

Foundation Alert

ENGRO announces buy-back

Event

- Engro Corporation Limited (ENGRO PA) Board of Directors announced a buy-back of 70 million shares on spot market prices.

Impact

- Engro Corporation Limited (ENGRO PA) board of directors in their meeting held yesterday decided to buy-back/purchase up to 70 million ordinary shares of the company.
- The buy-back/purchase constitutes up to approximately 12.1% of the current issued and paid up share capital.
- The shares shall be purchased from time to time at the spot prices during the purchase period.
- The purchase period will be from February 3'2023 to July 25'2023 or till such date that the purchase is complete, whichever is earlier.
- The buy-back will be made from the distributable profits of the company.
- According to the management, the purpose of the buyback is to enhance profitability contribution for investors along with providing liquidity to those investors who wish to liquidate their positions.

Outlook

- We believe, the buy-back would discover the true intrinsic value of the company that is providing dividend yield of ~11%.
- Moreover, approaching completion of EPTPL project would result in commencement of dividend payout which would make a strong investment case for the scrip. However, collection of GIDC on concessionary gas, progress of telecom venture and piling receivables in the power projects would remain key concern for price performance.

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If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.