

# Annual Report Summary

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### **\*\*Refined Summary:\*\***

Pakistan's agriculture sector rebounded in 2023, leading to increased urea sales for Engro Fertilizers. Despite declining international urea prices, the local industry ensured availability at a discount, resulting in import substitution of USD 2.3 billion, with Engro Fertilizers contributing USD 0.8 billion. The Fertilizer business recorded strong revenue and profit, driven by increased production and cost optimization, with revenue reaching PKR 13,230 million.

Engro's commitment to social impact is evident through its I Am The Change Impact Awards (IATC), which recognize and support individuals and organizations working to improve lives in Pakistan. The company also promotes employment and economic growth through initiatives like Khushhal Thar and Thar Foundation, which provide employment opportunities, small business grants, and support for fish breeding and bio-saline agriculture.

Engro prioritizes the health and well-being of its employees and the communities it operates in. The company implements stringent health and safety standards, provides comprehensive employee benefits, and supports initiatives focused on mental and emotional well-being.

The Board of Directors held 8 meetings in 2023, establishing 3 committees to assist in carrying out fiduciary duties. The company maintains a comprehensive list of related parties and ensures that transactions with them are conducted on an arm's length basis.

Despite ongoing tax disputes with the income tax department, the company remains confident in the ultimate resolution of these matters in its favor.

### **\*\*Additional Context:\*\***

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

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

The agriculture sector is expected to remain resilient on the back of good farm economics and the right government interventions to ensure availability of farm inputs at the right price.

Engro Polymer & Chemicals remains committed to serving as a key feedstock supplier to major Pakistani industries like construction and textile. The business is exploring alternative energy sources to reduce power

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costs and mitigate the risk of gas availability.

Engro Enfrashare remains committed to maintaining its position as a leading ITC, pursuing both internal and external growth opportunities.

The LNG terminal is positively playing its role in partially alleviating the energy shortage faced by the country.

Engro Vopak's unique position in the liquid chemicals handling industry allows it to remain a market leader in the chemical handling and storage business.

The Foods business anticipates challenges stemming from both demand and supply sides, given elevated levels of inflation and the diminishing purchasing power of consumers.

The Board of Directors has proposed a final cash dividend of PKR 2.00 per share for the year ended December 31, 2023. The total dividend attributable to the year is PKR 48.00 per share, including the total interim cash dividend of PKR 46.00 per share during the year.