59. NUMBER OF EMPLOYEES OF THE GROUP

	Number of Employees as at		Average Number of Employees as at	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Number of employees	**2,763**	2,836	**2,738**	2,785
	2,763	2,836	**2,738**	2,785

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
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60. 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.

61. INTEREST IN JOINT ARRANGEMENTS

In 2022, EFert, Fauji Fertilizer Company Limited (Fauji) and Fatima Fertilizer Company Limited (FATIMA) (collectively the Fertilizer Manufacturers) entered into a Framework Agreement dated November 30, 2022 (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project. Under the Agreement, the Fertilizer Manufacturers have decided to jointly develop and install pressure enhancement facilities at Mari Petroleum Company Limited's (MPCL's) delivery node to sustain the current level of pressure of gas supply from HRL reservoir of MPCL.

All decisions with respect to the development and operations of PEF would be made only with unanimous consent of the Fertilizer Manufacturers. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS 11 - Joint Arrangements. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Fertilizer Manufacturers, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operation' in these consolidated financial statements. Current cost sharing percentages in PEF of EFert, Fauji and FATIMA are 33.9%, 47.7% and 18.4%, respectively. The Group has continued to recognize its share of jointly held asset in these consolidated financial statements.

62. NON-ADJUSTING EVENT AFTER REPORTING DATE

62.1 The Board of Directors of the Holding Company in its meeting held on March 11, 2024 has proposed a final cash dividend of Rs. Nil per share for the year ended December 31, 2023 amounting to Rs. Nil for approval of the members at the Annual General Meeting to be held on April 26, 2024.

62.2 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on February 07, 2024 has proposed a final cash dividend of Rs. 6 per share for the year ended December 31, 2023, amounting to Rs. 540,000, of which the proportionate share of the Holding Company amounts to Rs. 270,000.

62.3 The consolidated financial statements for the year ended December 31, 2023 do not include the effect of the aforementioned proposed dividends, which will be accounted for in the consolidated financial statements for the year ending December 31, 2024.

63. 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)	December 31
EFERT Agritrade (Private) Limited (EAPL)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Think PVC (Private) Limited	December 31
Engro Peroxide (Private) Limited	December 31
Engro Plasticizer (Private) Limited	December 31
Engro Energy Limited (EEL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTPL)	December 31
Elengy Terminal Pakistan Limited (ETPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Eximp FZE (FZE)	December 31
Engro LNG FZE (ELNG)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Connect (Private) Limited	December 31
Engro Infiniti (Private) Limited	December 31
Engro Enfrashare (Private) Limited	December 31
Engro Energy Services Limited (EESL)	December 31
Thermal Vision (Private) Limited	December 31
Name of Joint Venture of ECL	
Engro Vopak Terminal Limited (EVTL)	December 31
Name of Associates of ECL	
FrieslandCampina Engro Pakistan Limited (FCEPL)	December 31
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
Gel Utility Limited (GEL)	December 31
Siddiqsons Energy Limited (SEL)	June 30
Pakistan Energy Gateway Limited (PEGL)	December 31
Magboro Power Company Limited (MPCL)	December 31
Thar Power Company Limited (TPCL)	December 31

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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63.1 Set out below is summarised financial information of ECL which has Non-Controlling Interests (NCI). The amounts disclosed are before inter-company eliminations:

	2023 ECL ----(Rupees in '000)----
Total Assets	802,496,277
Total Liabilities	579,363,645
Total Comprehensive Income	36,470,638
Total Comprehensive Income allocated to NCI	15,085,937
Accumulated NCI	77,927,566
Cash and cash equivalents	26,596,049
Cash generated from / (utilized in)	
- operating activities	106,962,957
- investing activities	5,254,621
- financing activities	(93,698,930)
Dividend paid / payable to NCI	17,061,599
Interest of NCI	60.03%

64. 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.

65. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 11, 2024 by the Board of Directors of the Holding Company.

Kamran Hanif	Mohammad Shamoon Chaudry	Muhammed Amin
Chief Financial Officer	Chief Executive Officer	Director

PATTERN OF SHAREHOLDING

As at December 31, 2023

Number of Shareholders	SHARESHOLDINGS From	To	Numbers of Shares Held
723	**1**	100	27,122
682	**101**	500	223,397
367	**501**	1,000	314,979
1,372	**1,001**	5,000	2,987,980
240	**5,001**	10,000	1,784,830
91	**10,001**	15,000	1,123,094
45	**15,001**	20,000	792,573
23	**20,001**	25,000	518,002
14	**25,001**	30,000	399,715
10	**30,001**	35,000	337,131
6	**35,001**	40,000	229,747
10	**40,001**	45,000	421,944
16	**45,001**	50,000	782,848
9	**50,001**	55,000	467,399
3	**55,001**	60,000	175,100
2	**60,001**	65,000	128,916
3	**65,001**	70,000	207,780
2	**70,001**	75,000	149,000
1	**75,001**	80,000	80,000
3	**80,001**	85,000	250,071
2	**85,001**	90,000	178,419
2	**90,001**	95,000	187,200
3	**95,001**	100,000	296,528
1	**100,001**	105,000	100,596
1	**105,001**	110,000	109,000
1	**115,001**	120,000	115,411
2	**120,001**	125,000	245,596
1	**125,001**	130,000	126,800
1	**145,001**	150,000	150,000
1	**155,001**	160,000	160,000
1	**160,001**	165,000	165,000
1	**195,001**	200,000	197,352
1	**205,001**	210,000	209,000
1	**230,001**	235,000	231,000
2	**245,001**	250,000	500,000
1	**270,001**	275,000	275,000
2	**290,001**	295,000	587,300
1	**295,001**	300,000	300,000
1	**335,001**	340,000	336,072
1	**340,001**	345,000	344,500
1	**360,001**	365,000	362,500
1	**545,001**	550,000	549,205
1	**555,001**	560,000	558,700
1	**620,001**	625,000	621,192
2	**995,001**	1,000,000	2,000,000
1	**1,790,001**	1,795,000	1,790,316
1	**2,220,001**	2,225,000	2,220,100
1	**2,995,001**	3,000,000	3,000,000
1	**3,995,001**	4,000,000	3,998,097
1	**4,180,001**	4,185,000	4,181,200
1	**5,905,001**	5,910,000	5,906,612
1	**5,995,001**	6,000,000	6,000,000
1	**12,200,001**	12,205,000	12,204,788
1	**18,990,001**	18,995,000	18,991,988
1	**19,025,001**	19,030,000	19,027,350
1	**19,970,001**	19,975,000	19,971,463
2	**36,240,001**	36,245,000	72,481,592
2	**38,375,001**	38,380,000	76,752,016
1	**43,280,001**	43,285,000	43,281,216
1	**45,790,001**	45,795,000	45,790,435
1	**47,450,001**	47,455,000	47,450,048
1	**77,930,001**	77,935,000	77,931,896
3,674			**481,287,116**

CATEGORIES OF SHAREHOLDING

As at December 31, 2023

Shareholder's Category	Number of sharehoders	Total shares held	Percentage %
Directors, Chief Executive Officer, and their spouse and minor children	**7**	**11,790,616**	**2.45%**
Associated Companies, Undertakings and Related Parties	**4**	**144,380,928**	**30.00%**
NIT and ICP	**-**	**-**	**0.00%**
Banks, Development Financial Institutions	**11**	**8,582,055**	**1.78%**
Insurance Companies	**2**	**14,424,888**	**3.00%**
Modarabas and Mutual Funds	**6**	**973,401**	**0.20%**
Shareholders holding 10%	**1**	**77,931,896**	**16.19%**
General Public :			
Local	**3591**	**21,736,505**	**4.52%**
Foreign	**-**	**-**	**0.00%**
Foreign Companies	**7**	**231,513,637**	**48.10%**
Others	**46**	**47,885,086**	**9.95%**
Total (excluding : shareholders holding 10% or more)	**3,674**	**481,287,116**	**100.00%**

PATTERN OF SHAREHOLDING

As at December 31, 2023

	Shareholders' Category	Number of shares held
1	**Associated Companies, Undertaking and Related Parties**	
	Dawood Lawrencepur Limited	77,931,896
	Dawood Investments (Private) Limited	47,450,048
	Dawood Foundation	18,991,988
	Sach International (Private) Limited	6,996
2	**Modarabas and Mutual Funds**	
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	549,205
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	292,800
	CDC - TRUSTEE AKD INDEX TRACKER FUND	100,596
	CDC - TRUSTEE AWT ISLAMIC STOCK FUND	12,900
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	10,000
	CDC - TRUSTEE AWT STOCK FUND	7,900
3	**Directors and their spouse**	
	Hussain Dawood	6,000,000
	Kulsum Dawood (W/o. Mr. Hussain Dawood)	3,000,000
	Abdul Samad Dawood	1,790,316
	Sabrina Dawood	1,000,000
	Muhammed Amin	100
	Isfandiyar Shaheen	100
	Muhammad Bilal Ahmed	100
4	**Executives**	-
5	**Public Sector Companies and Corporations**	12,204,797
6	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**	11,459,369
7	**Shareholder Holding five percent or more voting Rights in the Listed Company**	
	Dawood Lawrencepur Limited	77,931,896
	Dawood Investments (Private) Limited	47,450,048
	Tower Share (Private) Limited	45,790,435
	Hercules Enterprises Limited	43,281,216
	Alzarat Limited	38,376,008
	Zincali Limited	38,376,008
	Palmrush Investments Limited	36,240,796
	Persica Limited	36,240,796

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے تمام شیئر ہولڈروں کا شکر گزار ہے کہ انہوں نے ہم پر اپنا اعتماد اور بھروسہ قائم رکھا ہے۔ ہم تمام مالیاتی اداروں وغیرہ سمیت تمام اسٹیک ہولڈروں کو بھی تہنیت پیش کرتے ہیں جنہوں نے ہمیں اعانت اور مدد فراہم کی ہے اور یقین دلاتے ہیں کہ ان کے مفادات کی پاس داری کرتے رہیں گے۔

ہم ڈی ایچ کورپ کی ترقی اور آسودہ حالی کے لئے مخلصانہ جدوجہد کرنے پر انتظامیہ اور ملازمین کا بھی شکریہ ادا کرتے ہیں۔

محمد امین	محمد شمعون چوہدری
ڈائریکٹر	چیف ایگزیکٹیو آفیسر

سبکدوش ہونے والے ڈائریکٹرز:

	حاضری			
نام ڈائریکٹر	بورڈ کے اجلاس	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریومنریشن کمیٹی	بورڈ انوسٹمنٹ کمیٹی
جناب شہزادہ داؤد	2/2	......	......	......
جناب پرویز غیاث	2/2	......	1/1	......
جناب شبیر حسین ہاشمی	2/2	2/2	......	......
جناب کامران نشاط	2/2	2/2	......	......
جناب حسن رضا الرحیم	2/2	2/2	1/1	......

☆ جناب محمد امین اور جناب اسفند یار شاہین 22 مئی 2023 کو منعقد ہونیوالے غیر معمولی اجلاس عام میں کمپنی کے ڈائریکٹر منتخب ہوئے۔

☆ جناب محمد بلال احمد نے 22 اگست 2023 کو جناب شہزادہ داؤد کی بے وقت انتقال سے بورڈ میں خالی ہونے والی نشست پُر کی ہے۔

☆ جناب پرویز غیاث، جناب شبیر حسین ہاشمی، جناب کامران نشاط اور جناب حسن رضا الرحیم کی مدت 22 مئی 2023 کا اختتام پر پہنچی۔ ہم سبکدوش ہونے والی مذکورہ بالا تمام ڈائریکٹرز کی خدمات کا اعتراف کرتے ہیں اور انہیں تہنیت پیش کرتے ہیں۔

ڈائریکٹرز کے معاوضے

ڈی ایچ کورپ ڈائریکٹروں کے معاوضے کی ایک رسمی اور شفاف پالیسی کی پیروی کرتی ہے جو آرٹیکلز آف ایسوسی ایشن آف دی کمپنی اور کمپنیز ایکٹ 2017 کے عین مطابق ہے۔

بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت سمیت ڈائریکٹروں اور چیف ایگزیکٹو آفیسر کو ادا کئے جانے والے معاوضوں کی تفصیلات غیر منظّم مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کر دیئے گئے ہیں۔

ڈائریکٹرز کی ذمہ داری کا بیان

ڈائریکٹرز، پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کی تعمیل کی بمطابق ذیل تصدیق کرتے ہیں:۔

a) ڈی ایچ کورپ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے آپریشنوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی صورتحال غیر جانب داری سے پیش کرتے ہیں۔

b) ڈی ایچ کورپ اپنے کھاتوں کی کتب کا انتظام موزوں انداز سے کرتی ہے۔

c) مالیاتی گوشواروں کی تیاری میں مستقل اور موزوں اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے محتاط اور معقول فیصلوں پر بنیاد کرتے ہیں۔

d) مالیاتی گوشواروں کی تیاری میں پاکستان پر قابل اطلاق مالیاتی رپورٹنگ کے عالمی معیارات کی پیروی کی گئی ہے اور ان سے کئے گئے کسی بھی انحراف کو موزوں طور سے ظاہر بھی کیا گیا ہے۔

e) اندرونی انضباط کا نظام اپنے ڈیزائن میں مضبوط ہے جسے مؤثر طور سے نافذ بھی کیا گیا ہے اور اسے مانیٹر بھی کیا جاتا ہے۔

f) ڈی ایچ کورپ کی ایک چلتے ہوئے کاروبار کے طور پر کام جاری رکھنے کی صلاحیت پر کوئی خاص شک وشبہ نہیں ہے۔

g) گزشتہ چھ برسوں کا اہم عملیاتی اور مالیاتی ڈیٹا خلاصے کی صورت میں زیر نظر رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹروں کا تربیتی پروگرام

کمپنی ڈائریکٹروں کے تربیتی پروگرام کے تحت باضابطہ سرٹیفکیٹوں کے ضمن میں قواعد وضوابط پر عمل کرتی ہے۔

منسلکہ پارٹی 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 ہیں۔

بعدازاں ہونے والے واقعات کے سبب مادّی تبدیلیاں

زیر جائزہ مالی سال کے اختتام اور زیر نظر رپورٹ کی تاریخ کے درمیان ایسی کوئی مادّی تبدیلیاں یا معاہدے عمل میں نہیں آئے ہیں جو ہماری مالیاتی حیثیت پر کسی بھی طرح سے اثر انداز ہوسکیں۔

مستقبل کا منظرنامہ

ہم توقع کر رہے ہیں کہ مستقبل قریب میں اقتصادی دباؤ برقرار رہے گا جو مہنگائی کے اثرات، بلند تر شرح سود، اور ٹیکسوں میں اضافے پر منتج ہوگا۔ ان مشکلات کے حل کے لئے ہم حکومت کی جدوجہد کے معترف ہیں لیکن اہمیت اس بات کی ہے کہ ان مشکلات کا حل درست سوچ کے ساتھ درست انداز میں تلاش کیا جائے جو پاکستان میں سرمایہ کار کا اعتماد دوبارہ بحال کر سکے۔ اس مقصد کے حصول کیلئے ہماری معیشت کی صورت گری کرنے والی دیرپا ڈھانچہ جاتی اصلاحات بنیادی اہمیت رکھتی ہیں۔ یہ اصلاحات آئی ایم ایف کے پیکیج کے ساتھ عائد کی جانے والی شرائط کی صورت میں بھی ہوسکتی ہیں تاہم ریاست کا کردار اولین اہمیت رکھتا ہے جسے بہتر اقتصادی منظرنامے کی تعمیر کے لئے ایسے پیش بند اقدامات اٹھائے جانے چاہئیں جن سے ایک جانب تو ٹیکسوں کے جال میں توسیع ہو سکے اور دوسری جانب سرمائے کی غیر پیداواری سیکٹروں میں منتقلی کی حوصلہ شکنی ہو سکے۔ ملک کے میکرو ماحول میں بہتری لانے میں ہم قدمے اور سخنے اپنا کردار ادا کرتے رہیں گے۔

یہ کریڈٹ ریٹنگ ادارے کے انتظامی اور مالیاتی استحکام کے ساتھ ساتھ نقدی کی دستیابی کی مظہر ہے اور ہماری مضبوط بیلنس شیٹ، ان تھک کارکردگی اور منافع منقسمہ کی مسلسل ادائیگی کا بیان ہیں۔

پراویڈنٹ اور گریجویٹی فنڈز

ڈی ایچ کورپ کے ملازمین کی فنڈڈ ریٹائرمنٹ مراعات کا آڈٹ سال میں ایک بار منعقد کیا جاتا ہے اور موزوں طور سے انہیں سرمایہ کاری کے لئے استعمال کیا جاتا ہے۔ غیر آڈٹ شدہ کھاتوں کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاریوں کی کُل جملہ مالیت 1.5 ملین روپے (2022 میں 10.5 ملین روپے) ہے۔

گریجویٹی پلان کے فنڈڈ اثاثوں کی فیئر ویلیو 31 دسمبر 2023 کو 13.95 ملین روپے (2022 میں 9.56 ملین روپے) تھی۔

کارپوریٹ گورنینس

ڈی ایچ کورپ کارپوریٹ گورنینس کے اعلیٰ ترین معیارات پر کاربند رہنے کا عہد کئے ہوئے ہے اور اپنا کاروبار کوڈ آف کارپوریٹ گورنینس اینڈ لسٹنگ ریگولیشنز آف دی پاکستان اسٹاک ایکسچینج کے بہترین ضابطہ عمل کے عین مطابق انجام دیتا ہے جن میں بورڈ آف ڈائریکٹرز اور ڈی ایچ کورپ کی انتظامیہ کی ذمہ داریوں اور کردار کی تصریح کی گئی ہے۔ مزید تفصیلات کے لئے ازراہ کرم Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017 سے رجوع کیجئے۔

رسک مینجمنٹ

ڈی ایچ کورپ کی کاروباری سرگرمیاں اسے مختلف النوع مالیاتی خطرات (رسک) جیسے مارکیٹ رسک (بشمول انٹریسٹ ریٹ رسک، کرنسی رسک اور پرائس رسک)، کریڈٹ رسک اور لکویڈیٹی رسک کا سامنا کرنے پر مجبور کرتی ہیں۔ ڈی ایچ کورپ کا رسک مینجمنٹ کا نظام مالیاتی مارکیٹوں کی غیر یقینیوں کو مرکز نگاہ رکھتا ہے اور مالیاتی کارکردگی کو لاحق مضر اثرات میں کمی لانے کے طریقے تلاش کرتا ہے۔

چناں چہ ڈی ایچ کورپ کو درپیش خطرات کو قابو میں رکھنے، خطرات کی موزوں حد اور انضباط مقرر کرنے، ان حدود پر عمل 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 فوقتاً جائزہ بھی لیا جاتا ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آٹھ (08) ڈائریکٹرز پر مشتمل ہے۔ بورڈ ترکیب درج ذیل ہے:

انڈیپینڈنٹ ڈائریکٹرز	02
نان ایگزیکٹیو ڈائریکٹرز	
- مرد	04
- خاتون	01
ایگزیکٹیو ڈائریکٹر	01

بورڈ کے اجلاس

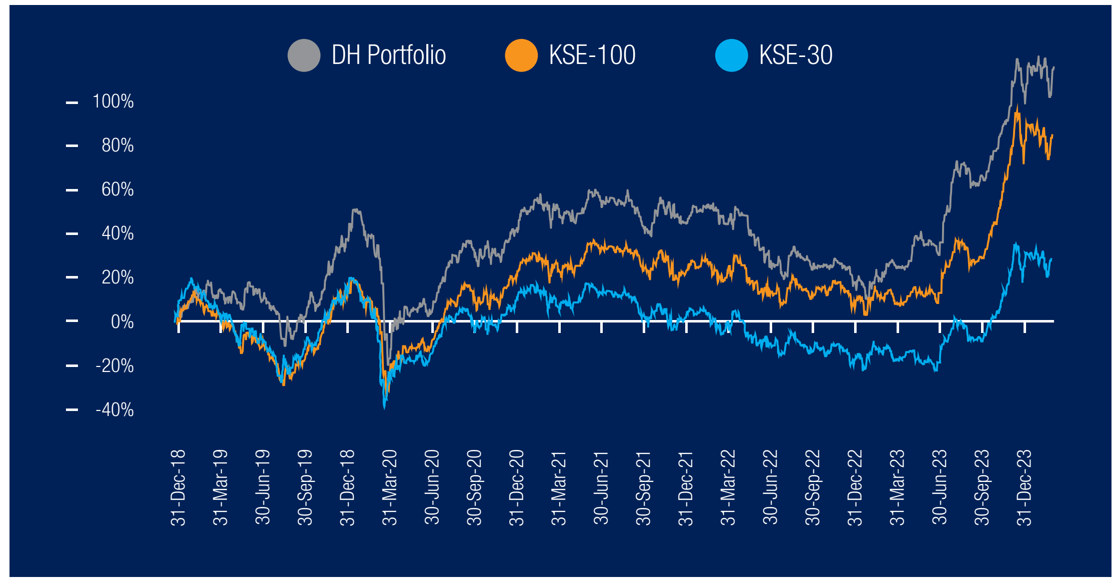
31 دسمبر 2023 کو ختم ہونے والے سال کے دوران بورڈ کے پانچ (05)، بورڈ آڈٹ کمیٹی کے دو (02)، ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو (02) اجلاس منعقد ہوئے جبکہ بورڈ انوسٹمنٹ کمیٹی کا کوئی اجلاس منعقد نہیں کیا گیا۔ ان اجلاسوں میں ڈائریکٹروں کی حاضری بمطابق ذیل رہی:

موجودہ ڈائریکٹرز:

	حاضری			
نام ڈائریکٹر	بورڈ کے اجلاس	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونریشن کمیٹی	بورڈ انوسٹمنٹ کمیٹی
جناب حسین داؤد	5/5	......	......	......
جناب عبدالصمد داؤد	5/5	......	......	......
محترمہ سبرینہ داؤد	3/5	......	2/2	......
جناب محمد امین	3/3	2/2	......	......
جناب اسفندیار شاہین	3/3	2/2	1/1	......
جناب ضامن زیدی	5/5	......	......	......
جناب محمد بلال احمد	3/3	2/2	......	......
جناب محمد شمعون چوہدری	5/5	......	......	......

یہ بات باعث تشویش ہے کہ منافع منقسمہ پر ٹیکس بڑھائے جانے کے سبب شیئر ہولڈروں کی آمدنی متاثر ہو رہی ہے۔ یہ ایشو مختلف پلیٹ فارموں پر پاکستان بزنس کونسل اور اس کے ممبران کے سامنے رکھا گیا ہے اور ہمیں امید ہے کہ ان کوششوں کا کوئی مثبت نتیجہ برآمد ہوگا۔

ہماری سرمائے کی تخصیص کی ایک مختصر سی تصویر پیش خدمت ہے۔ 2018 سے داؤد ہرکولیس کارپوریشن کے ایکویٹی پورٹ فولیو نے KSE-100 انڈیکس کے 68.5% کے مقابلے میں 82.6% کی آمدنی حاصل کی ہے جو مذکورہ انڈیکس سے 14.1% الفا ہے۔



فنانشل رپورٹ

مالیاتی کارکردگی

کمپنی کی منظّم آمدنی میں 35% اضافہ ہوا جو 2022 میں 356,643 ملین روپے سے بڑھ کر 2023 کے اختتام پر 482,489 ملین روپے تک پہنچ گئی۔ تھرمل توانائی کے اثاثوں کی ازسرنو پیمائش کے بعد زیرجائزہ سال کے کے منظّم بعداز ٹیکس نفع 66,315 ملین روپے (شیئر ہولڈروں کو قابل تقسیم بعداز ٹیکس منافع 13,636 ملین روپے) رہا جو 2022 میں 42,920 ملین روپے (شیئر ہولڈروں کو قابل تقسیم بعداز ٹیکس منافع 5,866 ملین روپے) رہا تھا۔

تاہم تھرمل توانائی کے اثاثوں کی ازسرنو پیمائش کے سبب 2023 میں منظّم بعداز ٹیکس منافع 36,365 ملین روپے رہا جو 15% کم تھا جبکہ شیئر ہولڈروں کو قابل تقسیم بعداز ٹیکس نفع 2022 کے 5,866 ملین روپے سے بڑھ کر 2023 میں 8,322 ملین روپے حاصل ہوا۔ اس اضافے کی بڑی وجہ ایکویٹی پورٹ فولیو میں غیر حاصل شدہ نفع تھا۔

انفرادی بنیاد پر سرمایہ کاریوں پر آمدنی 14,788 ملین روپے رہی جو 2022 کے اختتام پر 6,222 ملین روپے رہی تھی، اس بڑھوتی کی بڑی مارکیٹ کی بہتر کارکردگی کی وجہ سے منافع منقسمہ کی آمدنی اور کیپٹل گین کا کافی زیادہ ہونا تھا۔ مزید یہ کہ 2023 کیلئے بعداز ٹیکس منافع 10,350 ملین روپے رہا جو گزشتہ برس کی اسی مدت کے دوران

3,692 ملین روپے رہا تھا۔

فی شیئر کمائی

سال 2022 کے لئے غیر منظّم فی شیئر کمائی 21.50 روپے رہی جو 2022 کے اختتام پر 7.67 روپے رہی تھی۔ زیرجائزہ سال کے لئے فی شیئر منظّم کمائی 17.29 روپے رہی (سال 2022 کے اختتام پر 12.19 روپے)۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس آئندہ ہونے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تقرر کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے 31 دسمبر 2024 کے اختتام پذیر ہونے والے سال کے لئے ڈی ایچ کورپ کے آڈیٹرز کے طور پر اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کے دوبارہ تقرر کی سفارش کی ہے اور بورڈ آف ڈائریکٹرز نے اس سفارش کی توثیق بھی کی ہے۔

شیئرز کا کاروبار، اوسط قیمتیں اور پاکستان اسٹاک ایکسچینج

سال کے دوران ڈی ایچ کورپ نے پاکستان اسٹاک ایکسچینج میں 38 ملین شیئرز کا کاروبار کیا۔ روزانہ بند ہونے کی قیمتوں کی بنیاد پر ڈی ایچ کورپ کے شیئر کی اوسط قیمت 105.11 روپے تھی جبکہ 2023 کے 52 ہفتوں کے اتار چڑھاؤ کی بنیاد پر یہ قیمت بالترتیب 91.81 روپے اور 135.40 روپے فی شیئر رہی۔

شیئرز کی ملکیت کے نمونے

31 دسمبر 2023 کو ڈی ایچ کورپ کے شیئرز کی ملکیت کا نمونہ ہمراہ دیگر ضروری معلومات زیرنظر رپورٹ کے آخری میں پراکسی فارم کے ساتھ دستیاب ہے۔

مارکیٹ کیپٹلائزیشن اور بک ویلیو

سال کے اختتام پر مارکیٹ میں ڈی ایچ کورپ کے سرمائے کی مالیت 51,806 ملین روپے (2022 میں 45,482 ملین روپے)، مارکیٹ ویلیو 107.64 روپے فی شیئر (2022 میں 94.50 روپے) اور بریک اپ ویلیو 59.37 روپے فی شیئر (2022 میں 55.86 روپے)۔

تصرف (Appropriation)

زیرجائزہ سال کے لئے قابل تصرف منافع منقسمہ 18.00 روپے فی شیئر (180%) تھا جس کی سال کے دوران ادائیگی کی گئی۔

ریٹنگ (Entity Rating)

2023 کے دوران PACRA نے اپنے سالانہ جائزہ میں ڈی ایچ کورپ کی قلیل اور طویل المدتی کریڈٹ ریٹنگ کی توثیق کی ہے۔

باقی رہ جاتا ہے اینگرو کا بجلی بنانے کا کاروبار۔ یہ بات اظہر من الشّمس ہے کہ بجلی کے سیکٹر کو سرکلر ڈیبٹ کے دیرینا ایشو کا سامنا ہے اور گیس سیکٹر کے سرکلر ڈیبٹ پر قابو پانے کی حکومت کی حالیہ کوششوں کے باوجود بجلی کا سیکٹر بدستور بڑھتے ہوئے مالیاتی چیلنجوں کا سامنا کر رہا ہے۔ کمزور مالیاتی صورت حال کے نتیجے میں بجلی کی پیداوار کم ہونے کے سبب بجلی کے سیکٹر میں سرکلر ڈیبٹ بدستور بڑھ رہا ہے اور بجلی پیدا کرنے والے پرائیویٹ اداروں کو بروقت ادائیگی کی حکومت کی صلاحیت کو کمزور کر رہا ہے۔ یہی وجہ ہے کہ ہم تین بڑے اداروں ......EPQL، EPTL اور SECMC میں سے سرمایہ نکالنے کے اینگرو کارپوریشن کے بورڈ کے فیصلے کی توثیق کرتے ہیں۔ اس اقدام سے ان کاروباروں میں پھنسا ہوا ہمارا سرمایہ واپس مل جائے گا جسے ہم مزید منافع بخش مواقع پر کام میں لاسکیں گے جس سے ہمارے شیئر ہولڈروں کی قدر میں اضافہ ہوگا۔

اینگرو کارپوریشن نے مارکیٹ میں مندی کے وقت اضافی سرمایہ شیئر واپس خریدنے پر لگایا تھا جس سے شیئر ہولڈروں کی قدر بڑھی تھی۔ اس سرمایہ کاری کے نتیجے میں اینگرو کارپوریشن میں ہماری ہولڈنگ کا تناسب تقریباً 40% تک پہنچ گیا تھا۔

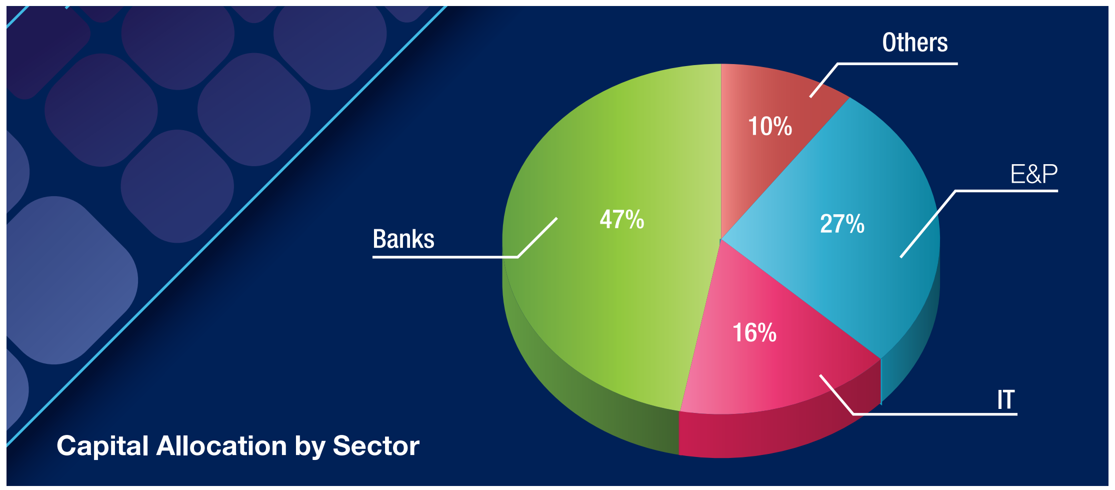
مجموعی طور سے اینگرو کا کاروباری پورٹ فولیو معیشت کے متنوع سیکٹروں میں سرمایہ کاری کی راہیں کھولتا ہے اور مشکلات سے بھرپور اقتصادی ماحول میں پوری قوت سے آگے بڑھنے کی بھرپور صلاحیت رکھتا ہے۔ شیئر ہولڈروں کے نقطہء نگاہ سے دیکھا جائے تو اینگرو کارپوریشن میں کمپنی کی سرمایہ کاری سے گزشتہ 10 برسوں میں 280.6% کی آمدنی حاصل ہوئی ہے جو اس مدت کے دوران KSE-100 انڈیکس کی 146.9% کی آمدنی سے لگ بھگ دوگنا ہے۔ اینگرو کارپوریشن میں سرمایہ لگانا کمپنی کا ایک بہترین فیصلہ ثابت ہوا ہے جو نقدی کے حصول کا ایک ٹھوس ذریعہ ہونے کے ساتھ ساتھ مستحکم ترقی کا وسیلہ بھی رہا ہے۔

دیگر پورٹ فولیو

کمپنی کی باقیماندہ سرمایہ کاری جاری اقتصادی حالات کو مدنظر رکھتے ہوئے کی گئی ہے۔ روز افزوں مہنگائی اور شرح سود میں اضافے ہونے سے توقع کی جا رہی تھی کہ زرّی پابندیوں کا سب سے زیادہ فائدہ بینکاری سیکٹر کو پہنچے گا۔ چنانچہ ڈی ایچ کورپ کی سرمایہ کاری کا اچھا خاصہ حصہ اس سیکٹر میں لگایا گیا...... یہ وہ اقدام تھا جو زیر جائزہ سال میں بارآور ثابت ہوا۔ ان میں خاص توجہ یونائیٹڈ بینک لمیٹڈ (یو بی ایل) اور میزان بینک کو دی گئی۔ یو بی ایل نے سرمایہ کار دوست پالیسی اپنائی ہوئی ہے جو شیئر ہولڈروں کو منافع دیتی ہے۔ بیشتر اوقات یو بی ایل قرضے دیتے ہوئے محتاط پالیسی پر عمل درآمد کرتا ہے اور اپنی توجہ (زیادہ منافع بخش) اسلامی بینکاری والے کاروبار پر مرکوز رکھتا ہے اور ساتھ ہی کم سے کم اخراجات کرنے اور سرمائے کو مؤثر طور سے استعمال کرنے کی غرض سے اہل اقدامات نافذ کرتا ہے۔ دوسری جانب میزان بینک نے گزشتہ برسوں میں قابل رشک ترقی کی ہے۔ ترقی کا سفر جاری رکھنے کے ساتھ ساتھ میزان بینک اپنے ڈپازٹوں کو پُر مغز انداز سے استعمال کر رہا ہے۔ میزان بینک کے سرمائے کی بنیاد مضبوط ہے جسے مستقبل میں وہ غیر سرکاری اداروں کو قرضے دینے کیلئے استعمال کرے گا تاکہ اس کا منافع نہ صرف قائم رہے بلکہ اس میں اضافہ بھی ہوتا رہے۔ ہم اس موقع پر میزان بینک کی انتظامی ٹیم کی کارکردگی کا جائزہ لینا چاہیں گے جنہوں نے اقتصادی مدّ و جزر سے گزر کر ترقی کی ہے اور شیئر ہولڈروں کا منافع بڑھایا ہے۔ بعد ازاں ہم اس حقیقت سے بخوبی آگاہ ہیں کہ بینکاری سیکٹر پر عائد ٹیکسوں میں اضافہ کیا جا سکتا ہے؛ تاہم ان ممکنہ چیلنجوں کے باوجود ہم اس سیکٹر میں اپنی موجودگی قائم رکھیں گے۔ ان دو بینکوں میں ہماری سرمایہ کاری کا حجم، سال کے اختتام پر، 3.7 بلین روپے تک پہنچ چکا ہے اور جائزہ سال کے دوران ان دونوں بینکوں میں سرمایہ کاری سے 3.8 بلین روپے کی آمدنی حاصل ہوئی ہے۔

بینکاری کے علاوہ ہم نے ملک میں تیل و گیس تلاش کرنے والی مضبوط کمپنیوں خصوصاً OGDCL اور PPL اور Mari پیٹرولیم میں بھی اچھا خاصا سرمایہ لگا رکھا ہے۔ اس میں کوئی شک نہیں کہ پاکستان کی اقتصادی ترقی توانائی کے سیکٹر میں دیرپا اور مؤثر اصلاحات کی محتاج ہے...... گیس سیکٹر کے سرکلر ڈیبٹ پر قابو پانے کی حکومتی کوششوں کو دیکھ کر ہمیں حوصلہ اور یقین ملتا ہے کہ OGDCL اور PPL کو اس مثبت تبدیلی سے سب سے زیادہ فائدہ ملے گا۔ اندرون ملک تیل و گیس کے ذخائر کی تلاش میں فوری بنیادوں پر سرمایہ کاری ناگزیر ہے اور مذکورہ بالا تینوں کمپنیاں اس ضرورت کی تکمیل کیلئے پوری طرح تیار ہیں۔ مزید یہ کہ OGDCL اور PPL کے مضبوط ایکویٹی کا مالک ہونا، نقدی کے اچھے خاصے ذخائر ہونا ایک ایسے شاندار موقع کی جانب اشارہ کرتے ہیں، بہتر مالیات کا بہتر انتظام کر کے بھرپور فائدہ اٹھایا جا سکتا ہے۔ ان کمپنیوں کی حقیقی قدر اور مارکیٹ کی قیمتوں میں تغیر ہمارے پورٹ فولیو میں شامل ان کمپنیوں میں سرمایہ کاری جاری رکھنے کے ہمارے فیصلے کی تصدیق کرتا ہے۔ سال کے اختتام پر OGDCL، PPL اور ماری پیٹرولیم میں ہماری سرمایہ کاری کا حجم 2.2 بلین ڈالر رہا اور ان میں سرمایہ کاری کے بدلے ہمیں اسی مدت کے دوران 410 ملین روپے کی آمدنی ہوئی۔

اپنے سرمائے کا ایک قابل ذکر حصہ ہم نے سسٹمز لمیٹڈ میں بھی لگا رکھا ہے۔ یہ وہ کمپنی ہے جو پاکستانی ہنرمندوں کی مہارتوں کو کام میں لاتے ہوئے عالمی آئی ٹی پروجیکٹوں کی تکمیل میں اپنی قابلیت کا اظہار مسلسل کرتی آ رہی ہے۔ گزشتہ برسوں میں سسٹمز لمیٹڈ نے عالمی مارکیٹ میں اپنی موجودگی کو وسعت دی ہے اور ایسا مؤثر سسٹم نافذ کیا ہے جس کے ذریعے پاکستان میں رہتے ہوئے دنیا بھر کے کلائنٹس کو خدمات فراہم کر سکتی ہے۔ ترقی کے آسمان پر اونچا اڑنے کے ساتھ ساتھ یہ کمپنی پاکستانی کرنسی کی قدر میں کمی یا بیشی کے اثرات سے بھی محفوظ ہے کیونکہ اس کی زیادہ تر آمدنی امریکی ڈالر میں ہوتی ہے۔ سسٹمز لمیٹڈ میں ہم نے 0.8 بلین روپے کی سرمایہ کاری کی ہے اور ہمارے پورٹ فولیو میں اس جانب سے آمدنی کا حصول ابھی قبل از وقت ہے۔



Capital Allocation by Sector

سرمائے کی تخصیص کی بات کریں تو کمپنی نے بیربی بنیاد والی سرمایہ کاری حکمت عملی نافذ کی ہے جو ستمبر 2021 سے موجود تھی۔ اسکے نفاذ کا فیصلہ اس حکمت عملی میں موجود خطروں کے تناسب کے پیش نظر کیا گیا اور اس کا نفاذ 2023 کی دوسری اور تیسری سہ ماہی میں عمل میں آیا جس کے نتیجے میں مجموعی طور اثرات مثبت رہے۔ اینگرو کے علاوہ خاص طور سے دیگر پورٹ فولیو نے 2023 میں 66.8% کی متاثر کن آمدنی فراہم کی جو اس مدت کے دوران KSE-100 انڈیکس کی 54.5% سے زیادہ تھی اور اس طرح الفا ریٹرن دی۔ کمپنی اگر پورٹ فولیو کی بیربی حکمت عملی واپس نہ لیتی تو زیر جائزہ سال کے دوران جو آمدنی حاصل ہوئی اس سے لگ بھگ 2 ارب روپے (حاصل شدہ آمدنی کا 30%) زیادہ آمدنی حاصل کر سکتی تھی۔ تاہم ہم اس حکمت عملی میں درپیش خطرات کی جانب سے فکرمند تھے اور حاصل شدہ نتائج سے بہرحال مطمئن ہیں۔

رفتار میں سستی آئی۔ سال کی دوسری ششماہی میں اس وقت کچھ ریلیف ملا جب آئی ایم ایف کے ساتھ مذاکرات کامیاب ہوئے اور اسٹینڈ بائی آرینجمنٹ (SBA) کی صورت میں 3 بلین ڈالر ملے جس سے ملک کے ڈیفالٹ ہونے کی تشاویش میں کسی قدر کمی آئی۔ مزید یہ کہ نگراں حکومت کو اقتدار کی پرامن طریقے سے منتقلی نے ڈھانچہ جاتی اصلاحات جاری رکھنے اور آئی ایم ایف کے بینچ مارک کی مانیٹرنگ میں مزید سختی لانے کا موقع فراہم کیا۔

یہ بات قابل ذکر ہے کہ گیس کی قیمتیں بڑھانے کے فیصلے نے اس سیکٹر میں سرکلر ڈیبٹ بڑھنے سے روکنے میں مدد دی جس سے ایک مستقل مالیاتی انتظام کی ترویج کے لئے حکومت کی سنجیدگی ظاہر ہوتی ہے۔ یہ جرات مندانہ اقدام ایک دیرینا ایشو کے حل کی جانب ایک سنجیدہ اقدام ہے تاہم گیس کی قیمتوں کو آزادانہ طور سے مارکیٹ کو متعین کرنے کے قابل بنانا طویل مدتی کامیابی کے لئے سب سے زیادہ اہم ہے۔ بے ضابطہ کرنسی مارکیٹ پر قابو پانے کی حکومتی کارروائیوں نے شرح مبادلہ کو مستحکم کرنے میں مدد دی جسے سے افراط زر کے دباؤ میں کمی لانے میں مدد ملی۔ مہنگائی کی CPI جون 2023 میں 38% سے کم ہو کر فروری 2024 میں کم ہو کر 23% تک آگئی جس سے امید ہے کہ مستقبل میں شرح سود میں کمی آئے گی اور سرمایہ کار کا اعتماد بحال بھی بحال ہوگا۔

ہمارا پورٹ فولیو

ہم یقین رکھتے ہیں کہ کمپنی کا سرمایہ کاری پورٹ فولیو ہمارے اقتصادی ماحول کے گرم وسرد سہارنے کی پوری صلاحیت رکھتا ہے۔ کمپنی کا سب سے زیادہ سرمایہ اینگرو کارپوریشن میں لگایا گیا ہے۔

اینگرو کارپوریشن

اینگرو کارپوریشن صنعتی اثاثہ جات کا پورٹ فولیو منتظم ہے اور مستحکم پیداوار دینے والے بڑھتے ہوئے کاروباروں کے مابین اچھا توازن پیش کرتا ہے۔ اس کے زیر انتظام کمپنیوں میں اینگرو کا سب سے بڑا اثاثہ اس کا فرٹیلائزر کا کاروبار ہے جو پاکستانی کاشت کاروں کو یوریا اور دیگر ویلیو ایڈڈ فرٹیلائزرز فراہم کرتی ہے تاکہ وہ فصلوں کی پیداوار بڑھا سکیں۔ 240 ملین آبادی والے ملک میں جس کے 2050 تک 400 ملین تک پہنچنے کا تخمینہ لگایا گیا ہے (ذریعہ:UNFPA) خوراک کے حصول میں فرٹیلائزر بنیادی اہمیت کی حامل ہے۔ کھانے والوں کی تعداد میں یہ اضافہ تمام تر اسٹیک ہولڈروں کی ترجیح رہے گا اور فرٹیلائزر کا کاروبار بنیادی رہے گا۔ اس کی طلب معیشت کی مندی کے دنوں میں بھی کم نہیں ہوتی جیسا کہ 2023 میں دیکھا گیا جب اس کاروبار نے اچھی بچتوں کے ساتھ بہترین فروخت دیں۔

گیس کی قیمتیں بڑھانے کا حکومتی فیصلہ فرٹیلائزر سیکٹر میں فرٹیلائزر کی ملکی پیداوار کی 60% پیداوار دینے والے ان پلانٹس کو متاثر کرے گا جو سوئی نادرن سے گیس حاصل کرتے ہیں۔ اگرچہ یہ اقدام قلیل مدت میں تو اضطراب پیدا کرے گا تاہم توقع ہے کہ بقیہ صنعت بھی اس پر عمل کرے گی جو نہ صرف یہ کہ صنعت بلکہ ملک کے لئے مثبت ثابت ہوگا۔ فرٹیلائزر کی پیداوار پر گیس کی سبسڈی کا خاتمہ اور چھوٹے کاشتکاروں کو براہ راست سبسڈی دیا جانا وہ اہم اہم اقدام ہے جو مارکیٹ میں اصلاحات کا دروازہ کھولے گا اور مارکیٹ کو مقامی اور عالمی سطح پر مسابقت کے قابل بنائے گا۔

اسی طرح اینگرو کارپوریشن کا ٹرمینل کا کاروبار Engro Vopak ٹرمینل اور Engro Elengy بھی بنیادی کردار ادا کر رہے ہیں اور صنعتیں چلانے کے لئے ضروری

گیس اور کیمیکلز بلا تعطل فراہم کر رہے ہیں۔ 2023 ان کاروباروں نے مضبوط طور سے ڈالر فراہم کئے اور کئی سیکٹروں کو درپیش روپے کی قدر میں کمی کے اثرات سے محفوظ رہے۔ یہ دونوں کاروبار زیادہ بیرم نہیں رکھتے جس کے سبب انہیں بڑھی ہوئی شرح سود سے بھی تحفظ ملا۔

اینگرو کے دیگر اہم کاروبار زمینی اقتصادی حقائق سے متاثر ہوئے جن کا ذکر آئندہ سطور میں آئے گا۔

پاکستان کے مشکلات سے بھرپور میکرو ماحول نے ملک میں تعمیراتی سرگرمیوں میں کمی آئی جس سے اینگرو پولیمر اینڈ کیمیکلز کی ایک اہم صناع، پی وی سی کی طلب میں بھی کمی واقع ہوئی۔ مزید یہ کہ اہم بچتوں میں کمی کے ساتھ ایندھن کی قیمتوں میں اضافہ اشارہ ہیں کہ اینگرو پولیمر کو قابل فہم مستقبل میں دباؤ کا سامنا رہے گا۔ اس مسئلے سے نمٹنے کی خاطر کمپنی اپنی توجہ اہلیتیں بڑھا کر اخراجات میں کمی لانے، پی وی سی کے استعمال کے ایسے نئے طریقے ڈھونڈنا جو پاکستان میں متعارف کروائے جا سکیں، اور توانائی کے نئے منبع جات کا مطالعہ جو گیس کا نعم البدل ہو جو فی الوقت تمام تنصیبات کے لئے ایندھن ہے۔

FrieslandCampina اینگرو پاکستان کو بھی اقتصادی مشکلات کا سامنا کرنا پڑا ہے۔ مہنگائی اس قدر ہے کہ صارف کی قوت خرید ختم ہو کر رہ گئی ہے جو خاص طور سے تیار ڈیری مصنوعات کی فروخت کیلئے سب سے بڑا مسئلہ رہی کیونکہ گاہکوں کیلئے اپنے بچوں کیلئے انتخاب مشکل تر ہو گیا ہے۔ پاکستان میں کھلی ہوئی ڈیری مصنوعات حاوی ہیں جن کا مارکیٹ میں حصہ تقریباً 90% ہے۔ FCEPL کو حقیقی معنیٰ میں موقع تب ملے گا جب لوگ کھلا دودھ چھوڑ کر تیار شدہ ڈیری استعمال کرنے لگیں گے لیکن مشکل یہ ہے کہ ایک تو کھلا دودھ کافی کم قیمت ہے اور دوسرے لوگ سمجھتے ہیں کہ کھلا دودھ، پیک شدہ دودھ سے بہتر ہے۔ یہ وجوہات ملک میں تیار شدہ ڈیری مصنوعات کیلئے شدید خطرہ ہے۔ اس باعث صارفین کو پیک شدہ ڈیری مصنوعات کے فوائد سمجھانے کے ساتھ ساتھ بھرپور غذائیت والی موزوں مصنوعات پر کمپنی کو مسلسل توجہ دینے کی ضرورت ہے۔ عوام کی ترجیح بدلنے کی صورت میں کمپنی کیلئے ترقی کے مواقع میں دس گنا اضافہ ہوگا لیکن یہ ایک صبر آزما مشق ہے جس میں کئی برس صرف ہو سکتے ہیں کیونکہ لوگوں کی وہ سوچ بدلنی ہے جو شہادتوں سے نہیں بلکہ تجربے سے بنی ہے۔ ہمیں خوشی ہے کہ ہمارا شراکت دار Royal FrieslandCampina ہے جو دیگر مارکیٹوں میں اس قسم کا بدلاؤ لانے تجربہ رکھتے ہیں۔

Engro Enfrashare بھی مارکیٹ کے حقائق سے متاثر ہوئے بغیر نہ رہ سکی ہے۔ اس کمپنی کیلئے ڈیٹا کے استعمال میں بڑھوتی لازمی ہوگی کیونکہ موبائل نیٹ ورک آپریٹروں کی جانب سے مسلسل سرمایہ کاری کی بدولت زیادہ سے زیادہ پاکستانی اب آن لائن آ رہے ہیں۔ ٹیلی کمیونی کیشن انفرااسٹرکچر کو افقی سمت میں پھیلانے پر اینگرو کارپوریشن کی مینجمنٹ ٹیموں کی تعریف کی جانی چاہیئے کہ ان کی جدوجہد کی بدولت اینگرو انفراشیئر ٹاور شیئرنگ اسپیس کے ضمن میں مارکیٹ لیڈر بن گئی ہے اور 1.21x کی کرایہ داری شرح پر 3,952 ٹاور سائٹوں کا انتظام کر رہی ہے۔ تاہم کمپنی کے بھاری قرضوں پر مبنی سرمایہ کاری کے ڈھانچے کا مطلب ہے کہ یہ شرح سود میں بڑھوتی سے بری طرح متاثر ہے اور پالیسی ریٹس ناموافق ہونے کی سبب کمپنی کو پہنچنے والے نقصان سے بچانے کے لئے کچھ اور بھی کیا جا سکتا تھا۔ کمپنی پر اس کا اثر قلیل مدت میں پڑے گا لیکن اس کاروبار کا مستقبل مثبت ہے کیونکہ اینگرو انفراشیئر اس حیثیت میں ہے کہ سیکٹر کی متوقع ترقی سے فائدہ اٹھا سکتی ہے جسکی بنیاد ایک تو ڈیٹا کی کھپت میں بڑھوتی اور اسمارٹ فونز کا مقامی سطح پر اسمبل ہونا ہے۔

داؤد ہرکولیس کارپوریشن لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے اختتام سال 31 دسمبر 2023

داؤد ہرکولیس کارپوریشن لمیٹڈ (''کمپنی'') کے ڈائریکٹرز 31 دسمبر 2023 کو اختتام تک پہنچنے والے مالیاتی سال کے لئے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرّت محسوس کر رہے ہیں۔

ہمارے طریق کار میں بدلاؤ

زیرنظر رپورٹ کمپنی کی کارکردگی اپنے ماحول کے وسیع تر تناظر میں پیش کرنے کی کوشش کرتی ہے تاہم اس کا انداز معیاری رکھا گیا ہے۔ رواں سال سے داؤد ہرکولیس کارپوریشن کی ڈائریکٹرز رپورٹ میں تھوڑا سا بدلاؤ محسوس ہوگا جو ''کرداراور اچھے اخلاق'' کے اس فریم ورک کے عین مطابق ہوگا۔ ہمارے چیئرمین جناب حسین داؤد، کرداراور اچھے اخلاق پر انتہائی زور دیتے ہیں۔ ہم سمجھتے ہیں کہ اپنے شیئر ہولڈروں کو یہ سمجھنے میں مدد دینا ہماری ذمہ داری ہے کہ ہمارا انوسٹمنٹ پورٹ فولیو کیسے کام کرتا ہے اور ہم کیوں اپنے ہر ایک اثاثے کو انفرادی اہمیت دیتے ہیں۔ ہر سرمایہ کاری سرمائے کے بہترین استعمال کے انتہائی خلوص اور نیک نیتی پر مبنی تخمینوں کی بنیاد پر کی جاتی ہے۔ بیشتر اوقات یہ تخمینے درست ہوتے ہیں کبھی کبھی چوک بھی ہو جاتی ہے۔ لیکن ہماری جدوجہد میں کوئی کمی نہیں آتی کیوں کہ ہم اپنے ان شیئر ہولڈروں سے وفاداری کے عہد سے بندھے ہوئے ہیں جنہوں نے اپنی بچتیں سنبھالنے کی ذمہ داری سونپی ہے اور ہم پر بھروسہ کرتے ہیں۔ ہمیں یقین ہے کہ کمپنی کی کارکردگی کے اظہار کا یہ بدلا ہوا طریقہ ہمارے شیئر ہولڈروں کے ہمارے پورٹ فولیو کو بہتر طور سے سمجھنے میں کارگر ثابت ہوگا اور ہم پر ان کے بھروسے میں اضافہ ہوگا کیونکہ ہم ان کی توقعات پر پورا اترنے کی بھرپور جدوجہد کرتے ہیں۔

ماحول جس میں ہم کام کرتے ہیں

2023 پوری دنیا کے لئے مشکلات کا سال ثابت ہوا ہے۔ جیو پولیٹکل تنازعات اور اقتصادی چیلنجوں کے سبب عالمی پیداوار میں 3% تک گھٹ گئی، ایسی سخت زرّی پابندیاں عائد کی گئیں جو گزشتہ بیس برسوں میں نہیں لگائی گئی تھیں، امریکہ میں بینکاری کا بحران پیدا ہوا، اور چین میں پراپرٹی کا دباؤ پیدا ہوا۔ تاہم بلند تر شرح سود نے عالمی مہنگائی میں کسی حد تک کمی لانے میں مدد دی جس میں روس یوکرین جنگ کے باعث توانائی کے خلل کی وجہ سے بھی کچھ کمی آئی تھی۔

2023 پاکستان کے لئے بھی، خصوصاً پہلی ششماہی میں مشکلات سے بھرپور رہا۔ پاکستانی روپے کی قدر میں کمی اور ایندھن کی قیمتوں میں اضافے کے نتیجے میں روز افزوں مہنگائی نے ملک کو اپنی لپیٹ میں لئے رکھا۔ غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی کے سبب پاکستانی روپے پر شدید دباؤ برقرار رہا۔ ملک کے ڈیفالٹ ہو جانے کی باتیں ہوتی رہیں جس سے مارکیٹوں میں بے چینی پھیلی؛ آئی ایم ایف کے بیل آؤٹ پیکیج کے لئے مذاکرات میں بار بار کے تعطل نے ان خدشات کو تقویت بخشی۔ ان عناصر نے تباہ کن اثرات مرتب کئے اور مہنگائی کے آسمان سے باتیں کرنے کے سبب نہ صرف یہ کہ عوام کی بچتیں اور قوتِ خرید ہوا میں اڑ گئے بلکہ صارفین کی طلب میں کمی واقع ہوئی اور تازہ سرمایہ ڈوب گیا۔ جواب میں اسٹیٹ بینک آف پاکستان نے شرح سود میں 600bps کا اضافہ کرتے ہوئے اسے 22% تک پہنچایا جس سے اقتصادی پیداوار کی

Dawood Hercules

Proxy Form

I/We____
of ________________________ being a member of Dawood Hercules Corporation Limited and holder
of ______________________ Ordinary Shares, as per:

Share Register Folio No. __________________ and/or
CDC Participant ID No. _____________________ Sub A/c No. _____________________
hereby appoint _________________ of _________________, or failing him/her _______________
of ________________, as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Friday, April 26, 2024 at 10:30 AM at the Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, opp Liaquat National Hospital, Karachi - 74800 and via video link facility, and at any adjournment thereof.

Signed this __________________ day of __________ 2024.

WITNESSES -1:

Signature: ______________________
Name: ______________________
Address: ______________________
CNIC No. or ______________________
Passport No. ______________________

WITNESSES -2:

Signature: ______________________
Name: ______________________
Address: ______________________
CNIC No. or ______________________
Passport No. ______________________

Signature on Revenue Stamps of Rupees Five

Signature should agree with the specimen signature with the Company.

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.
3. 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

Dawood Hercules

نمائندگی کا فارم

میں/ہم ____________ ساکن ____________

بحیثیت ممبر داؤد ہرکولیس کارپوریشن لمیٹڈ کے رکن وحامل ____________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ____________

اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________ اور ذیلی کھاتہ نمبر ____________ محترم/محترمہ ____________

ساکن ____________ یا بصورتِ دیگر محترم/محترمہ ____________

ساکن ____________ کو بروز جمعہ مورخہ ۲۶ اپریل ۲۰۲۴ بوقت ۱۰:۳۰ بجے صبح بمقام کراچی اسکول آف بزنس اینڈ لیڈرشپ (KSBL) نیشنل اسٹیڈیم روڈ، بالمقابل لیاقت نیشنل ہسپتال، کراچی-74800 میں ویڈیو لنک کی سہولت کے ساتھ منعقد یا ملتوی ہونے والے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط ____________ بروز ____________ ۲۰۲۴

مطلوبہ (پانچ روپے کا)
ریوینیو ٹکٹ چسپاں کریں اور دستخط کریں

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔

گواہ (۱)

دستخط گواہ: ____________

نام: ____________

پتہ: ____________

قومی شناختی کارڈ نمبر یا: ____________

پاسپورٹ نمبر: ____________

گواہ (۲)

دستخط گواہ: ____________

نام: ____________

پتہ: ____________

قومی شناختی کارڈ نمبر یا: ____________

پاسپورٹ نمبر: ____________

نوٹ:

- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- سی ڈی سی شیئرہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، نمائندگی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔
- تمام پراکسی ہولڈرز اپنی شناخت کے لئے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔

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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 Share Registration Services (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 International Bank Account Number (IBAN) "Mandatory"	PK ______________________ (24 digits) (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 ________________________________ request that a hard copy of the Annual Audited Accounts along with notice of general meetings 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 Share Registration Services (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@famcosrs.com.pk
Website: www.famcosrs.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

Dawood Hercules

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