engro fertilizers

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

February 28, 2022

Dear Sir/Madam,

Transmission of the Annual Report 2021 for the year ended December 31, 2021.

We have to inform you that the Annual Report of the Company for the year ended December 31, 2021 have been transmitted through PUCARS and is also available on Company's website which can be downloaded from the following link:

https://www.engrofertilizers.com/investments#reports

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

Yours faithfully,

For and on behalf of
Engro Fertilizers Limited

Sunaib Barkat, ACA
Company Secretary

Cc:

1. The Director (Enforcement), Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad (with 3 printed copies of the Annual Report 2021 of the Company for the year ended December 31, 2021).

2. The Registrar, Company Registration Office, State Life Building No. 2, 4th Floor, North Wing, Wallace Road, I.I. Chundrigar Road, Karachi.


engro fertilizers
ENGRO
کسان کا
ہمسفر
digitizing
agri-solutions
Annual Report 2021

about our theme

The digital revolution of a data-driven, app-powered and hyper-connected world is transforming every aspect of our lives, at home and in business – including the agricultural landscape.

With the sustenance of Pakistan's food security at the heart of our operations, EFERT embarked on a digital transformation journey, leveraging an arsenal of technologies to help Pakistani farmers grow, improve farm economics and ultimately change Pakistan's lives for the better.

The Engro Humsafar mobile application, an industry first, is the first step towards digitizing the agricultural value-chain of Pakistan allowing our customers to transact round-the-clock from the comfort of their homes or workplace. During 2021 the application broke through the 100 billion rupee milestone in sales making it the largest e-sales application in Pakistan.

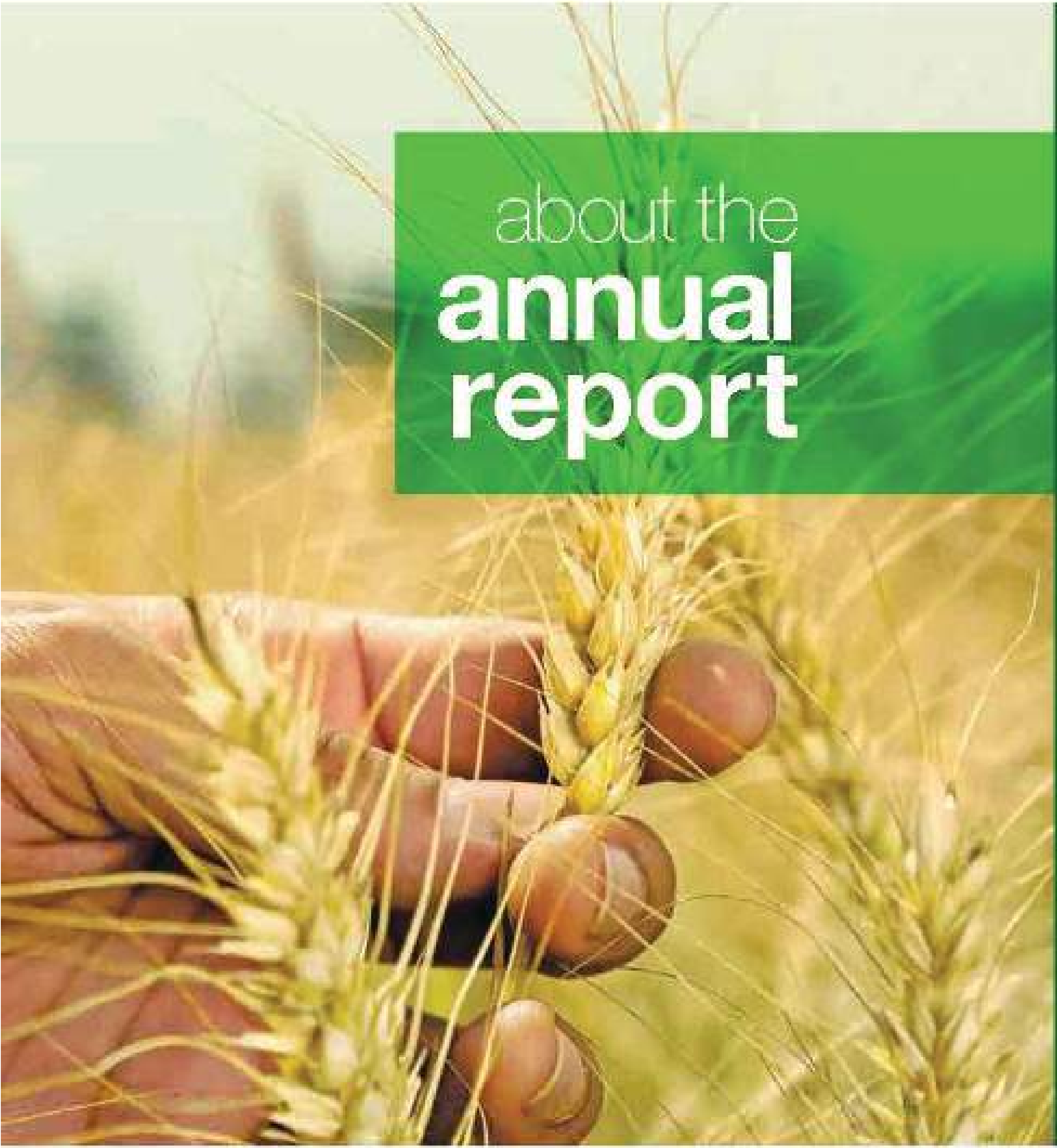
EFERT also led the introduction of electronic bank guarantees which have proven to be more efficient, greener (paper-less) and improved the overall customer experience promoting economic activity.

These initiatives have been well recognized at various forums including the prestigious Pakistan Digital Awards.

We continue to accelerate in this Age of Digitization, focusing on innovation and adopting new technologies to bring collective success to our customers and the Pakistani agricultural landscape.

engro fertilizers

about the annual report



legal status and operations

Engro Fertilizers Limited ('the Company' or EFERT) is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company is listed on the Pakistan Stock Exchange Limited (PSX).

The Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The business units of the Company include the following:

Business Unit	Geographical Location
Head/Registered Office	7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
Engro Daharki Plant	District Ghotki, Sindh
Engro Zarkhez Plant	EZ / 1 / P – 1 – II Eastern Zone, Port Qasim, Karachi
Seeds Processing Plant	Rahim Yar Khan, Punjab

overview

Our 2021 annual report provides a holistic assessment of EFERT's ability to create value by focusing on the relationships between internal and external factors.

The report is developed for a wide range of stakeholders including our shareholders, employees, local communities, non-governmental organizations (NGOs), customers and Government. We hope to enable our stakeholders to make a more informed assessment of the value of EFERT and its prospects.

The aim of our reporting approach is to assist our stakeholders in assessing the Company's macro- and micro-environment, current year performance and future outlook. This report contains strategic, operational and financial reviews using information extracted from the Company's audited financial statements for year ended December 31, 2021, overview of our governance, risk management and internal control frameworks.

board approval

The Board of Directors of EFERT acknowledge their responsibility of ensuring the integrity of the report. The Directors' report and statutory financial statements included therein have been approved by the Board for circulation in its meeting held on February 10, 2022.

scope and boundaries

The report covers the results of EFERT and its consolidated results with its subsidiary company, EFERT Agritrade (Private) Limited for the reporting period January 1 to December 31, 2021. Subsequent events up to the issuance of this report have also been covered as applicable.

materiality

The Company's process for determination of materiality has been determined in accordance with the applicable financial reporting framework. Please refer to section 4.

external assurance / reviews

assurance	external firm
Review report on Compliance with Code of Corporate Governance	A. F. Ferguson & Co. Chartered Accountants
Independent Auditor's Report on the Audit of Financial Statements	A. F. Ferguson & Co. Chartered Accountants
Independent Auditor's Report on the Audit of Consolidated Financial Statements	A. F. Ferguson & Co. Chartered Accountants
Entity's Credit Rating	Pakistan Credit Rating Agency

reporting framework

This Report has been prepared in compliance with the following frameworks:

The accounting and reporting standards as applicable in Pakistan comprising of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Reporting requirements of Companies Act 2017, Listed Companies Code of Corporate Governance, 2019 and Listing Regulations of the Pakistan Stock Exchange (PSX)

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

Best practices on Corporate Reporting as promoted by Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) and South Asian Federation of Accountants (SAFA).

In compliance with Integrated Reporting (IR) framework issued by the International Integrated Reporting Council (IIRC)

United Nations 'Global Compact' Ten Principles Requirements (UNGC)

forward-looking statement

The forward-looking statement addresses our expected future business and financial performance, status of projects disclosed in the previous year's forward-looking statement, sources of information and assumptions used for projects/forecasts and our future course of action to manage risks and capitalize on opportunities.

significant changes from prior years

The economic uncertainty triggered by COVID-19, did not significantly impact the Company's profitability or operations during the year. Significant changes from FY2020 (if any) contributing to the changing paradigms and strategic management, have been disclosed in relevant sections of this report.

table of contents

section 1 company overview

section 2 corporate governance

section 3 performance review

section 4 financial statements

section 5 shareholders' information


01
company overview

vision statement

we are passionate about transforming the agricultural landscape, bringing change and helping the farmer grow.

company profile

The Company was incorporated in June 2009, post demerger from parent company Engro Corporation Limited (formerly Engro Chemicals Pakistan Limited) effective from January 1, 2010. Today Engro Corporation holds 56.27% of shares of the Company.

EFERT is a renowned name in the Pakistani fertilizer industry, trading on the Pakistan Stock Exchange (PSX) under the symbol "EFERT". The Company holds a nationwide production and marketing infrastructure, producing leading fertilizer brands optimized for local cultivation needs and demand.

EFERT has earned itself a distinguished name by continually striving to uphold its tradition and the trust of its customers.

company information

Board of Directors
Mr. Ghias Khan (Chairman)
Mr. Nadir Salar Qureshi (Chief Executive)
Dr. Shamshad Akhtar
Mr. Asad Said Jafar
Mr. Asim Murtaza Khan
Mr. Javed Akbar
Mr. Mazhar Hasnain
Mr. Khawaja Bilal Hussain

Chief Financial Officer
Mr. Imran Ahmed

Company Secretary
Mr. Suhaib Barkat

Banking Partners
Conventional Banks

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Citi Bank N.A
Deutsche Investitions und Entwicklungsgesellschaft (DEG)
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Shariah Compliant Banks

BankIslami Pakistan Limited
Al Baraka Islamic Bank (Pakistan) Limited
Dubai Islamic Bank (Pakistan) Limited
Meezan Bank Limited
MCB Islamic Bank Limited

Microfinance Bank

Mobilink Microfinance Bank
Telenor Microfinance Bank

Auditors
A. F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C,
I. I. Chundrigar Road Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6 / 32426711-5
Fax: +92 (21) 32415007 / 32427938

Registered Office
7th & 8th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton
Karachi-75600, Pakistan Tel: +92 (21) 35297501-10, PABX: +92 (21)
111 211 211
Fax: +92 (21) 35810669
Web site: www.engrofertilizers.com
www.engro.com

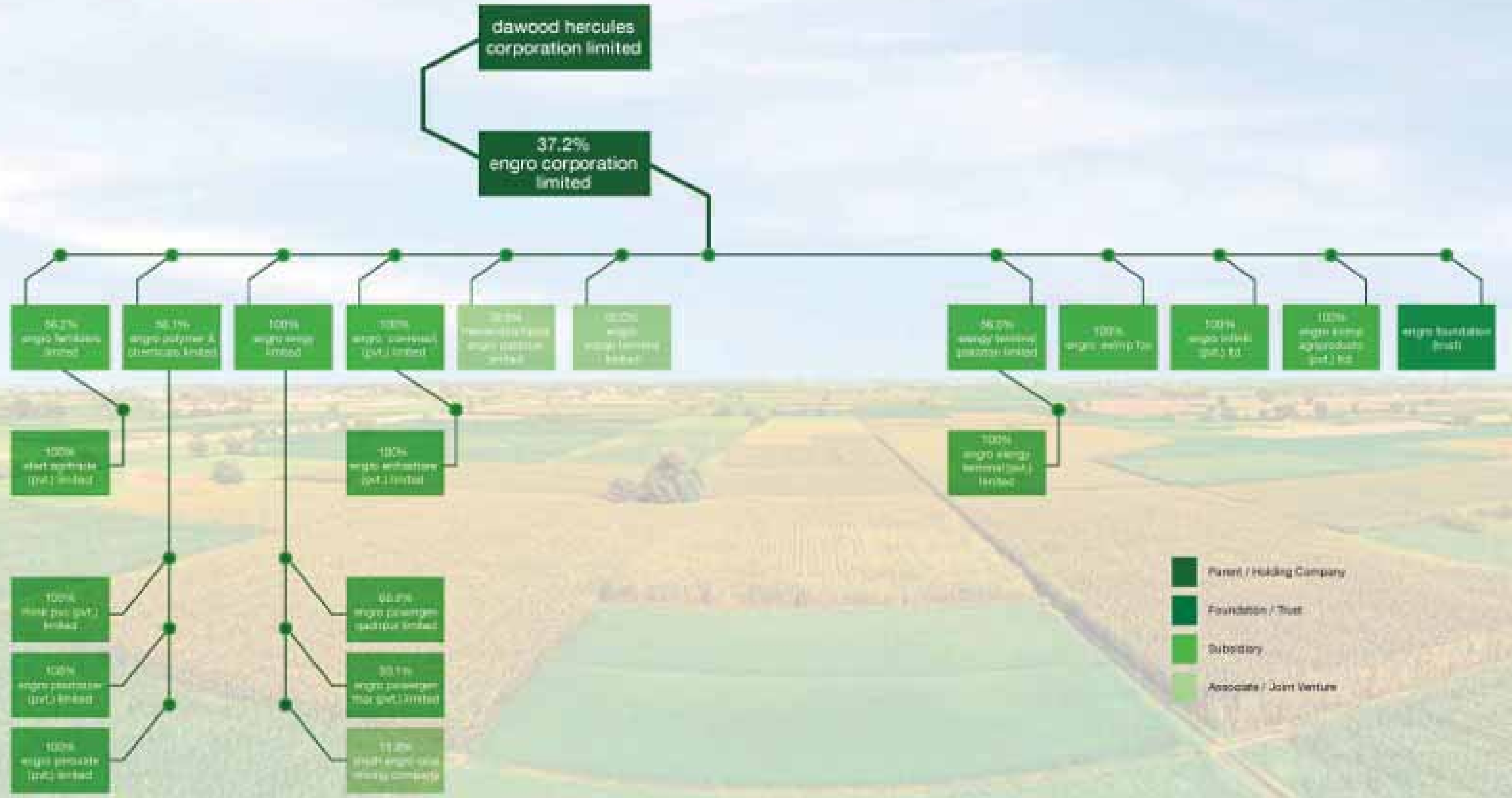
Plant Sites
Daharki
Daharki, District Ghotki
Sindh
PABX: +92723 641001 – 10
Fax: +92723 646019 – 9

Zarkhez
EZ-1 P-4-4 Eastern Industrial Zone Port Qasim, Karachi
PABX: 021-34720041-48
Fax: +9221 3474 0061

Share Registrar
M/s. FAMCO Associates (Pvt) Limited
8-F, Near Hotel Faran, Block-6, PECHS,
Shahrah-e-Faisal, Karachi, Pakistan
Tel: +92 (21) 34380101-5, 34384621-3
Fax: +92 (21) 34380106

Speak-Out – Whistleblower Hotline – For complaints or concerns in relation to business ethics, and Compliance
Engro Fertilizers Limited
Ph: +92 (21) 35296012
Email: speakout.fertilizers@engro.com
P.O.Box: 2851, Clifton, Karachi

group structure



Note: The above companies include all the active business entities of the Engro Corporation

overview of group companies

Engro Corporation Limited

Engro Corporation Limited (the Holding Company), is a public listed company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange Limited. It is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company).

The main responsibility of Engro Corporation is to manage investments in all its subsidiary companies, associated companies and joint ventures, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG, maintaining and operating telecommunication infrastructure and chemical terminal and storage businesses.

Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL), is a public unlisted company, incorporated in Pakistan. Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of ETPL.

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), Regasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and all other related liquids, gases and chemical and petroleum products.

Engro Vopak Terminal

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of the Parent Company, is a public unlisted company incorporated in Pakistan. EVTL is a joint venture of the Parent Company and Royal Vopak Netherlands B.V.

EVTL has been granted the exclusive concession, right and license to design, finance, insure, construct, test, commission, complete, operate, manage, and maintain an integrated Liquid Chemical Terminal along with the Storage Farm at the south western zone of Port Qasim on Build, Operate and Transfer (BOT) basis.

Engro Energy Limited

Engro Energy Limited (EEL), a wholly owned subsidiary of the Parent Company, is a public unlisted company incorporated in Pakistan.

Engro Energy Limited's primary objective is to analyze potential opportunities in the power sector, undertake supply and service-related contracts along with Independent Power Projects (IPPs) based on feasibilities for new ventures.

- Engro Powergen Qadirpur Limited (EPQL) is a public listed company incorporated in Pakistan focused at power generation, distribution, transmission and sale.
- Engro Powergen Thar (Private) Limited (EPTL) was established to develop 2 x 330 MW mine mouth power plants at Thar Block II, Sindh.
- Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), between the Government of Sindh (GoS), EEL and the Parent Company on September 8, 2009. The aforementioned JVA is consequent to the selection of SECMC through an international competitive bidding process, for the development, construction and operations of an open cast lignite mine in Block-II of Thar Coal Field, Sindh (the Project).

Engro Infiniti

Engro Infiniti (Private) Limited (E-Infiniti) was incorporated as a wholly owned subsidiary.

The primary objective of E-Infiniti is to analyze potential opportunities inside and outside Pakistan. This includes making available digital assets and ventures related to intellectual capital, data collection, analytics of every kind of activity.

Engro Connect (Private) Limited

was incorporated in Pakistan as a private limited company, principally engaged in buying, building, maintaining, operating telecommunication infrastructure and related products and activities.

Engro Foundation

Engro Foundation was born from the passionate belief that only with a purpose beyond profit do all commercial endeavors find meaning. The Foundation combines financial contributions from Engro group companies with external contributions to achieve its mission and is becoming a force in the development sector for local, international and government development agencies. By innovatively providing low income communities with opportunities of skills development and livelihood, the Foundation creates an ecosystem of employment, functional markets, products and services that spurs economic growth in targeted underprivileged areas and encourages entrepreneurship.

Engro Polymer And Chemicals Limited

Engro Polymer and Chemicals Limited (EPCL), is a public listed company, incorporated in Pakistan.

The principal activity of EPCL is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), caustic soda and other related chemicals. It is also engaged in supply of surplus power generated from its power plants to EFERT (NPK Plant).
Following are the subsidiaries of EPCL:

- Think PVC (Private) Limited, incorporated to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic Soda and other related chemicals.
- Engro Peroxide (Private) Limited, incorporated to manufacture and market Hydrogen Peroxide and related chemicals.
- Engro Plasticizer (Private) Limited incorporated to manufacture and market Chlorinated Paraffin Wax and other related chemicals.

Engro Eximp Agriproducts (Private) Limited

Agriproducts (Private) Limited (EEAPL) is a private limited company incorporated in Pakistan.

The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed, and prepared food products including agricultural, dairy and farming.

FrieslandCampina Engro Pakistan Limited (FCEPL)

Engro Pakistan Limited (FCEPL) (formerly Engro Foods Limited), is a public listed company incorporated in Pakistan. FCEPL is a subsidiary of FrieslandCampina Pakistan Holdings B.V., which is a subsidiary of Zuivelcoöperatie FrieslandCampina U.A.

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

profile of the board

Mr. Ghias Khan

Non Executive Director - Chairman

Ghias Khan became the 4th President & CEO of Engro Corporation. Since he came onboard at the end of 2016, Ghias has been instrumental in revamping Engro's strategy, culture and global outreach. Ghias, along with the Board of Directors, defined a powerful central narrative for Engro Corporation that has charted its path for years to come.

There have been several notable achievements for Engro under Ghias' guidance thus far. He has steered Engro's renewed commitment to petrochemicals with several growth initiatives at Engro Polymer & Chemicals and other greenfield projects, consolidated the management of all energy assets under one platform – Engro Energy – with a long-term strategy of investing in the overall energy value chain, and paved the way for more cooperation with our long-time partner, Royal Vopak, through its entry into Engro Elengy, which continues to operate as the most utilized terminal in the world.

In addition, during his Presidency, Engro's Thar Block II mine and power plant have continued to contribute 660 MW of consistent power to the national grid, benefitting around 7 million Pakistanis in the process. Ghias' contribution to the product & market of the Engro Eximp Agriproducts' rice business helped win it its first-ever Top Exporter Award in 2018 and triggered an achievement of more than USD 23 million in exports in 2020 alone.

His leadership has helped position Engro Fertilizers as the premier seed-to-harvest solutions provider which, in 2020, achieved record urea production to play its part in food security for Pakistan while also undertaking several digitization initiatives. He has established itself as one of the largest urea companies in the country. Further, with a firm belief that connectivity is the conduit to sustainable social and financial inclusion, Ghias was involved in the launch of a new vertical at Engro: telecommunications infrastructure, under which Engro Enfrashare has already partnered with all major telcos and deployed over 2,200 telecom towers across Pakistan by the close of 2021.

Recognizing that Engro's people are its greatest asset, Ghias has focused on the talent development front and was the force behind the Engro Leadership Academy – a platform to develop effective leaders. Further, Ghias has laid the foundation for a digital future through Engro's OneERP initiative, endorsed as Pakistan's largest digital transformation project. He is also leading the transition to sustainability at Engro. Under his leadership, Engro has committed to adopt and implement stakeholder capitalism metrics, sponsored by World Economic Forum's International Business Council, becoming the first organization from Pakistan to sign this commitment.

Under his guidance, Engro has also earned numerous awards, both locally and globally, for enabling a thriving business environment, investing in the development of its people, upholding high standards of corporate governance, and promoting diversity, health, safety, & environment in the workplace.

As the former CEO of Inbox Business Technologies, an enterprise technology company that he co-founded in 2001 and remained with till 2016, Ghias grew the employees to over 1,000 and pivoted the company from a computer manufacturer to a systems integrator, and then to a technology-enabled digital services company.

Currently, Ghias serves as Chairman on the Boards of Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro Enfrashare (Pvt) Limited, and Engro Energy Limited. He also serves on the Board of Trustees of Engro Foundation – the social investment arm of Engro Corporation. In 2022, Ghias was elected President of the Overseas Investors Chamber of Commerce & Industry (OICCI).

Ghias was part of the Hong Kong under-16 cricket team, has represented Pakistan in the junior bridge team and, in 2016, won the amateur singles championship at Karachi Golf Club.

He holds a Master's degree in Business Administration from the Institute of Business Administration, Karachi.

Mr. Nadir Salar Qureshi

Chief Executive Officer And Executive Director

Nadir Salar Qureshi is the Chief Executive Officer of EFERT since December 2018. He joined Engro Corporation Limited in March 2017 as Chief Strategy Officer. He completed his MBA from Harvard Business School, and his Bachelors and Masters degrees in Nuclear Engineering from MIT. He brings with him expertise in multiple sectors across the GCC, Turkey, Australia, ASEAN and the EU. He is also experienced in strategy, private equity and investment management. Nadir began his career with Engro Chemical Pakistan Limited as a Business Analyst and then moved on to the Hub Power Company in Pakistan. He then worked abroad for nearly two decades at Bain & Company, Carrier Corporation, Abraaj Capital and was Chief Investment Officer at Makara Capital in Singapore before rejoining Engro. Nadir serves as a Chairman on the Board of Engro Vopak Terminal Limited and also as a Director on the Boards of;

- EFERT Agritrade (Private) Limited
- Engro Polymer & Chemicals Limited
- Engro Energy Limited
- Engro Foundation

Mr. Javed Akbar

Non-Executive Director

Javed Akbar is a Chemical Engineer, and has over 40 years experience with Exxon and Engro in Pakistan and overseas. He has managed Fertilizer plants and a Petrochemical terminal and their expansions. He has also served as Exxon's Human Resources Manager in Pakistan. He was part of the buyout team when Exxon divested its stake in Engro. He specializes in analyzing petroleum and energy sectors and forecasting their trends and providing strategic insight.

He currently serves on the board of numerous companies in power and chemical sector in Pakistan.

Mr. Asad Said Jafar

Independent & Non-executive director

Asad Said Jafar, has held the position of Chief Executive Officer and Chairman of the Board of Directors at Signify Pakistan Limited (formerly Philips Pakistan Limited) since 2009. Prior to this, he was Director Supply Chain, for Philips Lighting ASEAN from 2006 to 2009. Asad has extensive manufacturing, supply chain, business excellence and general management experience and has held various leadership roles at Philips including overseas expatriate postings to Indonesia, Thailand and Singapore from 2001 to 2009. Asad joined Philips in 1998 as Supply Chain Manager at Philips Pakistan Limited. He has driven the transformation and revitalization of the Philips business in Pakistan to become a focused lighting technology company offering a complete range of conventional and LED lighting solutions including its connected lighting systems and data-enabled services, design services and turnkey solutions. He has also steered the transition of the company from Philips to Signify in Pakistan. Before Philips, Asad worked at ICI Pakistan Limited from 1989 to 1996, joining them as a Management Trainee and gaining experience of projects, plant maintenance, design and engineering planning before leaving the company to pursue an MBA degree.

Asad served as the President of Overseas Investors Chamber of Commerce and Industry (OICCI) in 2014 and as its Vice President in 2013. He is currently serving on the Board of Directors of Engro Fertilizers Limited. Previously he has served on the Board of Directors of Pakistan Institute of Corporate Governance (PICG) and Engro Polymer & Chemicals Limited and has been a member of the Institute of Business Administration (IBA) Corporate Leaders Advisory Board (ICLAB). He also serves as the member of International Advisory Board at NED University of Engineering and Technology. He participates regularly in Karachi School of Business & Leadership's CEO mentorship program. Asad holds an Electrical Engineering (BE) degree from the NED University of Engineering & Technology and a Master's degree in Business Administration (MBA) from the Imperial College Business School, London, UK where he studied as a Chevening scholar.

Asad has completed several management development programs including the "Leading a Business" program at Ashridge Business School, UK. He attended the Philips Simplicity Brand 1000 programme at the Chicago Graduate School of Business (London campus) as well as the "Business Marketing Strategy" program at Kellogg School of Management, Northwestern University, USA. He is often invited to address business professionals and student audiences at corporate and academic events.

Mr. Asim Murtaza Khan

Independent & Non-executive director

Asim Murtaza Khan is working as pro bono CEO of Petroleum Institute of Pakistan (PIP) since November 2016. Prior to that he has worked for Pakistan Petroleum Limited (PPL) for over 32 years. He was one of the founder Directors of PPL's overseas subsidiary companies, PPL Europe E&P Ltd. and PPL Asia E&P B.V. Asim was appointed as MD/CEO of PPL by the Government of Pakistan in May, 2014 and he superannuated in February, 2016. He has a Bachelors in Mechanical Engineering from NED University of Engineering and Technology, Karachi and a Masters in Mechanical Engineering from the University of Manchester Institute of Science and Technology, UK. He is an alumnus of the Kellogg School of Management, Northwestern University, USA. Asim is a Fellow and Member Central Council of the Institution of Engineers Pakistan, Chair of the Petroleum Engineering Advisory Board and Member Academic Council at NED University of Engineering & Technology. Previously, he has served as the Chair on the Boards of Pakistan LNG Terminals Limited, Petroleum Institute of Pakistan (PIP), and on the Boards of Pakistan Institute of Corporate Governance (PICG), Community Development Board of the Government of Sindh. Asim also served as the Chair of the Technical Committee of the Pakistan Petroleum Exploration and Production Companies Association (PPEPCA).

Mr. Mazhar Hasnani

Non-Executive Director

Mazhar Hasnani is the Chief Financial Officer of Engro Corporation Limited. He has been with Engro for over 12 years and has worked in various finance, business development and commercial roles across various Engro companies. Most recently, he was Vice President - Marketing at Engro Polymer & Chemicals Limited and prior to that, he was Vice President - Corporate Strategy at Engro Corporation Limited.

Among his most notable successes at Engro are the raising of capital for the Group from the sale of majority stake in FrieslandCampina / Engro Foods transaction, private placements of Engro Fertilizers' shareholding, and developing the roadmap for turnaround of Engro's new business.

Mazhar serves on the boards of Engro Fertilizers Limited, Engro Energy Limited, Elengy Terminal Pakistan Limited and Engro Enfrashare (Pvt) Limited.

Prior to joining the Engro Group, Mazhar spent over a decade in various consulting and advisory roles with Deloitte, PricewaterhouseCoopers, and Nortel Networks in USA & Canada.

Mazhar holds a Bachelors degree in Economics from Luther College and is a Certified Public Accountant (CPA - Colorado).

Dr. Shamshad Akhtar

Independent & Non-executive director

Shamshad Akhtar served as Federal Finance Minister of Pakistan holding multiple economic portfolios in the caretaker government and as the Governor, State Bank of Pakistan.

As the Under-Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP) and the United Nations Secretary General's Senior Special Advisor on Economics and Finance, Dr. Akhtar oversaw the development and implementation of the sustainable development agenda including economic, social, environmental and finance work of the UN Department of the Economic and Social Affairs. During her term at UN, she was UN Secretary General's Sherpa for Development and the Finance and Central Bank tracks. Among others, she was closely involved in the development and implementation of the 2030 Sustainable Development Agenda (SDG), the Addis Ababa Financing Frameworks and work on the Paris Climate Accord and ensured closer alignment of G20 development agenda with the 2030 SDG agenda.

Dr. Akhtar served as the Vice President, Middle East and North Africa at the World Bank, and Director General of Asian Development Bank (ADB). She also served as the Special Sr. Advisor to the President of ADB.

Dr. Akhtar is recipient of Asia's Best Central Bank Governor from Emerging Markets and the Bankers Trust awards. In 2003, the wall street journal asia recognized her as one of Asia's top ten professional women. Recently in 2020, she has been awarded the [illegible] Women's Leadership Global Award.

Dr. Akhtar is now serving as the Chairperson of few Boards in Pakistan: The Pakistan Stock Exchange, the Pakistan Institute of Corporate Governance, Sui Southern Gas Company Ltd. responsible for transmission and distribution company, Karandaaz, a non-profit organization and joint venture sponsored by the FCDO-Bill Melinda and Gates Foundation to promote financial and digital financial inclusion etc.

Dr. Akhtar serves on couple of Government's advisory committee. At Global level she has been appointed to the Council of Advisors of the Boao Forum for Asia after serving as Sherpa of the forum. She remains engaged in both global and national policy dialogues and is the Global Advisor for the Belt and Road initiative, co-chaired G20 Think Tank group on Infrastructure and Sustainable Investment and as Advisor to Shangrila Forum.

Mr. Khawaja Bilal Hussain

Non-Executive Director

Khawaja Bilal Hussain is the Senior Vice President, Strategy and Business Development at Engro Corporation Ltd. Since he came onboard at the end of 2016, Khawaja Bilal has been an instrumental contributor to key strategic initiatives for the Group, including the technical and commercial assessment of Engro Polymer & Chemicals, pre-feasibility of PDH, the sale of shares in Engro Energy Terminal (EETPL) to Royal Vopak LNG Holding B.V., and Engro Enfrashare launch, for which he also served as the CEO. Most recently, Mr. Hussain served as the Head of CEO's Office at Engro Corporation Ltd. His previous affiliations include prominent organizations including K-Electric Ltd., the AES Corporation, and British American Tobacco.

Currently, Khawaja Bilal serves as a Director on the Boards of Engro Vopak Terminal Ltd., Engro Powergen Thar (Pvt.) Ltd., Engro Energy Terminal Limited and Engro Eximp Agri Products.

He holds an MBA from the Lahore University of Management Sciences.

profile of the management

NADIR SALAR QURESHI
Chief Executive Officer

IMRAN AHMED
Chief Financial Officer

KHUSRAU NADIR GILANI
Chief Commercial Officer

SYED SHAHZAD NABI
Divisional Head Manufacturing

SULAIMAN IJAZ
Divisional Head Supply Chain

IMRAN LAKHWERA
General Manager - Digital Transformation

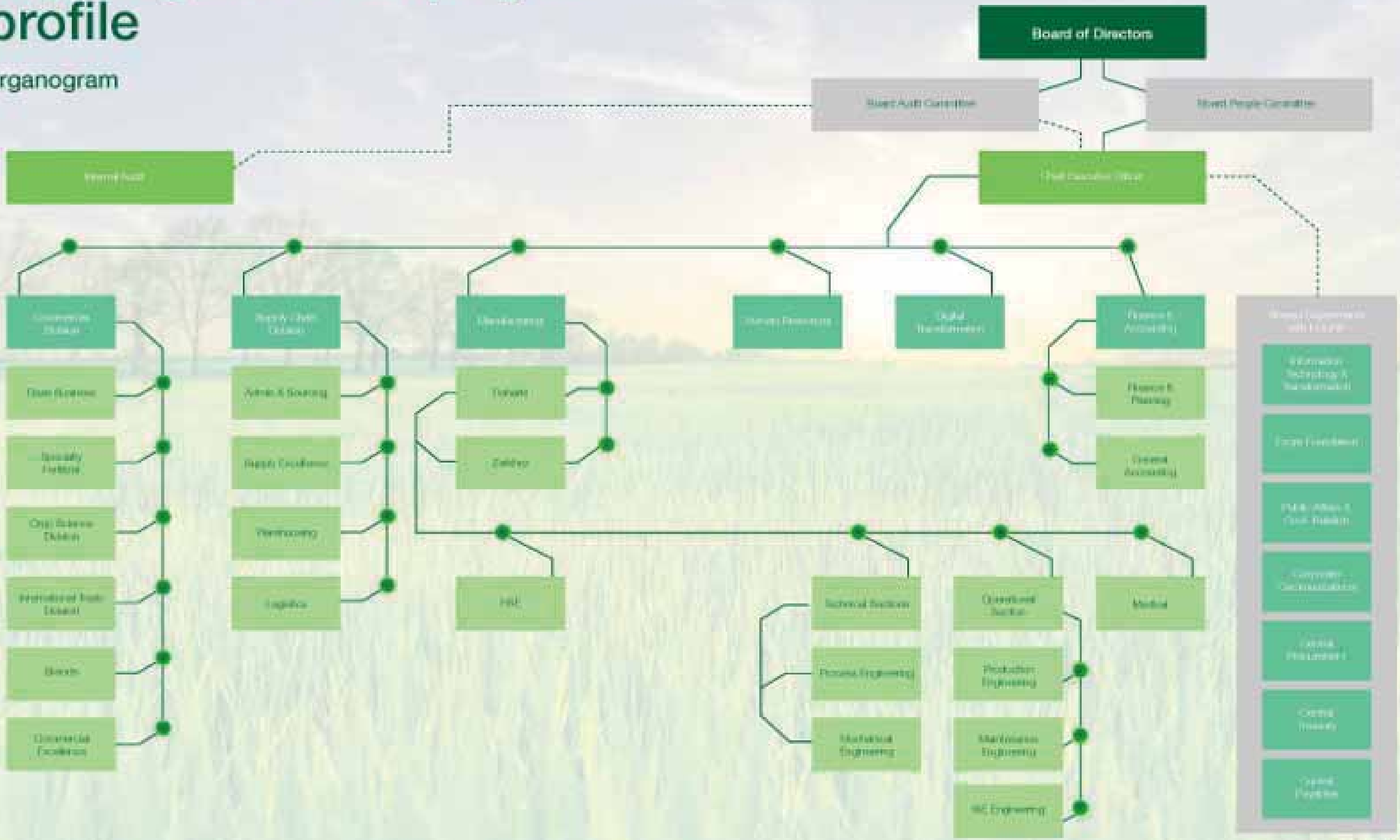
ARSHIA SAQIB
Head of Human Resources

geographical presence

Description	Address
Head Office	7th & 8th Floor, Harbor Front Building, Marine Drive, Block 4, Clifton, Karachi
Daharki Plant	Daharki, District Ghotki, Sindh
Zarkhez Plant	EZ/1/P-1 – II Eastern Zone, Port Qasim, Karachi
Zonal Office – North	4th Floor, 19-A, Ali Block, New Garden Town, Lahore
Regional Office - Faisalabad	4th Floor, Meezan Executive Tower, Liaquat Road, Faisalabad.
Regional Office - Sahiwal	Aleyan Centre, Police Line Road, Sahiwal
Zonal Office - Central	3rd Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan
Regional Office - Daharki	Marketing Office, Daharki Plant
Regional Office - DG Khan	Engro Warehouse, Opp. B.I.S.E. Multan Road, D. G. Khan
Zonal Office - South	4th Floor, State Life Building, Thandi Sarak, Hyderabad
Regional Office - Nawabshah	Near Bilawal Stadium, Main Kazi Ahmed Road, Nawabshah
Regional Office - Sukkur	Plot # E37, Pak Memon Cooperative Housing Society, Old Arain Road

organogram & employee profile

organogram



our employee profile

total employees
1,382

male	female
1,308	74

by gender

factory	non-factory
733	649

by category

<30	30-50	>50
298	913	171

by age

Head Office	Daharki	Zarkhez Plant
182	731	52

by location

Hyderabad	Lahore	Multan
103	76	128

by location

Sukkur	Faisalabad
45	65

by location

management	non-management
913	469

by employment type

product portfolio & services

product portfolio & services

At EFERT, we believe in delivering the highest standards of quality hence our focus goes beyond the performance of brands to how our brands are impacting the lives of our consumers by enriching nutrient deficient lands. Our efforts are directed at increasing crop yields and driving the Nation's Food Security Agenda.

At EFERT, we strive to combine innovation & quality with customer needs and expectations.

The primary business segments are:

- Fertilizers (Urea, Phosphatic Fertilizers and Specialty Fertilizers);
- Crop Sciences; and
- Agri services (including its premier flagship brand of logistic services i.e. Engro logistics).

fertilizers

EFERT has a portfolio of premium fertilizers that focuses on balanced crop nutrition and improved farm yields, including a wide range of fertilizer brands alongside Engro Urea and DAP (Di-Ammonium Phosphate) which comprises of some of the most trusted names by Pakistani farmers.

engro urea

EFERT set up the first urea production facility in Pakistan, a landmark event in agricultural sector of the country. It started Urea production with 173,000 tons per year in 1968. With various debottlenecking and expansion steps, production capacity increased to 976,000 tons per year. In 2011, the company setup the world's largest (at that time) single train urea plant of 1.3 million tons capacity. In 2021, EFERT produced 2.1 million tons during the year.

Nitrogen is the most important nutrient required by plants, in large quantities. Engro Urea contains 46% Nitrogen. It is the most concentrated solid Nitrogen fertilizer which is produced in prilled form. It is white in color and is used for soil and foliar applications in all field crops, orchards and turfs, for crop growth and improving crop yields. It is marketed in 50 kg bags.

phosphatic fertilizers

engro DAP

Till 1984, Di-Ammonium Phosphate (DAP) was imported in Pakistan by the fertilizer import department (FID). However due to deregulation of imports, the private sector took over and Engro became one of the largest importers in the country. Engro DAP (Di-Ammonium Phosphate) is a compound fertilizer that has a Nitrogen to Phosphorus ratio of 18:46. It is amongst the most widely used sources of Phosphorus in Pakistan. It strengthens the roots of plants, flower and fruit formation and enhances grain size and weight. EFERT has been importing and marketing Engro DAP in the country since 1986. Engro DAP complies with Pakistan Standards (PS) and only the best quality is imported from renowned sources from around the world. This is the reason it is a popular and trusted brand among farmers. It is marketed in 50 kg bags.

engro Zorawar

Engro Zorawar or MAP (Mono Ammonium Phosphate) is a compound fertilizer with high content of Phosphate (50%) with 10% Nitrogen. It is in granular form and acidic in nature, having high solubility and efficiency compared to other Phosphatic Fertilizers. Engro Zorawar supports seed germination, strengthens root development and improves tillering in Wheat, Rice and Sugarcane. In addition, it also helps in improving grain health in cereals, triggers more flowers and better fruiting in Cotton, Vegetables and Fruit trees. EFERT is the only company which imports MAP in the country. Due to white color, it has less chances of adulteration. It is marketed in 50 kg bag.

specialty fertilizers

engro zarkhez

Majority of the soils in Pakistan are deficient in major nutrients especially in, Nitrogen, Phosphorous & Potassium. As a result, yields and quality of fruits are low. EFERT has introduced Engro Zarkhez which has all the three major nutrients in a balanced proportion.

The presence of all macro nutrients in one granule results in efficient nutrient uptake. The application is convenient with a granular nature for the farmers whether it is applied through manual application, automatic or a planter. Engro Zarkhez is currently available in two different variants which are Engro Zarkhez Plus and Engro Zarkhez Khaas. It is marketed in 50 kg bag.

Engro Zarkhez Plus has added organic filler and bio stimulants which ensure prolonged availability of nutrients resulting in higher yield and good quality of produce. It has NPK in [illegible] ratio and it is used for all major crops.

Engro Zarkhez Khaas is a unique composition with Boron and Sulphur enriched with organic fillers and bio stimulants. It has NPK in the ratio of 16:16:16 and it is used in fruit plants and orchards. Engro Zarkhez Khaas improves fruit yield and quality, reduces flower and fruit shedding.

engro zingro

Zinc is a micronutrient which the crop requires in small dosages, and it complements the functions of major nutrients. Over the years Zinc deficiency has been well established in a variety of crops especially in rice. Use of Engro Zingro which is a premium product, results in quick response and improved crop yields due to improved Zinc efficiency. It contains 33% Zinc and is a high purity fertilizer which means it is free from heavy metals. It is marketed in 3 kg bags.

engro zabardast urea

Engro Zabardast Urea (ZU) launched in 2017, is yet another leap forward by EFERT in pioneering next generation fertilizers in Pakistan. This product is developed in collaboration with Nine Corp USA. It has a unique combination of Nitrogen (42%), Bioactive Zinc (1%) and a consortium of beneficial microbes that mobilize nutrients in soil and enhance crop resistance. Engro Zabardast Urea is beneficial for all the crops as it increases crop yields, improves quality and enriches and contents in produce. It is marketed in 50 kg bags.

engro NP plus

Engro NP Plus is an innovative formulation that contains Nitrogen and Phosphorus in equal proportions (18:18) providing balanced growth in terms of crop health and productivity. Additionally it has Boron and organic fibers. It helps in grain filling and improves grain weight while controlling flower shedding. It is ideally suited for soil application and broadcasting at the time of seed sowing as well as, during early crop growth stage. It is marketed in 50 kg bags.

engro MOP

In addition to potash based compound fertilizer, Potassium can also be applied in the form of straight fertilizer out of which, one widely used potassium fertilizer is Engro MOP (Muriate of Potash). Engro MOP targets all potash loving crops such as potato, maize, sugarcane, wheat, rice, cotton, vegetables, fruits and orchards. Engro MOP contains 60% Potassium nutrient and is the most concentrated form of granular potassium. It can be used in every type of soil except, saline soils (which have high contents of chloride) and chloride sensitive crops like Tobacco. It improves crop yields and improves resistance to diseases. It also improves color, flavor and shelf life of fruit and vegetables. It is marketed in 50 kg bags.

engro SOP

Engro SOP is a premium, chloride-free form of Potassium that can be applied as a straight fertilizer. Engro SOP is available in both Granular and Powder forms, targeting all potash loving crops such as potato, maize, sugarcane, wheat, rice, cotton, vegetables, fruits, orchards and tobacco. Engro SOP contains 50% Potassium nutrient and 17.6% Sulphur. Engro SOP not only improves quality and crop yields, but also makes plants resistant to drought, frost, insects and diseases. It is marketed in 50 kg bags.

engro ammonium sulphate

Engro Ammonium Sulphate with 21% Nitrogen and 24% Sulphate is used primarily to fulfil the supplemental need of Nitrogen and Sulphur in growing plants. It is an acidic fertilizer which is highly soluble in water and contains plant-preferred Sulphate form. Farmers are becoming increasingly aware of the importance of Sulphur as a secondary nutrient as it helps in nutrient uptake and increases resistance against diseases like fungal attacks. It is marketed in 50 kg bags.

engro zoron

Engro Zoron is a 100% water soluble fertilizer which contains 20% Boron as an essential micro nutrient. It increases efficacy of other fertilizers, nourishes the plants, increases crop yields, retains the shape of the produce, reduces flower and fruit shedding as well as, improves overall quality. It can be used for soil or foliar application. Engro Zoron is recommended for cotton, cereals (rice, maize, oat), vegetables (onion, potato, tomato, cauliflower), fruits (apple, banana, grapes, guava, apricot, pear, peach, plum), roses and other ornamental plants. It is marketed in 500 gm pack.

engro potash power

Engro Potash Power, imported from SQM in Chile (world's largest manufacturer of Potash), has a high composition of Potash (61%) in addition to Nitrogen (13%). It is 100% water soluble and acidic in nature especially designed for high-efficiency drip irrigation system. It enables availability of other nutrients to the soil and is suitable for soil as well as, foliar application with high efficiency irrigation system (Drip/Sprinkler/Pivot). Engro Potash Power provides greater resistance against frost. It increases fruit size, fruit appearance, organoleptic features and shelf life. Engro Potash Power is for all crops including cotton, wheat, rice, sugarcane, sunflower, maize, flowers and fruits aimed to late stage application for improving health, yield, optimal plant nutrition and overall quality. It is marketed in 25 kg bags.

engro phos power

Engro Phos Power, imported from Europe, is acidic in nature and 100% water soluble which is specially designed for high-efficiency irrigation system. In addition to Phosphorous (44%) it has Nitrogen (17%) and it is a premium product, free from impurities which improves the availability of calcium, magnesium and other trace elements to the plant. It can be used for soil or foliar applications, and applied to all types of crops, orchards and vegetables for improving health, vigor, yield and overall quality of produce. It is marketed in 25 kg bags.

crop sciences division

Crop Sciences Division has a robust product pipeline, both in seed varieties and crop protection products. EFERT expanded its Seed-To-Harvest solutions with the introduction of the Crop Sciences Division (CSD) in 2017. CSD has a range of insecticides, fungicides, herbicides and micro nutrients, in addition to Hybrid and Open-pollinated seed varieties of different crops and vegetables. CSD is committed to providing high quality seeds and plant protection products to drive the Nation's Food Security agenda.

seeds

bharosa seeds

open polinated varieties

rice seeds super basmati

Rice variety Super Basmati released in 1996, falls in aromatic Long Grain Category. This variety is widely cultivated in rice-core areas such as Sialkot, Gujranwala, Sheikhupura and Narowal as it is popular for its rich aroma and taste, enabling the farmer to fetch a high price. It has high contribution to exports in the Basmati Rice Category. These Super Basmati Rice seeds are marketed in 20 kg bags.

rice seeds basmati 515

Rice seeds variety Basmati 515 was commercialized in 2011 under the Aromatic Long Grain Category. It is growing popular among rice growers across Pakistan especially in Sindh. Additionally, rice millers are increasingly interested in this variety due to its high head-rice recovery and low incidence of aflatoxin disease. This new variety of Basmati 515 is marketed in 20 kg bags.

rice seeds pk-1121

Rice seeds variety PK 1121 (Aromatic) are available for sale since 2013 under the Extra Long Grain Aromatic Category. It is a popular variety in the non-core rice growing areas owing to high demand of parboiled rice. These rice seeds significantly contribute towards exports of parboiled rice especially in Gulf countries. It is marketed in 20 kg bags.

rice seeds pk 386

Rice seeds variety PK - 386 commercialized in 2014, falls in Non-Aromatic Fine Grain Category. This variety is very popular in Gujranwala District due to short-duration variety (103 Maturity Days). This variety is best suitable for three crop-rotations mode per year to increase output for farmers. It is being marketed in 20 kg bags.

rice seeds shandaar

The Shandaar rice variety commercialized in 2008, falls under non - aromatic Coarse Grain Category. After paddy hybrids, it is one of the most popular rice varieties in lower & upper Sindh. It is marketed in 20 kg bags.

wheat seeds faisalabad 2008

Faisalabad 2008 variety released in 2008 is popular among wheat growing communities as it is a flexible variety that fits in easily to mid-late sowing segment with good tillering capacity and wider geographical adaptability. Faisalabad 2008 is a dominant wheat variety in Pakistan and is marketed in 50 kg bags.

wheat seeds td 1

The TD - 1 seeds variety commercialized in 2013, is popular due to its flexible sowing time (Early to Mid sowing) and geographical spread that includes both lower and Upper Sindh. It is a short-statured variety that has high resistance to lodging. It is marketed in 50 kg bags.

wheat seeds galaxy 2013

The Galaxy 2013 seed variety released in 2013, is recommended for Early sowing. It is a popular variety in Central Punjab in wheat-cotton rotation areas owing to better adaptability, delivering high yields. This variety is increasingly becoming popular in Sindh due to its comparatively better performance compared to other varieties in areas with low rainfall. Galaxy 2013 is marketed in 50 kg bags.

wheat seeds abdul sattar (as-2002)

The AS-2002 seed variety was commercialized in 2002 and is popular in Southern Punjab, Upper Sindh & some parts of Baluchistan due to its ability to deliver high yields as well as bold and shining grains. This variety has no lodging because of the strong stem and short stature. It is marketed in 50 kg bags.

hybrids varieties

rice seeds hrs 313

HRS 313 is high yielding, early maturity (short duration) hybrid rice seed variety. It is from a Chinese source with good performance across upper and lower Sindh areas, Baluchistan belt and DG Khan hybrid rice sowing pocket. HRS 313 has good grain length with high heat tolerance and resistance against shattering. It is marketed in 6 kg bags.

multi-cut hybrid sorgo sweet seeds

Sorgo Sweet is high yielding multi-cut Sorghum Sudan Grass hybrid seed variety. It has a South American origin with a sweetness preferred by the livestock. Sorgo Sweet is suitable for flexible sowing areas across all the four provinces and in multiple areas. It is marketed in 10 kg bags.

librel zinc

Libro Zinc is a Special Zinc (Chelated) that quickly absorbs into plants due to its excellent solubility properties. It improves plant growth and enhances fruiting and flowering. It can be mixed with any N-P-K fertiliser for applying onto the soil or can be sprayed on the plants. Its recommended dosage per acre is of 500 gm.

azidox

Azidox is a mixture of two broad spectrum fungicides that has preventative and curative activities to fight against different diseases such as Blast in rice, Rust in wheat, Powdery mildew and Anthracnose in mango, chilies and cucurbits etc. Its recommended dosage per acre is 200 ml.

truce xtra

Truce Xtra is a mixture of two different herbicides which is absorbed through weed leaves and roots preventing their growth. Due to its unique WG formulation, it gives long lasting control of sedges, grasses and broad leaf weeds of maize and sugarcane. The recommended dosage for maize crop is 400 gm per acre and for sugarcane crop is 800 gm per acre.

sega pest clear

Sega Pest Clear is a unique mixture of two powerful insecticides that effectively controls chewing pests like bollworms, armyworm, fruit borer etc on different crops & vegetables. It is sprayed at the rate of 400 ml per acre.

veyong jinteng

Veyong Jinteng is a combination of two quick-action insecticides. It penetrates into plant cell sap to control sucking pests like jassid, aphid and hoppers attacking various crops, orchards and vegetables. Its recommended dose is 100 gm per acre.

fushu

Fushu is a mixture of broad spectrum herbicides which is absorbed through leaves and roots of undesired weeds present in potato fields. The recommended dose of Fushu is 500 ml per acre.

librel TMX

Librel TMX is a multi micronutrient (chelated) that improves crop vegetative growth, induces flowering and fruiting. It is 100% water soluble and has excellent quality of sticking and absorbing into the plant. It is sprayed in the dosage of 150 gm in 100 liters of water on different crops, vegetables and orchards.

pivot

Pivot is an advanced mixture of two fungicides which penetrates into the plant after application. It controls different diseases such as late blight and downy mildew in vegetables through its protective, curative and eradicative functions. It is sprayed at the dosage of 250 gm per acre.

vigorion super

Vigorion Super is a combination of amino acids and plant growth regulators. As a ready-to-use food supply source, it induces fruiting and flowering in different crops and vegetables. It also acts as stress manager protecting plants from severe climatic conditions such as heat stress, frost injury etc. It is sprayed at the rate of 400 ml per acre.

magnater

Magnater is a Potassium based liquid product which is used not only to supplement potash deficiency in plants but also to increase size and weight of the produce, delivering high quality yield. The recommended dose per acre is 1000 ml.

sefina

Sefina is a BASF brand derived from a natural fungus and with a new active ingredient Inscalis (Afidopyropen). Its application provides long-lasting control against sucking insect pests like jassid, whitefly and aphid etc. In addition, it induces flowering, fruiting and enhances the quality of produce in different crops such as cotton, vegetables & fruits. Most importantly, it is environmentally safe and good for beneficial insects/pollinators. It is sprayed at the dosage of 400 ml per acre.

agri services

[illegible]

logistics

[illegible]

agribusiness solutions

agri-business solutions division

[illegible]

[illegible]

[illegible]

mechanical maize planting service

[illegible]

bed shaping service

[illegible]

product portfolio & services

corn harvesting service

[illegible]

rice transplanting service

[illegible]

wheat & rice harvesting service

[illegible]

our history

Our story began in 1957 when Pak Stanvac – an Esso/Mobil joint venture – stumbled upon vast deposits of natural gas in Mari while pursuing viable oil exploration in Sindh. Pak Stanvac's focus was exclusively on oil exploration, however, the discovery shifted the impetus to Esso, which decided to invest in the massive industrial potential of Mari gas field. Esso proposed the establishment of a grassroots plant in Daharki, about ten miles from the Mari gas fields, which would use natural gas produced as its primary raw material to churn out urea fertilizer.

Talks with the Government of Pakistan bore fruit in 1964 and an agreement was signed allowing Esso to set up a urea plant with an annual capacity of 173,000 tons. Esso brought in state-of-the-art design, commercially tried facilities, and a highly distinguished pool of technical expertise to ensure a smooth start-up. The total investment made was US $43M – it was the single largest foreign investment made in Pakistan to date then. The plant started production on December 4, 1968.

To boost sales, a full-fledged marketing organization was established which undertook agronomic programs to educate farmers of Pakistan. As the nation's first branded fertilizer manufacturer, the Company helped modernize traditional farming practices and boost farm yields, directly impacting the quality of life of the farmers, their families, and the nation at large. Farmer educational programs increased consumption of fertilizers in Pakistan, paving way for the Company's branded urea called "Engro" – an acronym for "Energy for Growth".

In 1978, Esso became Exxon as part of an international name change. The Company was, therefore, renamed Exxon Chemical Pakistan Limited.

In 1991, Exxon decided to divest its fertilizer business on a global basis. The employees of Exxon Chemical Pakistan Limited – in partnership with leading international and local financial institutions – bought out Exxon's 75% equity. This was, and perhaps the most successful employee buy-out in Pakistan's corporate history to date. The company was renamed Engro Chemicals Pakistan Limited. The company thrived with its consistent financial performance, growth of its core fertilizer business and diversification into other enterprises. A major plant capacity upgrade at Daharki coincided with the employee-led buyout in 1991. Engro also relocated fertilizer manufacturing plants from the UK and US to its Daharki plant site, done for the first time internationally. Over the years that followed, Engro Chemicals Pakistan Limited started venturing into other sectors namely: foods, energy, chemical storage, handling, trading, industrial automation, and petrochemicals.

By 2009, Engro was fast-growing and had already diversified its business portfolio into as many as seven different industries. These continuous expansions necessitated a broad restructuring in Engro Chemicals Pakistan Limited, which subsequently demerged to form a new Engro subsidiary – Engro Fertilizers Limited.

After the necessary legal procedures and approvals, the Sindh High Court sanctioned the demerger on December 9, 2009, which became effective from January 1, 2010. Subsequently, all fertilizer business assets and liabilities have been transferred to Engro Fertilizers Limited against the issue of shares to the parent company Engro Corporation Limited. The Company undertook its largest urea expansion project in 2007.

The scale of the urea plant EnVen 3.0, stands tall at 125 meters – dubbed as the tallest structure in Pakistan. The total cost of this expansion was approximately US $1.1 billion, making Engro one of the largest urea manufacturers in Pakistan. This has substantially reduced the cost of urea imports to the national exchequer.

In 2015, the Company forayed into the capital markets to fund development capex on securing additional gas supplies along with restructuring the balance sheet to optimize the capital structure of the company. The IPO was a roaring success, oversubscribed four times in the book building process and three times during public issue.

In 2019, the Company has ventured into logistics space with 135 plus trucks in service, aiming to deliver "movement with precision".

As we forge ahead, we aim to build on our world-class experience of five decades and our vision to transform the agricultural landscape of Pakistan.

our milestones

1957
Mari gas field discovered by Esso Mobil joint venture

1964
Signed agreement with the government to set up a urea plant with an annual capacity of 173,000 tons

1965
The company was incorporated as Esso Pakistan Fertilizer Limited, to manufacture and market fertilizers

1968
Urea plant commissioned

1991
Exxon divests its equity from fertilizer business globally, the Company is renamed as Engro Chemicals Pakistan Limited through an employee led buy-out

1992
Relocation of world-scale ammonia and urea plants (Fertilen 800) from USA and UK - capacity enhancement 278 KT to 600 KT

1998
Debottlenecking of relocated plants – capacity enhancement from 600 KT to 850 KT by 1998 and further enhancement to 950 KT by 2005

2007
Started construction of world's largest single-train urea plant - EnVen

2010
Demerger of Engro Chemicals Pakistan Limited and transfer of fertilizer business to a separate company: Engro Fertilizers Limited. Engro Chemicals renamed Engro Corporation Limited

2011
EnVen capitalized and started commercial production

2013
Successful IPO conducted. Oversubscribed 3x during the process

2014
Achieved highest ever Urea sales in the history of Engro Fertilizers of 1,818 KT consequently resulting in the highest market share of 32% for urea in 2014

2015
Highest ever production of urea (1,958 KT) as well as highest ever urea sales (1,978 KT). Only fertilizer company registered with Dupont to achieve a Level 4 rating in Safety Management Systems. Acquisition of Engro Eximp's Phosphates business

2016
Achieved lowest ever Total Recordable Injury Rate (TRIR) of 0.05. Achieved highest ever phosphates sales of 834KT

2018
2nd highest ever consolidated revenue (PKR 109 billion). Highest ever fertilizer sales (2,834 KT). EFert Marketing team is the only team in Pakistan to achieve a Dupont Level 4 rating in Safety Systems

2019
Highest ever consolidated revenue (PKR 121 billion) | Successful Go-live of SAP S4/HANA | Best safety plant TRIR of 0.03 | Stepped into the logistics paradigm during the year aiming to deliver "movement with precision"

2020
The year 2020 was a VUCA year for the Company when EFERT fought against all challenges and delivered on its promise. The year was marked with hallmark production and sales performance.

Achieved the milestone of the highest annual Urea production of 2,294 KT in its history with record lowest TRIR.

Urea sales crossed 2,000 KT Mark.

E-Bank Guarantee was pioneered by EFERT.

Remained in the spotlight during the year 2020 and had successful achievements/awards in various categories/disciplines.

2021
Leading company in brand equity within Pakistan's fertilizer industry

Highest ever urea sales of over 2,165 KT and market share of 36%

Earned record revenue of Rs. 132 bn, generated highest ever profit after tax of Rs. 23 bn

Inamsafer App breaks through Rs. 100 bn barrier in sales - a new record!

Achieved first ever ZERO TRIR with two mega turnarounds

Inducted first female shift engineer at Daharki

Recognized as the largest taxpayer in the fertilizer sector in a ceremony held at the Aiwan-e-Sadr

Became the top online sales company in Pakistan with over PKR 100 bn in sales

code of conduct

ethics and integrity

[illegible]

managing business relationships

[illegible]

empowerment with accountability

[illegible]

soliciting customers, suppliers, vendors, and contractors

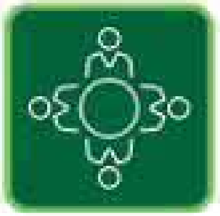
[illegible]

our commitment to Engro's stakeholders

[illegible]

legal compliance

[illegible]



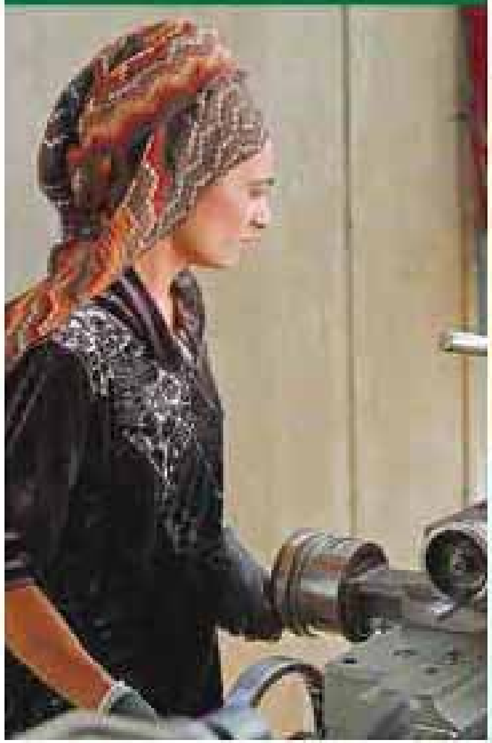
promoting a positive work environment

[illegible]

protecting the company's assets

[illegible]

core values



At Engro, we support our leadership culture through unique systems and policies which ensure open communication, foster an environment of employee and partner privacy, and gurantees the well-being and safety of our employees. Our core values form the basis of everything we do at Engro, from formal decision making to how we conduct our business to sport awards and recognition. At Engro we never forget what we stand for. Following are our core values:

ethics & integrity

Has impeccable character and lives by the highest standards of integrity and accountability.

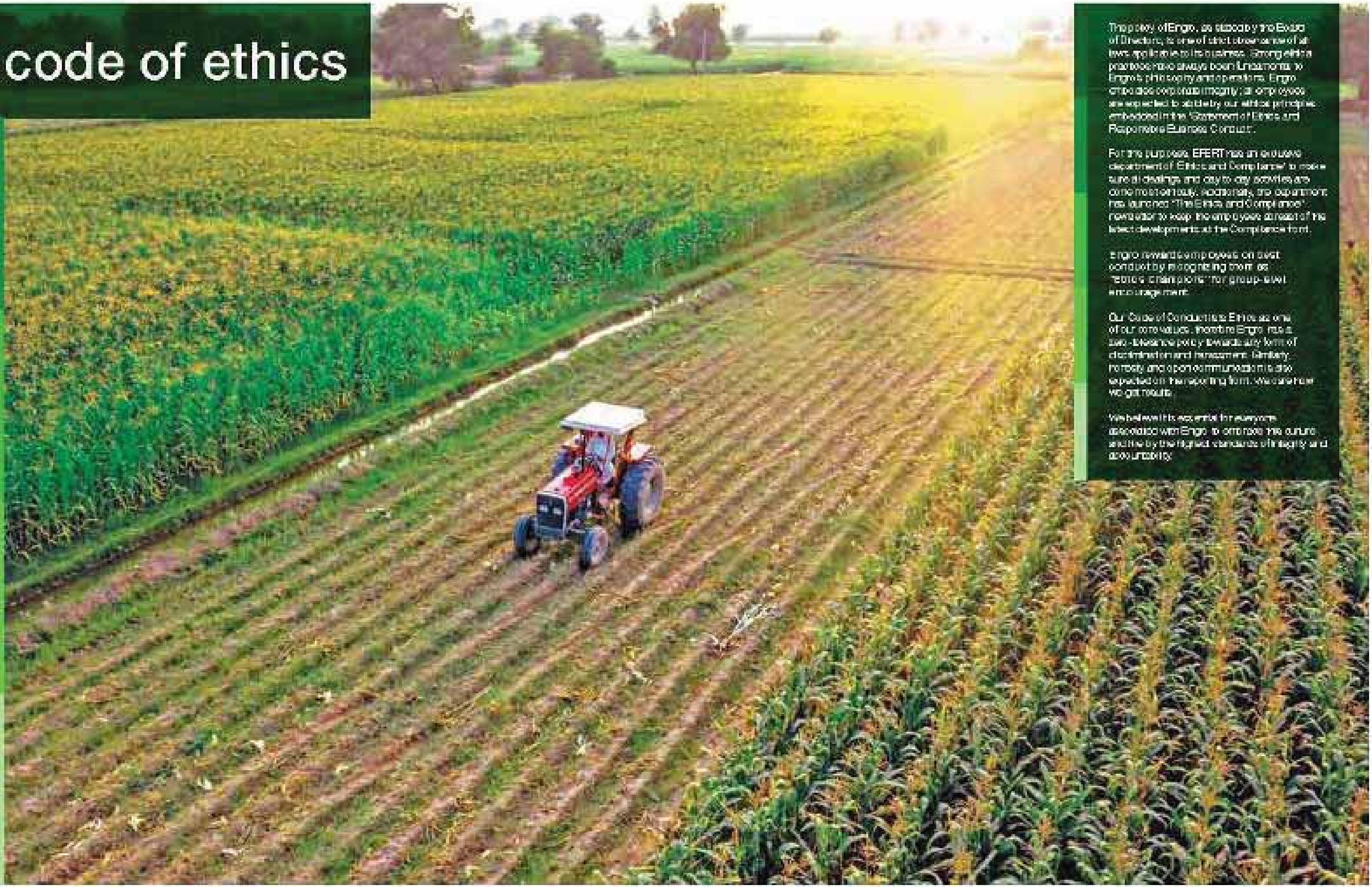
health, safety & environment

Nurturing passion to serve society, community and company, with strong belief in the dignity and value of people.

community & society

Cares deeply about environment impact and safety of people.

code of ethics



The policy of Engro, as stated by the Board of Directors, is one of strict observance of all laws applicable to its business. Strong ethical practices have always been fundamental to Engro's philosophy and operations. Engro embodies corporate integrity; all employees are expected to abide by our ethical principles embedded in the 'Statement of Ethics and Responsible Business Conduct'.

For this purpose, EFERT has an exclusive department of 'Ethics and Compliance' to make sure all dealings and day to day activities are conducted ethically. Additionally, the department has launched "The Ethics and Compliance" newsletter to keep the employees abreast of the latest developments at the Compliance front.

Engro rewards employees on best conduct by recognizing them as "ethics champions" for group-level encouragement.

Our Code of Conduct lists Ethics as one of our core values, therefore Engro has a zero-tolerance policy towards any form of discrimination and harassment. Similarly, honesty and open communication is also expected on the reporting front. We care how we get results.

We believe it is essential for everyone associated with Engro to embrace this culture and live by the highest standards of integrity and accountability.

calendar of major events

february 2021

Annual board meeting - declared financial results for the year ended 2020. Generated EPS of Rs. 12.50/share and announced final dividend of Rs. 4/share

Extended the **electronic bank guarantee** payment option for all dealers across all major banks

april 2021

Q1 Board meeting - Generated EPS of Rs. 4.3/share and announced an interim dividend of Rs. 4/share

Successfully completed the year's first plant turnaround with **ZERO TRIR** (total recordable incident rate) resulting in increased productivity

Modernized agriculture by launching of EFERT sponsored **Kisaan Card** by the Prime Minister encouraging farmers to avail subsidies digitally

march 2021

Twelfth Annual General Meeting held on March 30, 2021

july 2021

Q2 Board meeting - Generated EPS of Rs. 3.57/share and announced an interim dividend of Rs. 4/share

september 2021

Successfully completed FY 2021 second plant turnaround with **ZERO TRIR** resulting in increased productivity

october 2021

Q3 Board meeting - Generated EPS of Rs. 3.33/share and announced interim dividend of Rs. 3.5/share

Engro Hamsafar App breaks through **Rs.100 Bn** barrier in sales

november 2021

"Engro Learning Centre" at University of Agriculture, Faisalabad aimed at conducting research and development projects, bridging the gap between industry & academia, modernizing the agricultural landscape

Partnered with Punjab Government for the **"Grow More Wheat"** Campaign focused aimed at increasing crop yields through use of new methods and technologies

december 2021

Highest Ever Urea sales

Engro sold over [illegible] million tons urea achieving a market share of [illegible]

Details of significant events occurred during the year and after the reporting period.
There were no significant events subsequent to the reporting period.

performance highlights 2021

Highest ever urea sales of 2.16 Mn tons; market share of 36%

Record revenue of Rs. 132bn vs previous best Rs. 121bn, and profit after tax of Rs. 21bn vs previous best Rs. 19bn

Earned highest ever profitability Phosphates and Specialty Fertilizers Business of Rs. 4.8bn and Rs. 1bn, respectively

CSD Business achieved year-on-year growth of 84% through strategic partnerships with multinationals

Increasingly popular Hamsafar App sets a record of Rs. 100bn barrier in sales

Achieved first ever **ZERO TRIR** with two mega turnarounds during the year

Highest ever fertilizer discharge of 9,345 MT from a fertilizer vessel

Value generated via securing TERF financing of Rs 136m

Leveraged the power of digitization to achieve 100% accuracy in 24-hour financial closing globally best-in-class

Rs. 432 mn in corporate social responsibility spendings

Led the industry in employing women in unconventional field-oriented roles

Highest employee engagement score of 91% (previous best 84%)

EFERT employees achieved 13,388 functional learning hours in FY 2021 in collaboration with strategic learning partners

awards & recognitions

corporate social responsibility

Awards at National Forum for Environment and Health (NFEH) 10th International Annual CSR Summit & Awards 2021 for Employee Engagement, Livelihood, COVID19 Crisis Management, Green Energy initiative

Awards at The Professional Network's (TPN) 10th Annual International CSR Summit Awards for CSR Events, Community Impact, Employee volunteer

Global Corporate CSR Award 2021 by Australian Multicultural Charity

Recognition in promoting education in Nation Sindh, Pakistan at the Global Corporate Social Responsibility Awards 2021

NFEH's Annual Environment Excellence Awards in the category of Best Environment performance

Danzak Plant has been awarded with Gold Award whereas Zarkhez plant has been awarded with Silver Award at Health and Safety Awards 2021 organized by the Royal Society for Prevention of Accidents

E-Logistics has been awarded Royal Society for the Prevention of Accidents (RoSPA) Fleet Safety Gold Award 2021

Danzak facility won three prestigious awards from the British Safety Council International Safety Award 2021, Global Best in Manufacturing Sector, Best in Country

Danzak Plant has been awarded with distinction at International Safety Awards 2021 by British Safety Council

Danzak facility was also recognized with International Fertilizer Association's (IFA) Industry Stewardship Champion Award 2021

NFEH & Fire Protection Association of Pakistan awarded Danzak site with Fire Safety & Environmental Management Excellence Award

MOST INNOVATIVE
FINTECH
SOLUTION PROVIDER

BEST
PAYMENT
TECHNOLOGY

BEST
BANKING TECH
OF THE YEAR

BUSINESS TRANSFORMATION & OPERATIONAL EXCELLENCE WORLD SUMMIT
BTOES

Finalist in the category of
- Best Achievement in cultural transformation & sustainability to deliver a high performing enterprise excellence culture

- Best Achievement in Operational Excellence to deliver Digital Transformation

PDA

3 awards at Pakistan Digital Awards in the categories of
- Most Innovative Fintech Data Solution Provider
- Best Banking Tech of the Year
- Best Payment Technology

EFERT Finance digitization initiatives were featured in Global Finance Innovation and Excellence (FinEx) Summit 2021, where the Company was the only entry from Pakistan

SAP S/4 HANA

Pakistan's largest S4 HANA digital business transformation in the private sector Bronze Award

finance

EFERT annual report has been awarded 3rd position in the "Chemical and Fertilizer Category" in the ICAP & ICMAP "Best Corporate and Sustainability Report Awards 2020"

For the 2nd consecutive year, won the Corporate Excellence Award in the Industrial Category Overall at Management Association of Pakistan (MAP) Amir S Chinoy Corporate Excellence Awards

Largest Taxpayer in the Fertilizer sector

human resource

Engro Fertilizers secured the first runner up position in the category of "Leadership Commitment" at the prestigious UN Women 2021 Asia-Pacific WEPs Awards. The UN platform recognized Engro Fertilizers for its extraordinary efforts in advancing gender equality and economic empowerment of women in Pakistan

Engro Fertilizers won the Gender Diversity Award at Workplace Award - Corporate Institutions at CFA Society Pakistan Annual Excellence Awards

Won 10 awards at the Global Diversity & Inclusion Benchmark Awards in 2021

corporate affiliations and memberships

EFERT believes in collective effort and collaboration with national and international platforms to promote best practices within economic, environmental, and social areas.

We strive for excellence which is why we ensure timely communication and engagement with all these organizations and actively participate in activities and events that concern our area of business. We are engaged with academia and research institutes at national and international levels for research & development.

EFERT is in collaboration with following national and international partners:

international

CORTEVA

Arab Potash

LONGPING

BAYER

BASF

accenture

AFEPASA

national

NRSP

PAKISTAN AGRICULTURAL COALITION

PAC

NIAB

EFERT recently also partnered with Accenture Academy to provide a learning and development platform to its finance employees.

We are also Member of Soil Salinity Research Institute Board, Member of Board of Studies at University of Agriculture, Faisalabad and MNS University of Agriculture, Multan. Many of our Agronomists also hold membership of Soil Science Society of Pakistan. To learn global best practices, we nominate and send our agronomists to national and international conferences and training programs.

memberships

EFERT is a member of the various national and international bodies (including membership at Engro group level). Representation in these bodies ensure that the Company contributes towards best management practices and is well-connected with the relevant networks to stay on top of recent developments in fertilizer/agriculture sector and industrial affairs. It also helps the Company to proactively contribute towards various policy making proposals and to represent and advocate business/industrial community concerns at various platforms.

United Nations Global Compact

Apart from this Engro is an active signatory of UN Global Compact and adopts the Ten Principles of Global Compact with respect to human rights, labour, environment, and anti-corruption. Moreover, Engro is committed to make the UN Global Compact and its 10 principles a part of its sustainability strategy and engages in collaborative projects to advance the development goals of the United Nations. To this end, Engro has also made a clear statement of this commitment to its stakeholders and the general public.

stakeholder information

stakeholder identification

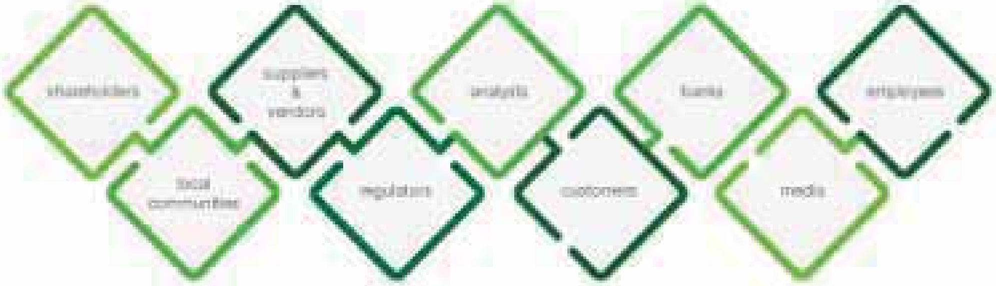
A stakeholder is a party that has an interest in a company and can either affect or be affected by the business. Stakeholders can be internal or external to an organization.

Internal stakeholders enjoy a direct relationship with the company including employment, ownership, or investment.

External stakeholders are affected by the actions and outcomes of the business. Suppliers, creditors, and public groups are all considered external stakeholders.

The Company uses its channels, touch points and research studies to identify and manage its relationship with its stakeholders.

The Company has identified the following key stakeholders to whom it considers itself accountable:



Key stakeholder's legitimate needs

Suppliers	Customers	Shareholders
Strategic partnerships and timely payments	Quality products at affordable prices	Consistent returns on investments

stakeholders' engagement policy

EFERT regards its stakeholder engagement as an important element of corporate responsibility. It believes that adherence to the highest ethical standards fosters trust. We recognise that stakeholder engagement can contribute to value co-creation both for the company and along the value chain.

Our stakeholder engagement approach focuses on identification of relevant and important stakeholders by taking into account those groups or individuals which can be significantly affected by our business activities, outputs or outcomes, or whose actions can be expected to significantly affect our ability to create value over time. These are profiled, mapped and prioritized for consultation based on factors of influence, responsibility, proximity, dependency, willingness to engage and representation. We consult with our stakeholders on continuous basis through relevant departments.

consulting stakeholders on economic, social and environmental topics

EFERT engages with key stakeholders and consults with them on all material topics in relation to its long term strategy of sustainable operations. The purpose of these engagements is to:

- Build knowledge and develop relations
- Align understanding on their needs and expectations
- Identify and track perceptions and feedback on outcomes
- Provide feedback on specified planned developments

The Company mainly engages with its stakeholders through periodic discussions & meetings. All aspects of engagements are covered in these discussions. Minutes of these discussions are maintained with the respective division heads, the summaries for which are shared by the division heads in the weekly Management Committee meetings, which is chaired by the CEO. Apart from Management Committee, there are separate sub committees including Plants HSE Committee, Corporate HSE Committee and Engro Foundation for CSR oversight which are responsible for monitoring performance around social and environmental topics and stewarding results of engagements with various stakeholders in this regard.

The Company also has a group reporting framework that requires reporting of significant developments on financial and non-financial matters to its Parent Company, Engro Corporation including significant developments arising out of its discussions / engagements with its stakeholders.

EFERT has representation on various global and local forums and partnerships and maintains active memberships in industry associations and other relevant organizations.

platforms to invite open feedback / recommendations from our stakeholders

Contact details of Head office, Plant sites and marketing offices have been provided on the corporate website engrofertilizers.com to encourage all stakeholders to share their queries and feedback in real time.

The Company openly allows stakeholders to provide their feedback / recommendations and has various forums in this relation to facilitate them. The investor relations department of the Company manages all concerns received from shareholders over letters or emails. Similarly the customer and supplier helplines encourage feedback from suppliers & customers to be appropriately captured. There is an independent whistleblower hotline that ensures transparency over concerns reported through this platform including its review and reporting to the Company's Board of directors. The concerned officials regularly evaluate the feedback and action is taken as per need.

stakeholder engagement strategy

Stakeholders	Frequency of Engagement	Engagement Process	Effect and Value	Actions Taken
Analysts	[illegible]	Analyst briefings sessions. [illegible]	[illegible]	[illegible]
Shareholders	[illegible]	[illegible]	[illegible]	[illegible]
Customers and Suppliers	[illegible]	[illegible]	[illegible]	[illegible]

stakeholder information

Stakeholders	Frequency of Engagement	Engagement Process	Effect and Value	Actions Taken
Employees	Regular	[illegible]	[illegible]	[illegible]
Banks/Lenders	Regular	[illegible]	[illegible]	[illegible]
Media	Occasional	[illegible]	[illegible]	[illegible]

Stakeholders	Frequency of Engagement	Engagement Process	Effect and Value	Actions Taken
Regulators	Regular	Meetings with officials, submissions of data for review and compliance. The company has a separate "Public Affairs and Government" division to manage engagements with government and regulatory bodies.	Ensuring all legal and regulatory requirements are complied with. [illegible] the Government and the Company [illegible] agriculture [illegible] of Pakistan.	EFERT has a Public Relations & Government Affairs department at group level to bring greater focus on engagement with regulators. Engagements with government to address and resolve / complete various matters impacting business operations such as Gas Infrastructure Development Cess (GIDC), recovery of fertilizer subsidy and processing of sales tax refunds. The company also engages with government ministries on various policy matters.
Local Communities	Regular	The company conducts Meetings, CSR drives and one-on-one engagements with community.	[illegible] relationship. The ability to [illegible] needs and [illegible] of people living in communities [illegible]	Various initiatives undertaken during the year for our local communities by the Company and its employees under the [illegible] programme.

Initiatives and activities undertaken by the Company to engage its key stakeholders are disclosed in the performance review section of this report.

business model

EFERT continues to grow and strives to enhance operational excellence and sustainable progress.

Our business stands high on the principles of integrity and sustainable growth. We take pride in generating value from our inputs leveraging on our business relationships with our suppliers coupled with the use of highly efficient operational activities, to develop an array of fertilizer solutions for the farmers of Pakistan.

Critical stakeholders throughout the process include suppliers of our primary raw material, natural gas suppliers, our banking partners, shareholders, our workforce, our customers and the communities surrounding our operating locations.

EFERT strives to contribute to the country's agri-landscape while maximizing returns for its stakeholders and the same is incubated in our business model.

process of value creation & addition

capitals & key inputs

financial

- equity: Rs. 47 Bn
- long term debt: Rs. 17 Bn

manufactured / infrastructural capital

manufacturing facilities **2**

no. of selling locations **100+**

market channels: Primary and Secondary via dealers / distributors

production capacity: [illegible] MT Urea; 100,000 MT NPK

human

no. of employees **1382**

positive culture, motivated employees

natural

availability of required materials for the business operations
- materials
- water
- natural gas

intellectual

investment in ERP systems

investment in intangibles & externally purchased proprietary rights - Rs. [illegible] Mn

talented workforce

social and relationship

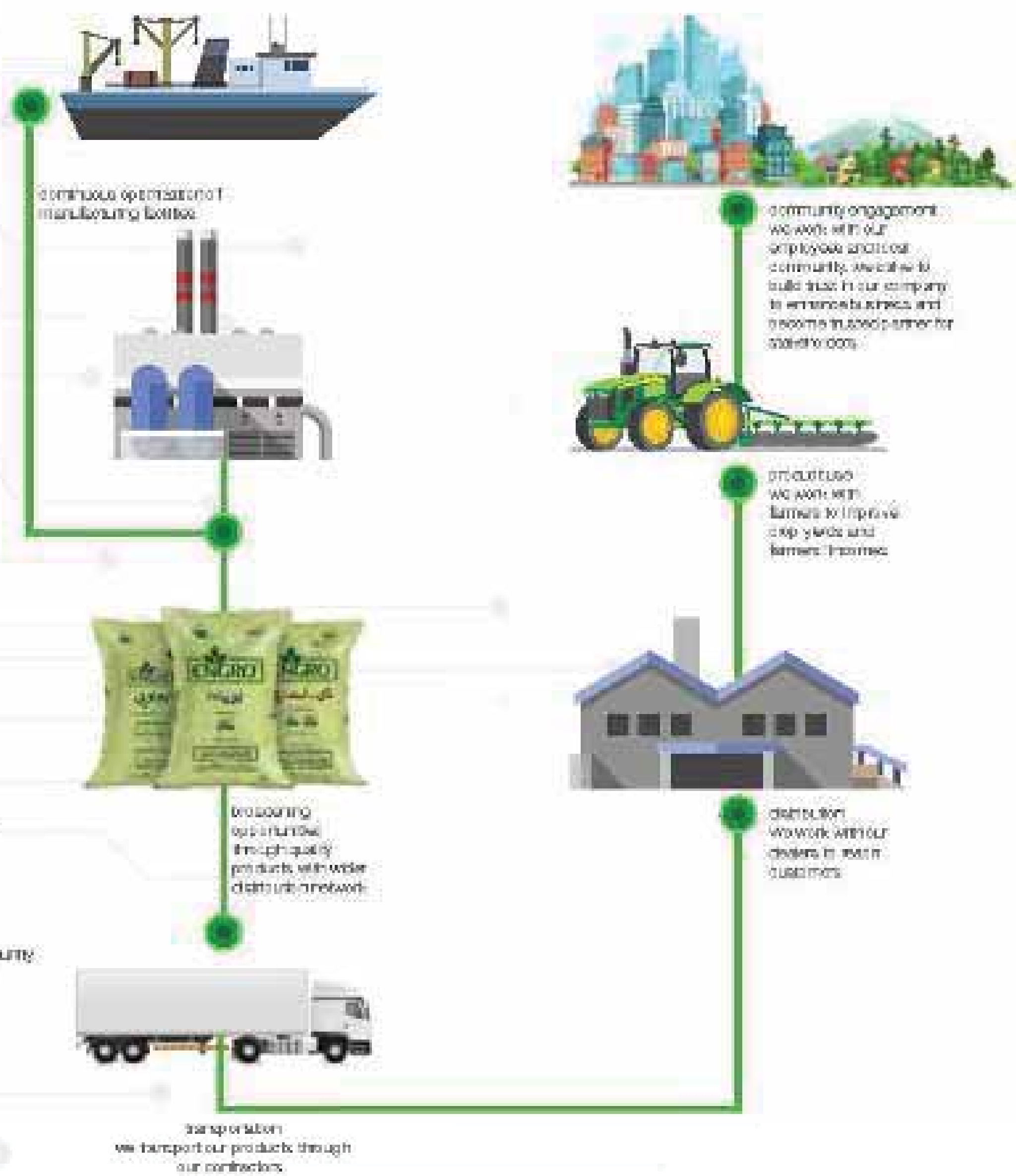
relations with our stakeholders (customers, suppliers, investors etc) and local community
- representation and associations with external bodies, access to platforms

dealers / Distributors **3,500+**

no. of shareholders: 30,[illegible]

variable local and international [illegible] partners

refer to subsection corporate memberships and affiliations section of this report for list of memberships



outcomes

economic

wealth generation and economic growth

- Total revenue **Rs. 132 Bn**
- operating cash flows rs. [illegible] billion
- salaries rs. 6.5 bn
- dividends **Rs. 20.6 Bn**
- economic value added rs. [illegible] bn
- wealth generated rs. 48 bn
- contribution to national exchequer rs. [illegible] bn

customers

- trust based relationships with all stakeholders
- refer social performance section [illegible]

environments

- innovation in energy and material consumption and conservation
- responsible energy consumption with increased focus on renewable energy
- innovative cooling water system enabling reusability of [illegible] million tons per annum

community

- CSR contribution Rs. [illegible] million
- contribution to national food security through supply of fertilizers 35%
- smallholder farmer development and market linkages
- operational excellence with highest safety standards
- trust based relationships with all stakeholders
- ensure gender inclusion at all levels with [illegible]% female
- employee engagement [illegible]%

regulators

- ICAP's reporting award (3rd position in Fertilizer industry)

Our value chain delivers its promise for sustainable development on all fronts including social, economic, and environmental.

economic

- Total revenue Rs. 132 bn
- Economic value added Rs. 17 bn
- Operating cashflows Rs. 15 bn
- Wealth generated Rs. 48 bn
- Salaries Rs. 3.8 bn
- Contribution to National Exchequer Rs. 16 bn
- Dividends Rs. 20.6 bn
- Contribution [illegible]

environmental

social

- customer satisfaction
- CSR contribution Rs. 432 mn
- smallholder farmer development and market linkages
- ICAP's reporting award (3rd position in Fertilizer industry)
- employee engagement 61%
- ensuring gender inclusion at all levels

how we create value

EFERT takes pride in exploring nature, creating value-added products and contributing to the community. An efficient collaboration with resources and customers, allows the organization to develop a functionally efficient and sustainable value chain. We measure the contribution by our stakeholders in the form of feedback at every step of the value chain, propelling us to achieve the goal of an eco-friendly value chain.

Our value chain reflects on our business actions and our value creation model, highlighting the process of value creation at each level of activity. For continuous sustainable development, we regularly engage with our stakeholders and consistently collaborate with our business partners.

upstream value chain

suppliers of natural gas and packaging material
- We engage with our suppliers and collaborate for creating value added products for our value chain.

research and development partner
- We collaborate with national and international R&D partners to develop quality products and to serve the agri value chain.

EFERT

manufacturing

Capital inputs undergo processing to produce fertilizers.

- EFERT has a total production capacity of 2.275 million MT.

transportation

Robust transportation network, both in-house and outsourced delivers efficiently.

- Robust setup of transportation channels over the country for timely distribution.
- EFERT has also ventured into the Logistics paradigm, aiming to provide "Movement with Precision" and already has one of the leading long haul fleets in the country.

warehousing

- 100+ selling locations to better serve our customers.

downstream value chain

distribution

An articulate network of dealers for EFERT's product range.
- Wide distribution network throughout the country to improve the availability of our brand at all purchase points.
- With over 3500+ locations, EFERT closely collaborates with dealers in providing value to our consumers.

consumers

Farmers benefit from the availability of fertilizer and high yields.
- EFERT captured a market share of 35% for Urea and 17% for Phosphates during the year.
- Farmer advisory services and development of smallholder farmers.
- Consumer analytics serve as a crucial insight hence EFERT conducts consumer satisfaction every year.

effects of our value generating activities

shareholders

- EFERT earned a profit after tax of Rs. 21 bn
- EFERT declared dividend per share of Rs. 15.5/share (final dividend pending members approval in AGM)
- ROE: 45%
- ROCE: 31.3%
- Earnings per share: Rs. 15.80
- Dividend distributed: Rs. 15.5 per share
- Wealth generated Rs. 48 bn
- Ongoing engagements with our stakeholder

community

- EFERT has always been a purpose driven organization, striving to improve the lives of people living in low-income communities with impact investments.
- EFERT undertakes community engagement to deliver a positive impact in Pakistan with a focus on, but not limited to, the following:
- Community investment and infrastructure development
- Education & Environment
- General & Healthcare

significant factors affecting the external environment (PESTEL)

political

- **Geo-political tensions between other countries may result in supply disruptions leading to price volatility with a negative pass-through effect on to EFERT's customers**

Discourse/Impact: Strategic and timely procurement of imported fertilizer keeping in mind the geo-political situation in order to maintain price stability.

- **Probability of enhancement in major gas projects (e.g. TAPI) will positively influence the availability of EFERT's primary raw material.**

Discourse/Impact: Continued Engagement with the government to pursue sustainable gas availability.

- **Change of Government introduces economic changes, which can impact the farmers at large.**

Discourse/Impact: Engage with the government to advance farmer economics.

- **Policy makeovers and regulatory changes with respect to agriculture policies and tax laws, consequently impacting business economics.**

Discourse/Impact: Work closely with the government and the farmers to provide necessary inputs into the policy making process.

economic

- **FX changes adversely impacts the dollar-linked prices of primary raw materials and imports.**

Discourse/Impact: Strategic procurement and considerate pricing decisions could lead to avoidance of full impact of these fluctuations.

- **Rising interest rates inflate cost of borrowing for the Company, also aggravating costs for farmers operating on credit.**

Discourse/Impact: Timely and strategic drawdowns and repayment, resulting in effective management of finance cost. Low cost agri financing for small farmers.

- **Lockdown implemented due to pandemic situation may affect demand levels and Company's ability to produce / supply.**

Discourse/Impact: COVID SOPs/ protocols were immediately implemented to ensure safe and smooth operations on both production and supply side. The agriculture sector was granted exemption by the Government from the lock down. For agriculture backed economy of Pakistan, there was no material impact on local demand.

social

- **An imbalance in the political or social environment can lead to social unrest in the neighboring areas of operational facility.**

Discourse/Impact: Efforts to contribute to sustainable development and upliftment of the target communities.

- **Increased reliance of farmers on Urea, resulting in an unbalanced consumption of nutrients, affecting the 'P' and 'K' markets.**

Discourse/Impact: Enhanced focus on increasing awareness through effective dissemination of information. The Company has initiated various training programs including the Shandaar Kissan Program selecting top 100,000 farmers for trainings.

- **Pakistan has low farm yields which can be explored with structured locally based agri-value chains, expanding operational capacity and output productivity.**

Discourse/Impact: Assess hindrances and collaborate with farmers for holistic solutions.

- **Impact of COVID 19 on physical and mental health of employees and stakeholders results in disruption of employee wellbeing, discontinued supplier/customer operations thereby affecting business performance.**

Discourse/Impact: Proactively implementing health care & support systems including special medical help desk, on site quarantine facilities, counselling sessions and online platforms for social interaction. COVID SOPs/ protocols were immediately implemented to ensure smooth operations with suppliers/customer. Several initiatives taken to combat the spread of virus in surrounding communities.

technological

- **Not coping with technological advancements, may create operational inefficiencies and competitive disadvantages.**

Discourse/Impact: Continues to establish technological transformation resulting in latest advancements and developing its infrastructure capabilities. Improved plant efficiencies towards output generation feed.

- **The farming industry of Pakistan fails to employ technological advancements due to lack of information and resources.**

Discourse/Impact: Continue to educate farmers on latest agri technology, balanced nutrients, and modern farm practices to support improved yields. Awareness among farmers has positive sustainable consequences.

- **COVID 19 Pandemic may affect the business operations due to lack of technological advancements to support remote operations.**

Discourse/Impact: Provide resources to stakeholders to allow connectivity from home. Move towards paperless operations resulting in favorable impact on environment and ensuring transparency and swiftness of transactions.

environmental

- **Nitrogen and Phosphorous deficient soil in Pakistan results in increased demand for fertilizers.**

Discourse/Impact: Increased reliance on Urea and DAP fertilizers provides an opportunity to continue addressing enhanced and consistent demand. Continue to provide diversified portfolio of specialty fertilizers that can address special soil/crop needs.

- **Water supply is attributed as a scarce resource in Pakistan, leading to a hindrance in the farming process, adversely affecting fertilizer consumers.**

Discourse/Impact: Continually educating the farmers regarding efficient water use as well as increased use of water efficient crops. EFERT provides agri solutions to farmers through trained operational staff and technologically advanced machineries ensuring more efficient seeding to harvesting operations.

legal

- **Laws, Legislative amendments, and rulings relating to crucial cost components such as GIDC/gas prices, freight regimes and revisions in sales, income tax regulations pertaining to unregistered dealers and other legal regulatory framework, significantly impact the costs of fertilizer manufacturers.**

Discourse/Impact: Continued engagement with the Government for sustainable solutions that benefit all related stakeholders. The Company has always supported the Government in its drive to widen the tax net, therefore, the company has conducted various engagement sessions with dealers across Pakistan to encourage them to register for income and sales tax to mitigate the impact of these amendments.

SWOT analysis

Strengths

- Strong brand recognition
- Lean organizational structure, creating more customer value via efficient operations
- Wide product and services portfolio, offering farmers complete range of seed to harvest solutions
- Financial sustainability and strong balance sheet position
- State of the art ERP system providing pertinent information for timely decision making
- Quality and efficiency of Human Resources
- Renowned engineering excellence
- Access to larger talent pool based on gender, diversity and inclusion
- Competitive advantage by virtue of being one of few Pakistani suppliers of logistics services
- First mover advantage in crop sciences through international collaborations

Weaknesses

- Mature urea industry with minimal market growth
- Reliance on depleting and inconsistent supply of natural resources
- Phosphate & Potash based price elastic products in the portfolio

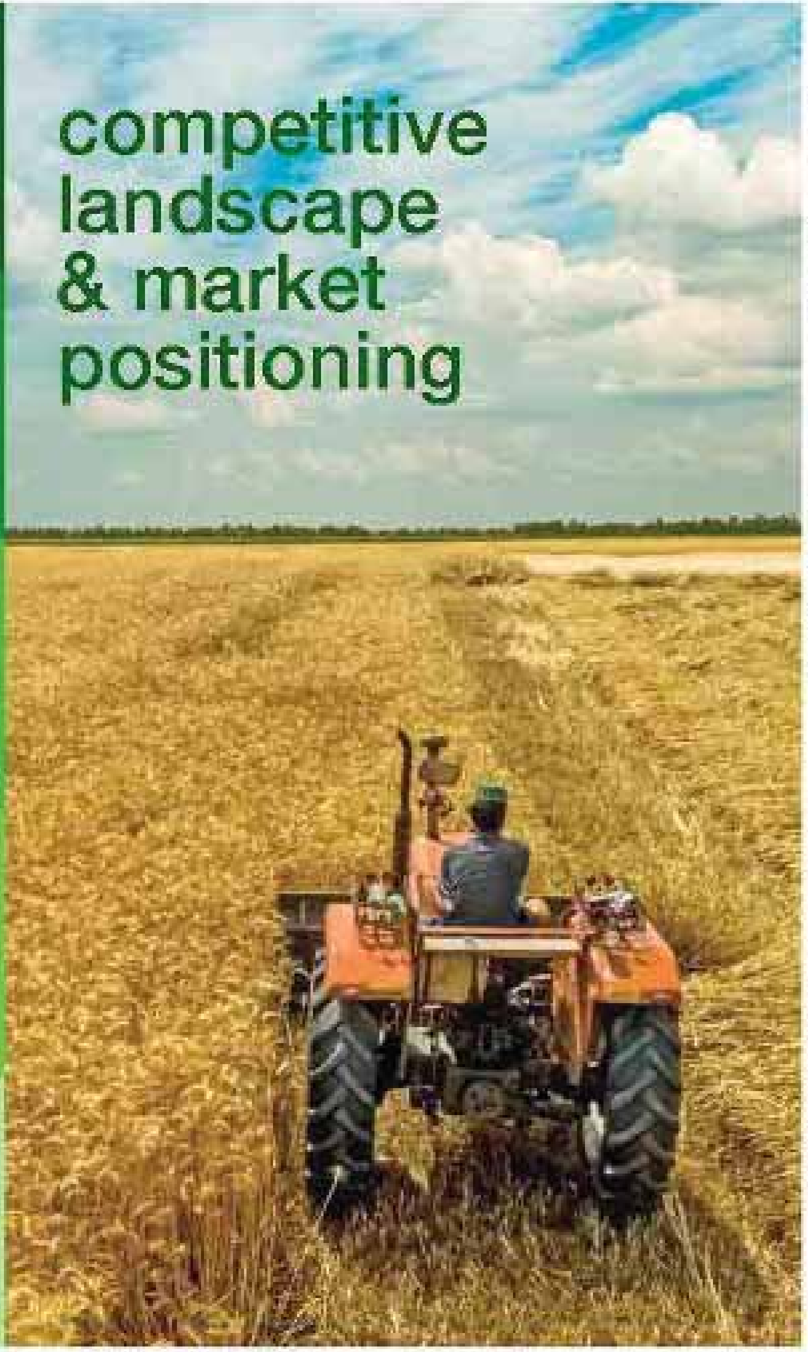
Opportunities

- Access to foreign markets allowing higher market share and contribution to the Country's foreign exchange reserves
- Improved capacity utilization through enhancement of manufacturing and production range
- Capacity to build horizontal and vertical integrations, improving on the Company's supply chain
- Leverage existing networks to facilitate new products
- Establish JVs & partnerships to create synergies
- Invest in energy efficient technological advancements
- Identify alternate sources of raw materials
- Identify and address issues of low farmer yields via positive interventions
- Develop and offer end-to-end value chain solutions for farmers on a large scale

Threats

- Challenges in implementation of phosphate subsidy impacting demand
- Inconsistent gas supply and escalating costs of production
- Devaluation resulting in increased cost of doing business
- Challenging farm economics
- Excess supply of urea through non-indigenous gas sources
- Inconsistent Government policies and pressures on fertilizer pricing

competitive landscape & market positioning



Foothold in the fertilizer industry as one of the largest players, EFERT has a base of the art operational facility that helps achieve a significant market share. Functioning along a sustainable paradigm that evolves around various business segments to promote excellence, its competitive landscape & market positioning delivers strategic proposition within the sector.

competition in the fertilizer industry

Fertilizer industry of Pakistan harbors an array of competitors, who operate on various scales and organizational structure. In case of Urea, the industry comprises of other indigenous fertilizers manufacturers who have made significant investments in capital equipment and operate with high fixed cost structures. EFERT, during the year, captured 36% of market share for Urea.

In case of imported fertilizers, the company catered to 17% of the market for phosphates, a category in which locally produced fertilizer and imported product range, serve as the primary competitor.

The competition within the industry is dynamic, from traditional players, who enjoy economies of scale given their high output range to relatively small producers, who fail to minimize fixed expenditure per unit given the current market share they capture. The Company enjoys the ability to spread fixed expenditure over its output base, hence capturing a competitive edge against players in the industry.

potential of new entrants in the industry

Traditionally, fertilizer industry is part of the manufacturing sector and embeds a highly capital-intensive operational structure. The potential risk and threat from new entrants in the industry is minimal, given various factors including high initial capital cost, significant competition from major players and the competitive supply of industry's primary raw material i.e. natural gas.

Furthermore, for a new entrant to succeed, an efficient operational unit, excelling human resource, financial reserves and a vast commercial network are crucial factors to capture a significant market share.

power of suppliers

Supply Chain is a crucial arena of operational excellence for Engro Fertilizers. For the company to continue growing, it is essential that it enjoys a sustainable framework which offers an uninterrupted and smooth supply of inputs. The Company enjoys strategic partnership with its business suppliers, both for smooth access to raw materials or capital inputs.

Procurement of raw materials and industrial machinery is regulated by the company's manufacturing and commercial department in accordance with approved planning and budgeting guidelines. An aspect of operational excellence that proves feasibility given the strategic relationships in place. The company primarily procures continuous supply of gas from Sui Northern Gas Pipelines Limited & Mari Petroleum Company Limited.

Supplier paradigm evolves on a credit operating structure and Engro Fertilizers' high credit worthiness is reflected by the credit ratings issued by PACRA. For the year, PACRA maintained the company's long-term credit rating of AA and short-term credit rating of A1+.

power of customers

Engro Fertilizers takes pride in operating with excellence to its consumers for the past 60 years. The company treasures the relationship it enjoys with its customers and continues to facilitate the trust they have in us. As part of our impact on the agricultural landscape of Pakistan, the Company offers value added services to farmers, which will promote sustainability and growth in agri-environment.

Structural aspects of these services range from consumer awareness to soil testing and trade discounts to after sales services. Developing along the lines of continuous technological advancements, the company regularly takes into consideration its customers' feedback. Engro Fertilizers has an annual survey, which promotes continuous reforms and transformation in business practices and products.

threat of substitute products

Fertilizers are crucial for progressive growth of crop yield as adequate provision of nutrients in required quantity is essential to fulfil the market demand for crops. Substitution strategy among nutrient bases is largely not possible and therefore each nutrient has its role to deliver in improving crop base.

EFERT undertakes extensive research to develop an enriching product base that caters to the needs of the farmers, fulfilling their demand and positively contributing to the nutritional needs of the economy's agriculture landscape. Technological advancement continues to contribute to improvement in agri-yield globally and our company continues to incorporate innovative enhancement in its offerings.

effect of seasonality on business

The Company's fertilizer business is subjected 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 Company manages seasonality in the business through appropriate inventory management and production / import planning, keeping our products available as per the customers' demand.

	urea sales (kt)	urea production (kt)	phosphates sales (kt)	SFB sales (kt)
Q1 – 2021	601	523	74	34
Q2 – 2021	565	547	50	63
Q3 – 2021	577	489	118	101
Q4 – 2021	552	545	124	77

02
corporate governance

our governance framework

We are committed to implementing sound corporate governance practices that enhance the effectiveness of our board and management while engaging with our shareholders on matters of corporate governance

- board structure & governance
- director elections
- director participation
- key stakeholders engagement
- corporate social responsibility
- ethical compliance & whistleblowing system

Board of Directors

The Board of Directors carries out its duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders. There are eight (8) members of Directors on the Board, comprising of three (3) Independent Directors, four (4) Non-Executive Directors and one (1) Executive Director. The Board collectively has the responsibility for ensuring that the affairs of the Company are governed competently and with integrity.

Biographical details of all the Directors are given in the previous section. The Board includes a female director, Dr. Shamshad Akhtar, who had been co-opted as a director with effect from April 7, 2021 to fill a casual vacancy. Further, Mr. Khawaja Bilal Hussain had been co-opted as a director with effect from December 1, 2021 to fill the casual vacancy that had occurred upon the resignation of Mr. Abdul Samad Dawood.

In compliance with best practices of corporate governance, the positions of the Chairman of the Board of Directors and the office of the Chief Executive are held by separate persons. Mr. Ghias Khan, Non-Executive Director, is the Chairman of the Board and Mr. Nadir Salar Qureshi is the Chief Executive Officer (CEO) of the Company. In addition to being the CEO of the Company, Mr. Nadir Salar Qureshi serves as a Chairman on the Board of Engro Vopak Terminal Limited and also as a Director on the Boards of:

- EFERT Agritrade (Private) Limited
- Engro Polymer & Chemicals Limited
- Engro Energy Limited
- Engro Foundation

selection of independent Directors

Selection of independent directors is carried out from a list maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018. PICG has no other connections with the Company except for providing access to the database on independent directors besides Directors' training and evaluation of Board and / or individual Directors' performance.

external consultancy for appointment of the Chairman

No external search consultancy has been used in the appointment of the Chairman or Non-Executive Directors.

directors' orientation program

The Company had its elections during the year 2019 and the Chairman had communicated in detail the duties, roles and responsibilities, powers, term of office and remuneration of Directors required under the Companies Act 2017, the Articles of the Company and Code of Corporate Governance Regulation 2019.

The human resource department outlines a formal orientation plan, which is followed at time of induction of a new Board member. The orientation is presented to bring the new Board member up to speed with the company and its activities. Divisional heads take them through a presentation about macro level policies related to their respective divisions. During the year, orientations of Dr. Shamshad Akhtar and Mr. Khawaja Bilal Hussain were conducted by the management.

Directors' training

The Board ensures that all its Directors have duly completed the Directors' Training program from SECP approved institutions. The Directors Training program has been completed by all Directors, except for Mr. Khawaja Bilal Hussain who shall attend it during the year 2022, from SECP approved institution.

security clearance of foreign Directors

The Company's policy is based on SECP guidelines for appointment of foreign Directors and subject to issuance of security clearance from the Ministry of Interior. There are no foreign directors serving on the current Board.

Board meetings held outside Pakistan

No meetings were held outside Pakistan during the year.

leading from the front: role of the Chairman of the Board

Every meeting of the Board is presided by a Chairman. The chairman of a Board meeting by virtue of his position and nature of his duties is responsible for the leadership of the board and to ensure that the board plays an effective role in fulfilling its responsibilities and amongst other things, he is empowered to:

- issue letter to Directors setting out their roles, obligations, powers, and responsibilities at the beginning of term of each Director
- set the agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same.
- ensure that the minutes of meetings of the Board of Directors are kept in accordance with the requirements of Section 178 and 179 of the Companies Act, 2017.

Chairman's significant commitments

Mr. Ghias Khan is the CEO of Engro Corporation Limited and serves on the boards of several other companies. The details of his other engagements as Director, and Trustee are given in his profile. He does not have any significant commitment other than the one mentioned in his profile.

Directors' remuneration

The Board of Directors have approved a formal policy which set out the requirements and methodology for determining the remuneration for Non-Executive Directors including Independent Directors of the Company. The policy entails:

- The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the Directors.
- It shall be aimed at attracting and retaining the Directors needed to govern the Company successfully and to encourage value addition;
- It shall not be at a level that could be perceived to compromise or influence in any way the independence of the Director;
- No Director shall determine his/her own remuneration nor of a Director who may be a related party;
- No remuneration shall be paid to Executive Directors, Chief Executive Officer and Non-Executive Directors who are employees in other Engro entities, for attending meetings of the Board and its committees; and
- The Board, if deems appropriate, may engage independent consultant to determine the appropriate level of remuneration of its Directors and recommend to the Board for consideration and approval.

The Company has a documented policy which generally restricts employees from holding directorships in companies that are not subsidiaries or joint ventures of Engro Corporation Limited. However, the President of Engro Corporation Limited or the Chairman of the Company, may make exceptions to this general rule in special circumstances. All expenses incurred by an employee serving as a director of a company that is not a subsidiary or joint venture of EFERT in accordance with this policy will be for that employee's own account. The employee may accept and retain annual fees, meeting fees, other remuneration or reimbursed expenses specifically related to service as a director.

For information on remuneration of Directors and CEO in 2021, please refer note 06 to the consolidated financial statements.

retention of Board fee

CEO is an executive director on EFERT's Board and holds position as non – executive director on the Boards of various other companies. Fees paid by these companies are in line with their respective policies as approved by their Boards of Directors. EFERT does not have any policy that restricts an executive director from retaining meeting fee earned by them against services as non-executive director in other companies.

performance evaluation of Directors

The Board has developed a formal mechanism for evaluation of board's own performance, members of board and of its committees. The assessment was carried out four times in the current year and the issues/ feedbacks were evaluated to bring improvement in the evaluation process. The performance evaluation focuses on:

- Clarity of agenda and objectives;
- Preparation for the meetings;
- Quality and diversity of discussions;
- Clarity of decisions and outcomes;
- Quality of discussion topics; and
- Overall satisfaction

conflict of interest among Board members

A formal code of conduct is in place that promotes ethical culture in the company and prevents conflict of interest in capacity as member of the board. Further, the Board of Directors has duly complied with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the 'Corporate and Financial Reporting Framework' of the Securities & Exchange Commission of Pakistan. Each member of the Board accordingly understands its fiduciary responsibilities including the following:

- Duty not to place themselves in a position of conflict between their personal interests and those of the company – this includes the duty to disclose any such personal interests to the Company and the duty not to make secret and/ or incidental profits at the expense of the company.
- Duty not to act on behalf of Company in any matter in which they have an interest that conflicts, or may conflict, with their duties.

The Directors' of the Company excuse themselves from the meetings when the matters under discussion involve a conflict or potential conflict of interest with the activities of any undertaking in which they may hold a real or beneficial interest.

matters decided and delegated by board of directors

The Board is committed to ensuring effective delegation of financial powers as is permissible according to the legal framework and have approved formal policy on delegation of finance powers.

This policy establishes:
- Matters specifically reserved for determination by the Board of Directors; and
- Matters delegated to the management to empower it to act effectively and make key decisions.

The powers of the Board of Directors and the management of the Company have been defined in the said policy with special reference to, and in compliance with, the Companies Act 2017, the Code of Corporate Governance and the Articles of Association of the Company.

In addition to approving the vision, core values, corporate strategy and the policies for conduct of business of the Company, matters specifically reserved for the Board in relation to delegation of financial powers are listed below:

- Investment and disinvestment of funds where the maturity period of such investments is six months or more;
- Determination of the nature of loans and advances made by the company and fixing a monetary limit thereof;
- Defining the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive sub-committee of the Board that may be set up for the purpose;
- Review and approval of related party transactions;
- Appointment, removal, remuneration, terms and conditions of employment of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- Constitution of committees and appointment of Committee Chairs and approving their terms of reference;
- Governance of risk and determining Company's level of risk tolerance including annual review;
- Powers vested with the Board as per Section 183 of the Companies Act; and
- Significant issues to be placed for decision of the Board of Directors as per Clauses of the Code of Corporate Governance, as and when applicable.

matters delegated to the Management

All matters not specifically reserved for the Board and have been entrusted to the CEO of the Company who has the primary responsibility for routine business operations of the Company. The authorities necessary for the day-to-day management of the organization and the implementation of corporate objectives have been delegated to management of the Company and is documented in form of a Limits of Authority Manual (LOAM).

Board Committees

Our governance framework is designed to ensure that the company lives up to its core values and principles, institutionalizing EFERT's commitment to enabling excellence in everything we do.

The Board has established the following two committees:

Board People Committee (BPC)

The Committee met during the year to approve, review and recommend all elements of the Compensation, Organization and Employee Development policies relating to the senior executives' remuneration and to approve all matters related to the remuneration of the executives of the company and members of the management committee.

The Chief Executive Officer attends Board Compensation Committee meetings by invitation. The committee met twice during 2021.

current members

[illegible] – Chairman
[illegible]
[illegible]

The Secretary of the Committee is [illegible]

salient features of terms of reference

- To ensure corporate standards of human resource policies and fundamental benefits are aligned with the corporate guidelines
- To recommend the selection, performance evaluation, compensation, development and the succession plan of the CEO and his direct reports
- Recommend the salary and bonus programme to the Board
- Review engagement survey results

Board Audit Committee (BAC)

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the financial statements. After each meeting, the Chairman of the Committee reports to the Board. The Committee met five times during 2021.

current members

[illegible] – Chairman
[illegible]
[illegible]
[illegible]

The Secretary of the Committee is [illegible]

salient features of terms of reference

- To recommend to the Board the appointment and removal of external auditors
- To review quarterly, half-yearly and annual financial statements
- To review the internal control systems and internal audit function
- To review the enterprise risk management system and assess the adequacy and monitoring of the same by the management
- To monitor management's compliance with all Company's policies including complaints received through the Speak Out – Whistle Blower policy
- To monitor compliance of statutory requirements

key Board policies

EFERT's culture is based upon fair pursuit of profits while remaining mindful of the impact of our corporate actions on people and place of operations. Protecting our corporate reputation is critical in order to survive in the global marketplace. To this end, the Board of Directors have adopted a host of policies which sets the standard for conduct.

review of the company's performance by the Board and its own performance evaluation

The Board has also developed a formal mechanism for evaluation of board's own performance, members of board and of its committees. The assessment is carried out on quarterly basis and was done four times during the current year. The Board carries out self-assessment, evaluating its own performance against a defined approved criteria which includes its governance over all financial and non-financial matters including risk management and oversight exercised with respect to economic, environmental and social topics. For detailed criteria used for performance evaluation, please refer the Corporate Governance section of the Annual Report.

group policy governing philanthropic contributions and charitable donations by Engro corporation and its affiliates

The policy provides guidelines for philanthropic contributions and charitable donations made by Engro group companies within framework defined for evaluation and prior approval of all such contributions. As part of this policy, EFERT is committed to creating sustainable prosperity that brings long-term social and economic benefits for all the stakeholders. EFERT's strategy is based on the principle of Inclusive Business and Strategic Community Investment. EFERT looks to connect the underprivileged, youth and women into value chains for sustainable impact. Where inclusive opportunities are limited or not relevant, EFERT looks to invest in strategic community initiatives.

risk management process

All activities undertaken by a business entity carry an element of risk which are managed through the Enterprise Risk Management (ERM). It is the policy of the Company to view ERM as integral to the creation, protection, and enhancement of shareholders' value by managing the uncertainties that could influence the achievement of corporate goals and objectives. To achieve this, an appropriate framework is adopted by the management and approved by the Board.

key stakeholder engagement

The policy aims to develop and maintain trustworthy relations with shareholders and investors. The investors' relations section on the Company's website (www.engrofertilizers.com) is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information. The Company's website, maintained in English and Urdu, also contains the link to SECP's investor education portal, 'Jamapunji'. Continuing with its policy of promoting transparency and stakeholder engagement, the Company held quarterly analyst briefing sessions.

policy for procurement of goods and services

The aim of our procurement policy is to obtain sustainable competitive advantage through efficient sourcing of goods and services that maximizes value for the Company based on innovation, principles of risk / return benefit, ensuring product quality, timely deliveries, reliability and controls.

This policy establishes a foundation for our discipline and serves as guidelines in our daily activities as we interact with external suppliers and service providers.

policy for safety records of the company

The Company has a documented Record Retention Policy to ensure the safety of the records for periods that exceed the minimum requirement prescribed by Companies Act, 2017 and other applicable regulatory requirements. In addition, EFERT has a business continuity plan complemented by a disaster recovery plan to ensure uninterrupted operations.

investors' grievance policy

The Company strives to develop and maintain trustworthy relations with all its stakeholders, including shareholders and investors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any investor, group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company.

The Company's contact details are disclosed in 'Company Information' section of this annual report and on its website under 'investors relation' section to facilitate shareholders / other investors' and timely resolve their complaints, if any.

disaster recovery and business continuity planning

The Company has a documented Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) which describes the business continuity and recovery strategies and related procedures for the Company. It also provides policies and procedures whereby the critical business processes can be restored in a timely and orderly manner and can be operated on an interim basis, thereby helping to ensure that all critical business functions continue in the case of a disruption or disaster. This plan is carefully followed during periodic testing exercises to thoroughly train recovery personnel and ensure that strategies and actions accurately reflect current business recovery requirements.

whistleblower policy – 'speak out'

There exists an independent whistleblower system maintained at group level that allows employees, suppliers, customers, and contractors to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance. These whistleblower complaints are independently reported to the BAC Chairman of the Company and are managed by the Corporate Audit and Compliance department.

human resource management

Appropriate policies are in place to attract, induct, develop, retain, and motivate high caliber talent who are qualified, capable and willing to contribute their best towards accomplishment of Company objectives with increasing emphasis on equal opportunity, training and development, performance management, compensation and benefits, diversity and non-discrimination and gender diversity.

social and environmental responsibility policy

The Company believes that businesses, in their normal course of operations, create positive and adverse impacts. The policy aims to build on Company's commitment to manage and improve social and environmental impacts of its operations on the lives of its customers, suppliers, and communities at large.

corporate tax strategy

The Board of Directors have approved a formal document for corporate tax strategy which defines principles aiming to plan, devise and implement tax efficient and optimized solutions and support its long-term business strategy. The corporate tax strategy is governed by the following principles:

- Ensuring highest level of tax compliance in every jurisdiction where the Company has operations
- Making material business decisions after taking into account optimized tax solutions
- Ensuring minimum exposure through prevention and reduction of significant tax risks
- Developing and fostering open, honest and good working relationships with tax authorities and undertaking all dealings in a professional, courteous and timely manner
- Ensuring open communication channels within Engro group to encourage smooth flow of information

IT governance and cybersecurity policy

Information Technology (IT) Governance is an integral part of enterprise governance and consists of the leadership, organizational structures and processes. IT Governance aims to ensure that IT activities are aligned with business objectives and that stakeholder requirements of value delivery, risk optimization, and resource optimization are achieved.

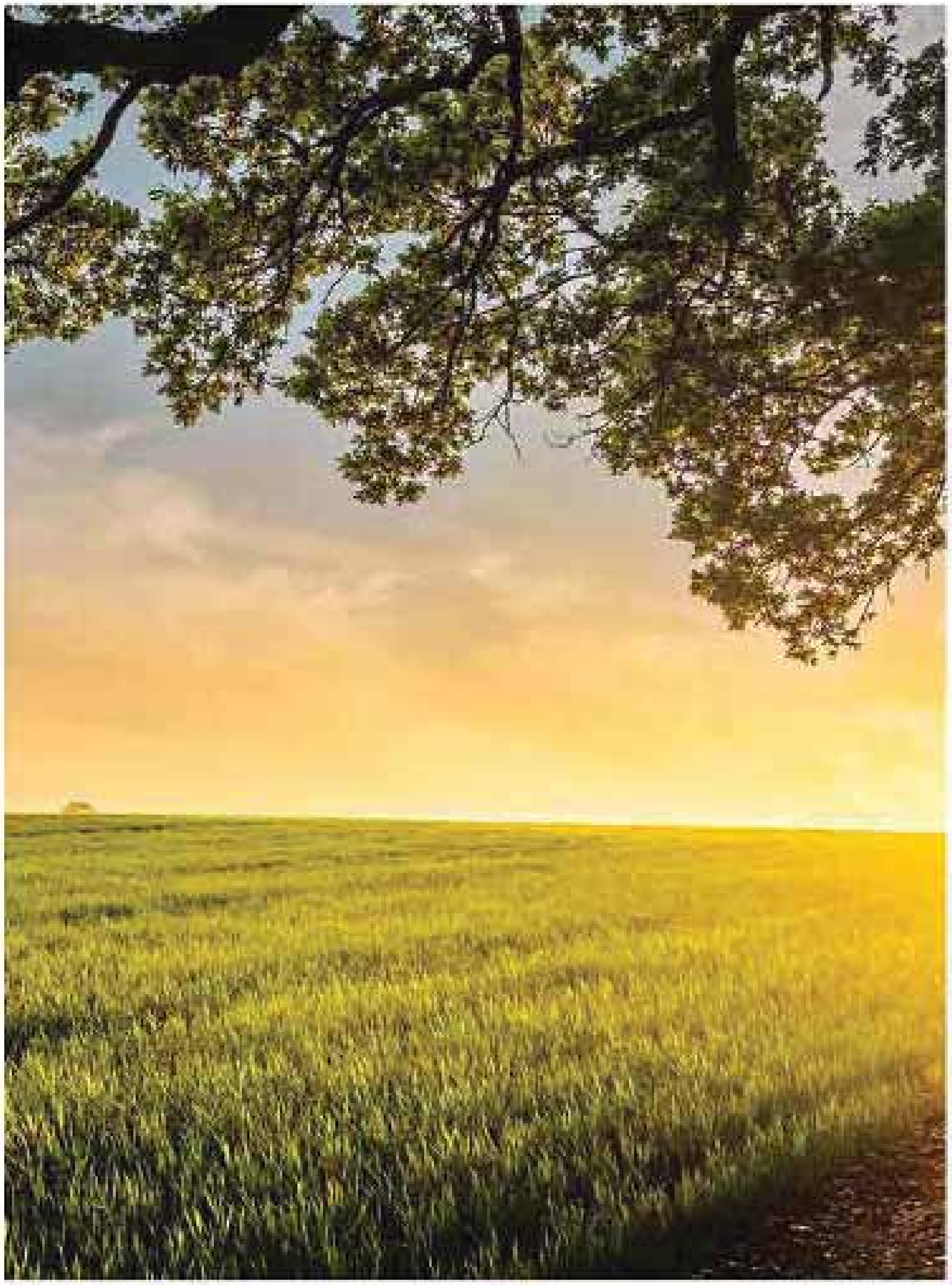
Role of the Chief Executive Officer (CEO)

Roles and responsibilities of the Company's CEO are duly assigned by the Board of Directors of the Company. The Chief Executive Officer is vested with the general control of the business of the Company and amongst other things, he is empowered to:

- enter any trade contracts on behalf of the Company in the ordinary way of business
- to do all other acts and things in the ordinary course of business which he may consider necessary or conducive to the interests of the Company

performance evaluation of CEO

Performance of the CEO is evaluated through a comprehensive in-house evaluation structure, which measures performance based on specific, measurable, achievable, realistic and time bound objectives. Furthermore, performance of the CEO is also gauged by analyzing core competencies exhibited in achieving the objectives.



management committees

functional committees

These Committees act at the operational level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to the businesses and employee matters.

management committee

Management Committee is headed by the President & CEO and includes the functional heads of all departments. The committee meets to discuss Company's performance and works in an advisory capacity to the President & CEO.

Members

Mr. Nadir Salar Qureshi – Chairman
Mr. Khusrau Nadir Gilani
Mr. Syed Shahzad Nabi
Mr. Imran Ahmed
Mr. Sulaiman Ijaz
Ms. Amina Saqib

The secretary of the Management Committee is Mr. Danish Dura.

corporate hse committee

This committee is responsible for bringing in excellence in the domains of Health, Safety and Environment.

Members

Mr. Nadir Salar Qureshi – Chairman
Mr. Syed Shahzad Nabi
Mr. Khusrau Nadir Gilani
Mr. Imran Ahmed
Mr. Sulaiman Ijaz
Mr. Muhammad Azhar Malik
Mr. Muhammad Majid Latif

The secretary of the Corporate HSE Committee is Mr. Adil Rasheed Qureshi.

capex committee

This committee is responsible to oversee and approve capital expenditure strategies including its alignment with approved Corporate Plan.

Members

Mr. Syed Shahzad Nabi – Chairman
Mr. Imran Ahmed
Mr. Sulaiman Ijaz
Mr. Muhammad Majid Latif
Mr. Muhammad Azhar Malik

The secretary of the Capex Committee is Mr. Syed Taha Raza.

pricing committee

This committee is responsible to oversee and approve product pricing strategies including its alignment with approved Corporate Plan.

Members

Mr. Nadir Salar Qureshi – Chairman
Mr. Khusrau Nadir Gilani
Mr. Imran Ahmed

The secretary of the Pricing Committee is Ms. Nida Fatima Hashmi.

internal control framework

responsibility: The Board is ultimately responsible to ensure that a system of sound internal control is established, which is effectively implemented and maintained at all levels within the Company. However, such a system is designed to govern rather than eliminate the risk of failure to achieve business objectives. The Board, whilst maintaining its overall responsibility for governance of risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

framework: The Company maintains an established control framework comprising clear structures, authority limits, and accountabilities, well communicated and understood policies and procedures and budgeting for review processes. All policies and control procedures are documented in manuals. The Board establishes overall corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.
review: The Board meets at least once in a quarter, to consider the Company's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators.

The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

There is a Company wide policy governing appraisal and approval of investment expenditure and asset disposals. Post completion reviews are performed on all material investment expenditure.

risk management process

All activities undertaken by a business entity carry an element of risk. At EFERT, the exposure to these risks is managed through the practice of Enterprise Risk Management (ERM). The purpose of ERM is to identify potential risks and to define the strategy for managing the impact of these risks, as well as the mechanisms to effectively monitor and evaluate identified strategies.

It is the policy of the Company to view ERM as integral to the creation, protection and enhancement of shareholder's value by managing the uncertainties that could influence the achievement of corporate goals and objectives. To achieve this, an appropriate framework is adopted by the management and approved by the Board. Detail on the Company's ERM programs is mentioned in the risk and opportunities section of this annual report.

responsibility for statutory financial statements

In accordance with the requirement of the applicable regulatory framework, CEO and CFO management are responsible for the preparation and fair presentation of the 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 controls as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

These financial statements were approved by the Board of Directors and circulated to the shareholders within the specified time limit.

The annual standalone and consolidated financial statements of the Group for the year ended December 31, 2021 have been audited by the External Auditors and recommended by the Board in its meeting held on February 10, 2022 for shareholders' approval in the Annual General Meeting to be held on March 22, 2022.

Other financial and non-financial statements enclosed with statutory financial statements are in conformity with the application regulatory requirements.

timely communication of financial statements authorization

The financial statements for the half year ended June 30th 2021 were authorized for issuance on July 30th 2021. The financial statements for December 31st 2021 were authorized for issuance on February 10th 2022.

governance over related party transactions

The Board has approved a formal documented policy for governance over transactions between the Company and one or more of its Related Parties which provides a framework for governance and reporting of related party transactions. This policy is intended to ensure due and timely approval, disclosure and reporting of transactions between the Company and any of its related parties in compliance with the applicable laws.

The said policy:

- defines the type of contracts / agreements that can be made with related party;
- defines the pricing policy for related party transactions;
- defines the framework for review, reporting and approval for transactions not at arm's length; and
- specifies the methodology for approval for transactions in which Director(s) have interest.

During the year, no contracts or arrangements with the related party were entered into other than in the ordinary course of business on an arm's length basis. Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year is mentioned in Note 42 to the consolidated financial statements.

beneficial (including indirect) ownership and flow chart of group shareholding

Complete disclosure of EFERT's shareholders has been provided in section 5 (pattern of shareholding) of our annual report. In addition, group shareholding and direct & indirect ownership of the company are demonstrated within the Company's organogram in section 1.

Annual General Meeting – update of last AGM, decisions taken and their implementation status

The Company's Annual General Meeting (AGM) was held on March 30, 2021, which was attended by the Chairman of the Board, Chairman of Board Audit Committee, Chief Executive Officer and other senior management of the Company to address queries and clarifications sought by the Board of Directors.

business expansion and rationale of major capital expenditure projects

The Board routinely reviews significant capital expenditure projects including an actual vs. budgeted cost comparison, expected completion timelines and overruns, if any thereby ensuring timely and authorized business expansion in line with EFERT's strategy. Further details are available in the performance review section of this report.

compliance statement

The Board of Directors has duly complied with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the 'Corporate and Financial Reporting Framework' of the Securities & Exchange Commission of Pakistan.

State of the art ERP systems the heart of digitization at EFERT

EFERT has recently adopted a state of the-art ERP system, One SAP, an end-to-end solution that integrates information onto a single platform, serving as a single source of truth unifying reporting and promoting improved collaboration through shared data. With the immense power of One SAP, EFERT has been able to benefit from capture and efficiently analyze vast volume of real time data for better decision making.

The journey to One SAP and its effective implementation and continuous updation commenced with management creating a new function known as the One SAP basis team. A management team comprising experts from finance, IT and business facing departments was formulated to lead, design, implement and monitor the transition to One SAP. The objective of the One SAP basis team was completed during 2021 with the successful implementation of the ERP.

The One SAP Basis team leads training sessions, held exclusively for the employees to enhance their functional skill set in line with their functional objectives.

EFERT's IT department ensures robust IT security controls on individual level as well as company wide SAP ERP System including passwords, system upgradations, firewall protections and authorization controls with appropriate segregation of duties.

diversity

Board's Policy on diversity at EFERT is committed to unbiased and equal treatment of all employees irrespective of cast, religion, gender and EFERT is proud to embrace diversity in the form of age, gender, ethnicity, physical and mental ability. To encourage gender diversity at all levels the Board has defined measurable KPIs which it uses to monitor the Company performance and updates under this UNGDC. To proactively infuse the concept of diversity and promote an encouraging environment, a 3 point framework for gender diversity and various gender sensitization session have been conducted. Furthermore, during the year, EFERT led the industry in its gender diversity drive by opening avenues to women from various socio-economic backgrounds to work with the Company in different unconventional roles such as Trade Apprentices, GTEs, workshop supervisors, warehouse in-charges and in field oriented roles.

human resource management policies including preparation of a succession plan

The Company has a documented Human Resource management policy which aims to attract, induct, develop, retain, and motivate high caliber talent who are qualified, capable and willing to contribute their best towards accomplishment of Company objectives.

our governance framework

EFERT's Board places great emphasis on people's development and related policies. With this at the heart of our core values, we developed the leadership competencies. To ensure dedicated focus on people-related matters, the Board has established a sub-committee: Board People Committee (BPC), that exercises oversight over Human Resources (HR) policies and systems and is responsible for performance evaluation, development and succession planning.

employee health, safety and protection

The safety of employees has always been the foremost priority of the Company. A comprehensive HSE process framework has been developed whereby all employees undergo regular in-depth trainings to ensure that the commitment to HSE is inculcated in all employees.

safety of records of the company

The Company has a documented Record Retention Policy to ensure the safety of the records for periods that exceed the minimum requirement prescribed by Companies Act, 2017 and other applicable regulatory requirements.

In addition, the Company has a Business Continuity Plan (BCP) complemented by a Disaster Recovery Plan (DRP). The BCP and DRP frameworks outline the policies and procedures with respect to identification of critical business activities and resources including safety of critical electronic, hard copy data and processes to ensure all critical functions continue in case of a disruption or disaster. The Company has dedicated offsite facilities which serve as data back up centers.

whistle blowing policy

The Board of Directors of the Company have established a Whistleblower system which allows employees, suppliers, customers and contractors to speak out about any concerns that they may have regarding business ethics, safety, environmental performance, harassment and other compliance related matters. With a hassle-free window available to all employees where they can freely raise their concerns, there is also a dedicated email address where matters can be attended to.

investors' grievance policy

As Company strives to develop and maintain trustworthy relations with all its stakeholders, the board in order to ensure this has a dedicated investor grievance policy for its shareholders and investors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any investor, group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company.

external oversight

The external oversight activities during the year included audit of the company's financial statements. An external valuations specialist was engaged during the year to perform a re-assessment of the company's plant and machinery, gas pipelines and civil work.

Additionally, a third party cyber security review was conducted, the improvement areas were identified and addressed. The security assessment included testing of exposed assets, applications, network devices, databases and so on.

communication with stakeholders

The Directors regard stakeholder engagement as an important element of the Company's corporate responsibility. Further details are available stakeholders Information – mentioned in Section 1.

social and environmental responsibility

The Company's culture is based upon the fair pursuit of profits while remaining mindful of the impact of our actions on our people and place of operations. Protecting our corporate reputation is critical in order to survive in the global marketplace. To this end, the Board of Directors has adopted a host of policies that sets the standard for conduct.

governance practices at EFERT other than legal requirements.

At EFERT we strive to work in a responsible and ethical manner. To ensure transparency EFERT has institutionalized the following practices:

- Benchmarks reporting requirements against ICAP / ICMAP and SAFA prescribed guidelines.
- A stringent insider trading policy which goes beyond the legal requirement.
- Holds quarterly analyst briefings and regulatory interacts with all stakeholders.
- Implementation of health, safety, and environment policy as a responsibility of our commitment to protect our people, community, and environment.
- Undertaking several health and training initiatives for improving the livelihood of surrounding community.

ensuring excellence in corporate governance practices

With a strong legacy system spanning over five decades, EFERT continues to optimize its governance framework by institutionalizing its core values, policies, and principles across the board to surpass the legal requirements and adhere to global best practices and standards of governance.

Following additional governance practices implemented by the management include:

- Adoption of best reporting practices prescribed by ICAP / ICMAP and SAFA to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies, and strategies.
- Implementation of Health, Safety and Environment Policy for better and safe workplace environment for employees, workers and surrounded community.
- Implementation of various social projects for welfare of the community as part of its Corporate Social Responsibility (CSR).
- Adoption of a strict insider trading policy whereby all employees of the Company are restricted from trading in shares of the Company.
- Restriction of employees of group companies to adhere to closed period requirements.
- All the Directors of the company have attended Directors' training program exceeding the legal requirement prescribed by Code of Corporate Governance Regulations, 2019.

The Company endeavors to replicate the best practices to its privately owned subsidiaries.

ethical compliance and whistle-blowing

EFERT gives highest priority to conduct of business with highest ethical practices and compliance of laws and regulations. We understand that to ensure this, and to embed a culture of integrity and honesty, it is crucial that effective monitoring and reporting mechanisms are in place. Our sustainable strategy recognises this and incorporates accountability and transparency as an integral part of its governance framework. This strategy recognises that organization's ethical culture and governance system can have material impact on the ability of an organization to create long-term sustainable value.

In response to this strategy, the Company has in place an independent ethics and compliance function that is housed within the group's Corporate Audit department and ensures that all ethical concerns and whistleblower complaints are independently and transparently monitored and reviewed.

The whistleblower system of the Company – the Speak-Out is managed by the Ethics and Compliance group and allows access to internal and external parties to raise any concerns with respect to business ethics and compliance via independent hotlines available on both email and phone.

The Ethics and Corporate Compliance Department, through its Whistle Blowing Policy- Speak Out has made real progress in terms of reporting and taking corrective measures against complaints registered based on unethical and uncompliant behavior. There is a healthy increase of 19% in the no. of complaints registered on whistleblower platform for the group for FY 2024 against last year, which is indicative of the trust placed by our employees / external parties on transparency of the system.

A monthly newsletter called Ethics and Compliance newsletter is published to keep our people aware of all the latest developments on the Compliance front and to assure them of the transparency process.

The ethics and compliance incidents are registered under the following categories:

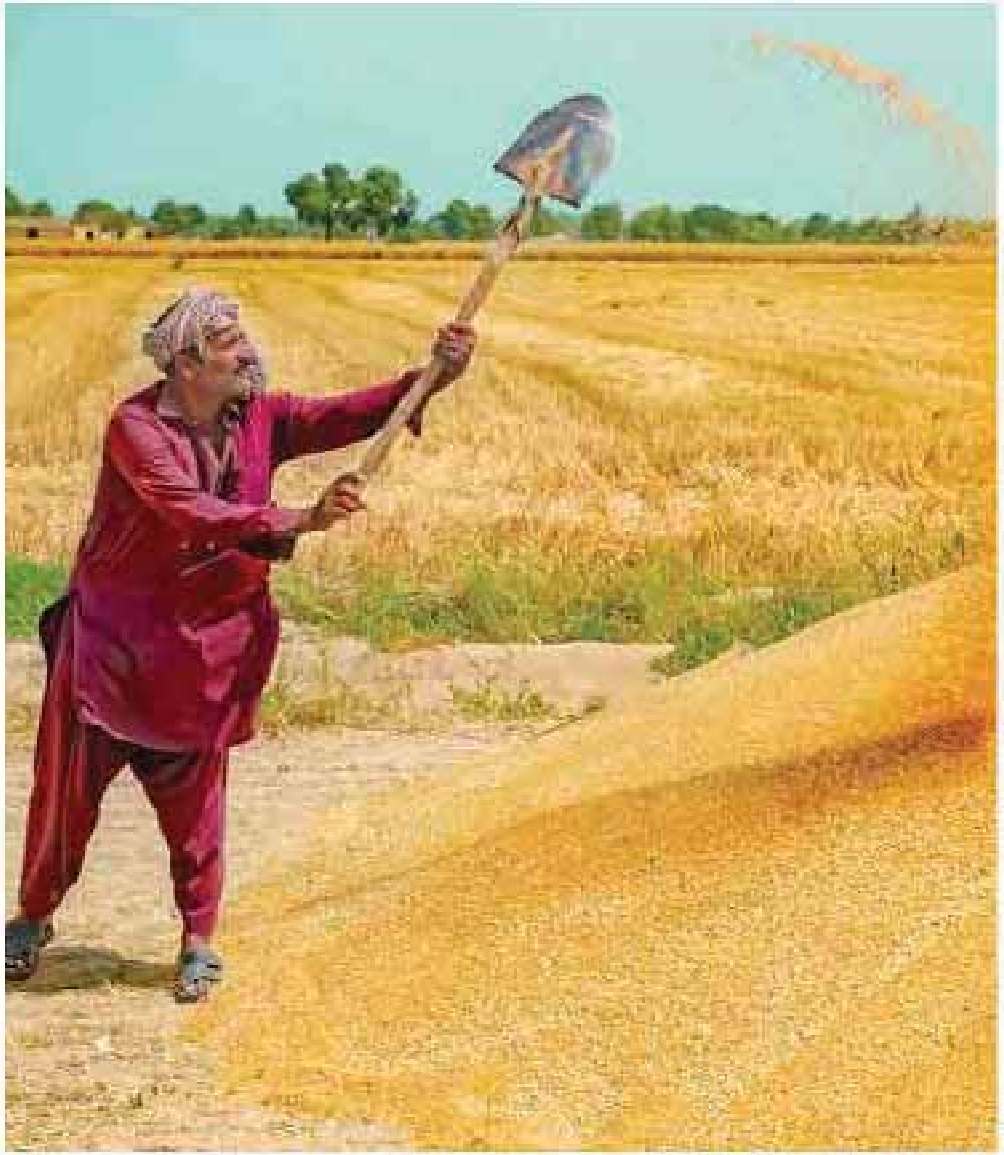
- Theft
- Fraud and Embezzlement
- Misuse of company assets
- Behavioral misconduct
- Conflict of interest
- COVID 19 SOP violation
- HSE violation
- Policy breach
- Abuse of power
- Third party compliance / issues
- Corruption & bribery

Our scope of compliance goes beyond the legal and regulatory requirements. We also take into account the environmental impact that our operations and employees have. Employees are expected to comply with all environmental regulations that are impacted by our business activities, as well as internal policies and procedures. If a policy breach is witnessed, we encourage our employees to Speak Out and register their complaint to Ethics and Compliance department.

Ethics and compliance department also organizes ethics and compliance roadshows to encourage awareness around company's policies and processes. Timely feedback on roadshows is also received at compliance@engro.com to address any gaps in the trainings and adapt to the changing trends.

These measures ensure that our employees are fully aware of all the policies and encourage people to report unethical behavior in a safe and comfortable environment.

internal audit and ethics and compliance



EFERT has an Internal Audit function, manned with suitably qualified and experienced staff. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. Moreover, the Board Audit Committee in coordination with the Board Compensation Committee ensures that the performance review and compensation mechanisms of the Internal Audit personnel are appropriate to maintain their independence from the Company's management.

The Head of Internal Audit functionally reports to the Audit Committee and has indirect reporting to the Head of Corporate Audit of the Parent Company i.e. Engro Corporation Limited. The Head of Internal Audit only reports for administrative matters to the CEO of the Company.

The Board Audit Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit Committee.

The Company ensures appropriate focus on its business ethics policies through an in-house Ethics and Compliance section, within the Internal Audit department that monitors compliance against all ethics related policies, inter alia the following:

- Code of Conduct
- Fraud Risk Management
- Governance of Conflict of Interest
- Statement of Ethics and Business Practices
- Whistleblower Policy – Speak Out
- Governance of Transactions/Contracts with Related Parties

reporting critical concerns

EFERT has a strong internal control system that encourages its employees, customers and suppliers to report any suspected misconduct, fraud and violation of law or ethical standards. There are a number of avenues to do so including the whistleblower complaint system called "Speak-Out", a transparent system that reviews all complaints and guarantees confidentiality and protection from any form of retaliation. Apart from this, EFERT has an internal system of voluntary reporting called "irregularity reporting" that allows employees to voluntary disclose actual or suspected non-compliance through the irregularity reporting system. Employees are encouraged to raise red flags and help strengthen the control environment.

Irregularity reports are shared with management and Board Audit Committee on a quarterly basis. Whistleblower complaints and results of their investigations are also reported to Board Audit Committee every quarter. This entails a process of periodic business practices review involving all Engro companies and employees to identify questionable business practices. All identified issues are reported directly to the Board Audit Committee and the Board of Directors. A total of 22 irregularities were reported in FY 2021 as against 13 irregularities in FY 2020.

Moreover, the Parent Company's Internal Audit (Corporate Audit) is responsible for conducting periodic shareholder audits of all group companies which include review of Company's performance in terms of economic, environmental and social aspects, the appropriateness of its risk management plans in this respect and the ability of the Company to generate long term value creation. The results of such audits are reviewed by the respective Company's Board of Directors and the Parent company's Board of Directors. In case of EFERT, last such audit was successfully concluded in 2019, the results of which were rated satisfactory.

whistleblower policy – "speak out"

The Board of Directors of the Company have established a Whistleblower system which allows employees, suppliers, customers and contractors to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance. The Company also has specific procedures in place to increase awareness of the policy.

In order to further strengthen the Company's Ethics compliance program and promote adherence to sound business conduct, all employees, customers, suppliers and contractors are encouraged to report serious concerns that could have a significant impact on these organizations, such as actions that:

- are unlawful or may damage the reputation of the Corporation or any affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety, Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

As per the requirements of the policy, confidentiality of complainants is maintained to protect them from any form of retaliation or victimization for genuinely raised concerns that are raised in good faith. Further, all concerns reported are investigated confidentially by the Corporate Audit Department (CAD) which are also presented on a quarterly basis to the Board Audit Committee (BAC).

Number of whistleblower cases reported during the year 2021

no. of whistle blower complaints investigated and closed during the year	43
no. of whistle blower complaints in progress	4

Concerns can be raised at "Speak Out" hotline +9221-35296012
email to speakout.fertilizers@engro.com or
written to P.O. Box 3961, Clifton Post Office, Karachi

IT governance & cyber security

IT governance and cyber security is centrally managed by the Holding Company's IT function.

Board responsibility statement

As the Company embarks on its digitalization journey, We recognize the importance of having a well-defined information technology (IT) governance framework which focuses on enterprise governance, IT Leadership, IT strategy implementation, IT framework and IT processes. With this in mind we have formulated the IT governance policy.

IT governance and cyber security policy and programs

The IT governance policy is designed to ensure that IT activities are aligned with business objectives and stakeholder requirements. Programs such as value delivery, risk optimization and resource optimization have been initiated under this policy.

Cyber security risk oversight function

Board of Directors have been delegated to "accountability" role in IS strategy implementation, IS framework and charter formulation/ implementation and IS Project Management. The Board is charged with overseeing the company's cyber security risk. In response to the new challenges, a mandate has been given to information security for evaluating new technologies to combat against cyber threats.

With respect to oversight, Board members are routinely apprised on cyber security and cyber threats through the company's Enterprise Risk Management (ERM) register on a bi-annual basis. These risks and their mitigating actions are overseen on a monthly basis by the IT Steering Committee.

early warning system

We have built on enhanced security control systems globally ranked in Gartner's ranking, the technologies are listed below:

1. Identification & access – commercial grade vulnerability assessment & penetration testing solution has been acquired for risk mitigation.
2. performing network devices configuration review using licensed tool to get the visibility related to weaknesses as per the best practices and standards suggested by the tool to mitigate cyber risk.
3. timely disclosure and prevention – EDR (Endpoint Detection & Response) and SIEM currently is in place for active threat monitoring & prevention.
4. timely disclosures - disclose any issue which was identified on timely manner by issuing threat advisory to Engro Corporation.

independent comprehensive security assessment

Management routinely engages third party experts to perform independent comprehensive security assessments of IT environment. The security assessment includes testing of exposed assets, applications, network devices, databases and so on. During the year a third party cyber security review was also conducted; the improvement areas were identified and addressed.

disaster recovery plan and IT personnel training

The company has a documented disaster recovery plan entailing the relevant recovery strategies. The plan is executed in December each year. Apart from disaster mitigation this also helps in training IT (recovery) personnel. No major weaknesses were noted in the last disaster recovery exercise during the year.

digital transformation

In addition to the journey to implement OneSap, EFERT is exploring cloud management solutions, extensively employed the use of Business Intelligence (BI) tools to create interactive real time reports including Zone profitability, Tax and Fixed Cost dashboards for enhancing visibility allowing better decision making. Robotic process automation (RPA) technology has also been employed to save employees time from clerical work and improving work-life balance.

Enterprise Risk Management (ERM)

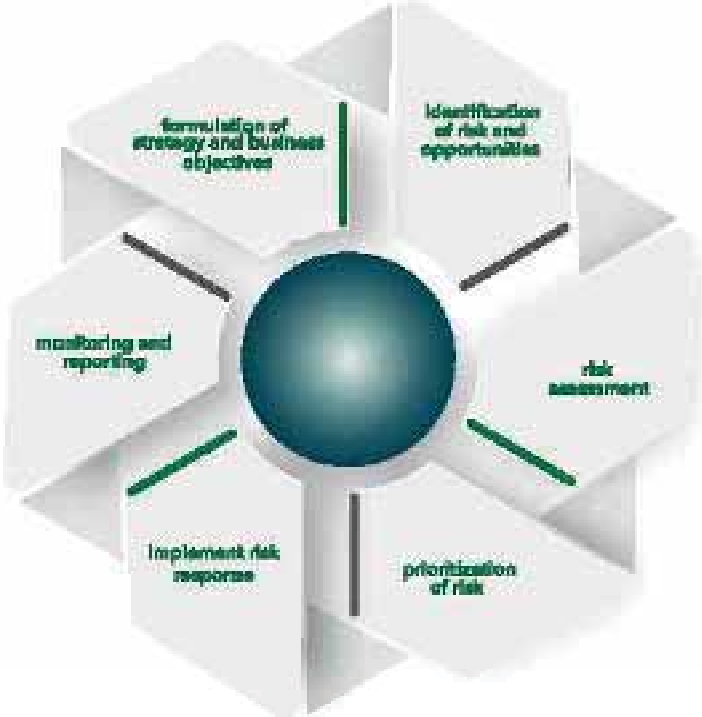
In ensuring long term shareholder wealth creation, EFERT is cognizant of the importance of identifying, monitoring and timely addressing the risks and capitalizing on the opportunities arising out of the macro & micro economic environment. The Company, therefore, performs a comprehensive analysis of internal, external and industry-specific risks and opportunities in order to develop effective strategies.

The Company identifies risk as situations or actions with the potential to threaten its ability to deliver on strategic priorities and, ultimately, to create shareholder value.

risk governance, management policy and oversight

The overall responsibility for establishing and monitoring of an enterprise-wide risk management system lies with the Board of Directors. The Board ensures that the Company has a robust process in place for assessment of principal risks facing the company including those that would threaten the business model, future performance, solvency or liquidity.

This is done through a meticulously created risk management framework approved by EFERT's Board which describes the risk management identification and management process and provides enterprise-wide risk management guidelines that cover key risk areas including strategic, commercial, reputational, operational, financial, political, and other risks. Exposure to these risks is managed through the Enterprise Risk Management (ERM) process. The purpose of ERM is to identify potential risks and to define the strategy for managing the impact of these risks, as well as the mechanisms to effectively monitor and evaluate identified strategies. It is the policy of the Company to view ERM as integral to the creation, protection and enhancement of shareholders value by managing the uncertainties that could influence the achievement of corporate goals and objectives.



enterprise risk management process

EFERT has implemented an Enterprise Risk Management (ERM) methodology which provides a structured, disciplined and consistent approach to risk management that facilitates risk-informed decision making throughout the organization. EFERT uses a well-defined process to assess its risks, opportunities and material issues.

material issues

Risk is considered to be integral part of the Organization's culture and therefore all new investment decisions and business planning processes give appropriate consideration to risk management. Apart from these, the Board of directors ensure that appropriate focus is given to risk management. The top 10 risks along with the risk register are presented to the Board Audit Committee for its review on semi annual basis.

formulation of strategy and business objectives

At EFERT, the focus of ERM is to ensure achievement of the organization short term objectives and long term sustainable value creation. Defining the Organization's strategy and objectives is prerequisite to identifying risks and opportunities. During this step, the management defines strategy and objectives for different areas of the organization. Refer to performance review section for details on strategies and resource allocation plans.

identification of risks and opportunities

The purpose of this step is to identify a comprehensive list of risks and events that may potentially impact the achievement of organization's overall mission, its strategic objectives and its long-term sustainability and growth. In order to identify enterprise-level risks to be managed, a structured and systematic "Enterprise Risk Register" is used.

Identifying associated opportunities is also integral to this process where considering our business model and external environment an assessment is made as to how EFERT can leverage opportunities to ultimately create value.

Broad types of risk which are used for categorization of risk and opportunities are as follows:

• strategic risk

Strategic risks are mostly external, associated with operating in a particular industry and are beyond Company's control and are also created by the Company's strategic objectives and business strategy decisions that could affect its long-term positioning and performance. The Board of Directors actively oversees the management of these risks and devises mitigating strategies wherever required.

• commercial risk

These risks emanate from the commercial substance of an organization. Decline in the Company's market share owing to domestic supply, product price regulation by Government or a new constitutional amendment posing threat to the Company's profitability and commercial viability are a few examples of these risks.

• operational risk

These are risks associated with internal factors, administrative and operational procedures, like employee turnover, supply chain disruption, IT system shutdowns or control failures.

• financial risk

The Company's activities and external environment 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 Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. Risk management is carried out by the Company's Finance and Planning department under policies approved by the Management Committee.

i. market risk – (currency risk & interest rate risk)

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import payments, foreign currency loan liabilities and related interest payments. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Company to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Company ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

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 Company's interest rate risk arises from long-term borrowings and short-term investments. Borrowings are benchmarked to variable rates which expose the Company to cash flow interest rate risk. The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

ii. 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 Company maintains an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and AM3 respectively. The Company is exposed to a 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 the majority of trade debts against bank guarantees and inland letter of credit. The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.

iii. liquidity risk

Liquidity risk represents the risk that the Company 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 Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

risk assessment

The process involves consideration of the causes and sources of risk, the probability that the risk event will occur, their positive or negative consequences and magnitude, and the likelihood that those consequences may occur. The Board has approved formal criterion for assessment of the "likelihood" and "impact" which is used by the management for risk assessment. Each risk is assigned a rating and recorded in the Risk Register. Risk assessment provides the basis for evaluation and decisions regarding risk response or treatment.

prioritization of risk

The purpose of this step is to develop a prioritized list of enterprise-level risks for response options. Ranking and prioritizing the enterprise-level risks enable the management to respond better to the risks in a structured and planned manner. In order to develop ranking, the risks are ranked according to impact multiplied with Likelihood rating.

implements risk responses

The purpose of this step is to select a combination of risk response options that will optimize the Engro's resources in managing its portfolio of risks. The process involves identifying and assessing the range of risk response options and preparing implementation plans for selected response options.

monitoring and reporting

The ERM Risk Register is reviewed on periodic basis to ensure updation for changes in external and internal environment. The ERM Risk Register and mitigation strategies are also presented to the Management Committee and the Board Audit Committee on bi-annual basis in the form of Risk Heat Maps.

plans and strategies for mitigating these risks and potential opportunities

The Board Audit Committee, a sub-committee of the Board, has been entrusted to perform oversight of the ERM. In addition, the Board Compensation Committee focuses on risks relating to Human Capital including assessment of compensation programs and succession planning.

Further, various management committees have been constituted which perform regular oversight of performance of the Company with respect to Organization & Employee Development, Health Safety & Environment, execution of Planned Capital Projects, Business Continuity Planning and Business Process Reengineering. The roles of those management committees have been outlined in the corporate governance section of our annual report.

Additionally, the Internal Audit function provides independent and objective evaluations while reporting directly to the Board Audit Committee on the effectiveness of governance, risk management and control processes.

key sources of uncertainty

International Financial Reporting Standards require judgments, estimates and assumptions while preparing the financial statements which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and relevant assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

Details of significant accounting estimates and judgments including those related to retirement benefits, estimation of useful life of property, plant and equipment and intangible assets and recoverable amount of goodwill have been disclosed in Note 3 to both separate and consolidated financial statements of the Company.

key risks, related opportunities and mitigation strategies

An in-depth and critical analysis of the principal risks / threats faced by the Company business has been carried out by management of the Company, who have been delegated this responsibility by the Board Audit Committee.

Following are the major risks and opportunities affecting availability, quality and affordability of capitals in the short, medium and long term, which may affect our business operations along with the management assessment of their source, likelihood, impact and the mitigating strategies implemented by the Company for these risks:

Risk description	Risk type	Risk term	Capital impacted	Source	Likelihood	Impact	Mitigation plan	Opportunity
Depletion of allocated gas field and reduced supply pressure due to faster draw downs affecting production of Urea and ability of the plant to operate efficiently Associated objective: Providing agri inputs at optimal prices	Strategic / Operational	Medium - Long	Manufactured Capital / Natural Capital Financial Capital	External regulatory environment and natural gas availability/ domestic consumption	Medium	High	Actively evaluating alternate sources of gas/energy Negotiations with gas suppliers to ensure gas availability Continue to invest in additional plant efficiency improvements including compression facilities.	Invest to improve energy index of both plants; Identify alternate sources of gas / energy and invest in other businesses
Continuous changes in government policies and regulations affecting competitiveness Associated objective: Providing agri-inputs at optimal prices	Strategic	Short to Medium	Financial Capital Relationship Capital	External regulatory environment	Medium	High	The Company is actively monitoring changes occurring in regulatory framework and engages with Government and other stakeholders to explain business dynamics and issues impacting the industry to enable sustainable and progressive policy making.	Improving agricultural productivity of Pakistan resulting in market growth

Risk Description	Risk Type	Risk Term	Capital impacted	Source	Likelihood	Impact	Mitigation plan	Opportunity
Base plant economics becoming unviable due to allocation of high cost gases Associated objective: Providing agri-inputs at optimal prices / achieve operational excellence	Strategic / Operational	Medium	Financial Capital Manufacturing Capital	External regulatory environment	Medium	High	Continue to engage the government to provide a level playing field to all players in the Fertilizer industry by allocating gas in line with the Fertilizer Policy as charging higher prices increases the manufacturing cost	To engage with the Government to highlight gas pricing challenge and to create level playing field for the manufacturers producing Urea from indigenous low BTU gas
Decline in international Urea prices allowing for imports leading to decline in Company's market share Associated objective: Leverage brand name to increase top-line	Commercial	Short - Medium	Financial Capital Manufactured Capital	External	Low	Medium	Continue to focus towards cost optimization Engagement with ministries / government based on the rationale that landed price/bag is significantly higher than the domestic fertilizer price/bag Continue to actively monitor international fertilizer prices, trends and industry demand / supply dynamics.	Increase domestic market share by identifying export opportunities
Adverse movement in foreign exchange / interest rates impacting profitability of the Company Associated objective: Achieving operational efficiency	Financial	Short	Financial Capital	External	Medium	Low	Treasury function actively monitors movements in market rates and open positions Any cost increase due to the changes in market rates is to be passed on to the end consumer	FX / Interest rates formal and informal hedging arrangements

Risk Description	Risk Type	Risk Term	Capital impacted	Source	Likelihood	Impact	Mitigation plan	Opportunity
Oversupply in local Urea market leading to price competition and decline in market share. Associated objective: Achieving operational efficiency / Facilitate the local farmers by providing inputs at cheaper prices.	Commercial	Short to Medium	Financial Capital / Relationship Capital	External	Medium	Medium	The Company continually invests in R&D and has the widest product range among other fertilizer manufacturers. The Company enjoys a strong brand and loyal customer base and holds [illegible] market share of local Urea sales. Continue to invest in brand development and long-term customer relationships.	Export Urea to earn valuable forex for the country
Non-availability of cash to allow for investment in working capital, some liabilities or finance capital investments. Significant liquidity strain on the Company arising from an adverse conclusion of the ongoing legal disputes on GIDC on non-concessionary gas consumption. Associated objective: Achieving operational efficiency / providing agri-inputs at optimal prices.	Financial	Short to Medium	Financial Capital	Internal	Low	Medium	The Company's Treasury function ensures adequate funds are kept available for any unforeseen situation. Adequate working capital lines are available which can be utilized. Legal position on GIDC managed through engagements with external counsel.	Efficient management of working capital
Downturn in domestic demand for Urea sales. Associated objective: Achieving operational efficiency / Facilitate the local farmers by providing inputs at cheaper prices.	Commercial	Short to Medium	Financial Capital Manufactured Capital	External	Low	Medium	The Company actively monitors the factors affecting demand for Urea and optimizes its production and marketing strategies. The Company will continue to invest in brand development, market development and long-term customer relationships. Subject to regulatory approvals, the Company also has the option to export surplus quantity.	Export Urea to earn valuable forex for the country. Diversify into other products / markets.
Higher reliance of farmers on Urea and resistance for 'P' and 'K' variants. Associated objective: Achieving operational efficiency / providing agri-inputs at optimal prices.	Commercial	Medium to long	Relationship Capital	Internal	Low	High	Increase farmer awareness on the benefits of balanced fertilizer usage through engagements, product trials, pilots. The Company plans on working with the Government to introduce subsidy plans to encourage farmer to invest in 'P', 'K' and other value-added variants.	Balanced fertilizer use and improved crop productivity

Risk Description	Risk Type	Risk Term	Capital Impacted	Source	Likelihood	Impact	Mitigation plan	Opportunity
Plant shutdown / outage due to equipment failure leading to production loss. Associated objective: Optimization manufacturing excellence/ facilitate the local farmers by providing inputs at cheaper prices	Operational	Medium	Financial Capital Manufacturing Capital	Internal	Medium	Low	Preventive maintenance plan in place with specific measures for monitoring and maintenance of Plant vulnerabilities. CAPEX to enhance reliability of the plants. Inventory of Critical Plant components maintained to ensure timely replacement in case of failure. Business interruption insurance coverage. Replacement parts of critical machinery procured.	Increase plant reliability to international benchmarks. Continue stewardship of all high reliability items that have been identified through dedicated Reliability Forum chaired by senior management.
Attrition of critical personnel hindering the operations. Associated objective: Optimization manufacturing excellence/ Achieving operational efficiency	Operational	Short to Medium	Human Capital	Internal	Low	Medium	The Company has formal succession planning process which is overseen by the Management Committee and the Board. Formal training and development plan in place for each critical position. Human Resource policies developed with focus on employee retention and engagement. Employee Engagement surveys conducted annually by independent consultants to assess employee engagement level.	Motivated, zealous, and lean efficient team that personifies the company's values, ensuring continued excellence over the years.
Interruptions to critical business operations due to disruptions or disasters such as fire, floods, earthquakes, explosions, terrorism, tornadoes, extended power interruptions, hazardous chemical spills, and other natural or man-made disasters. Associated objective: Achieving operational efficiency	Operational	Medium to Long	Intellectual Capital Manufactured Capital	Internal / External	Low	Medium	Formal program in place for Business Continuity and Disaster Recovery. Business interruption insurance coverage obtained. State of the art IT infrastructure in place. Regular system updates, IT audits, vulnerability awareness campaigns, and trainings are conducted to monitor and minimize the risk.	Business continuity and uninterrupted operations.
Discrepancies in income tax and sales tax laws linked with Customers' tax registration that could not be passed through as price increase, negatively impacting Company's bottom line and Shareholder value. Associated objective: Providing agri-inputs at optimal prices.	Financial	Short to Medium	Financial Capital	External	Low	Medium	Continue engagement with Government for exemption of retrospective period. Continue to collaborate with dealers and the Government for resolution of tax anomalies, and encouraging more dealers to register in sales tax.	Availability of agri-inputs at optimal prices.

03
performance review

Directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited (Engro Fertilizers / the Company), we are pleased to submit the Directors' Report and the audited consolidated and standalone financial statements of the Company for the year ended December 31, 2021.

safety

At Engro Fertilizers, safety always comes first. With improved focus and rigorous, Alhamdulillah, we are proud to share that during the year the company recorded zero TRIR at our manufacturing facilities despite mega turnaround and outages.

business continuity strategy during covid 19

The Company remained committed to strict adherence of COVID 19 SOPs whilst ensuring uninterrupted operations throughout the year. We have also been actively pursuing vaccination for all our employees, that stood at approximately **98.8%** by the end of the year.

market review

On the international pricing front, urea prices increased by 208% during the year and stood at USD 957/T (landed equivalent PKR 10,891/bag) in December 2021, compared to USD 280/T (landed equivalent PKR 2,945/bag) in December 2020. DAP prices witnessed a similar trend where prices soared to USD 915/T by the end of the year from USD 373/T last year.

In the midst of international commodity price escalations, the local fertilizer industry has ensured that farmers continue to benefit from lower domestic urea prices. MRP of urea stood at PKR 1,768/bag at year end, a record discount of 84% to international prices. This dollar constitutes a contribution of almost PKR 524Bn per annum towards farmer income in Pakistan. Furthermore, the presence of a domestic urea manufacturing industry enabled import substitution to the tune of USD 3.5Bn.

Local urea demand stood at 6,303 KT vs 6,040 KT in 2020, which translates into a growth of 4% from last year. The increase in market demand can be attributed to improved farm economics during the current year with domestically produced urea providing nitrogen at a significant discount to other imported fertilizers.

The Company's urea production during the period stood at 2,105 KT compared to last year's record production of 2,204 KT. The reduction is mainly attributable to turn arounds at both our plants during the year. However, the efficiency of both these plants has increased post turn arounds which will enable the company to deliver even better performance in the coming years.

On the Phosphates front, the industry demand stood at 1,806 KT in 2021 compared to 2,204 KT in 2020. This translates into a demand contraction of 18% for the industry driven by the steep increase in DAP prices that grew in line with international prices. Positive farm economics supported minimal demand destruction despite an unprecedented increase in prices.

other key developments

On October 26, 2016 the Sindh High Court (SHC) issued a judgement striking down the GIDC Act, 2015 as unconstitutional. On March 11, 2020, the Federation of Pakistan filed an appeal in Sindh High Court (SHC) against EFERT (and other companies) challenging the decree and judgment issued by the SHC on October 26, 2016. The appeal was filed along with an application through which the Federation prayed that the delay with regards to filing the appeal is condoned. During the 2nd quarter, EFERT filed a Counter Affidavit (CA) in the Sindh High Court (SHC), seeking to get the application for condonation of delay as well as the appeal itself by the Federation to be dismissed. CA is based on the grounds that the appeal has been filed after almost three years of the decree and the judgment and therefore, the same is time-barred and the Federation cannot be treated differently from an ordinary litigant. The case has been adjourned and no next date has been fixed yet.

There has been no progress on the lawsuits filed with respect to GIDC on concessionary gas, non-concessionary gas, and modification request to correct installment period to 60 months.

On the matter of end of concessionary gas period, the Company has obtained a stay order from the High Court of Sindh ("SHC"). The SHC has ordered that till the decision of the competent authority i.e., ECC, status quo should be maintained with regard to discontinuation of gas supply and price of gas. Concurrently, the Company is in discussion with the Federal Government and Sui Northern Gas Pipeline Limited ("SNGPL") to extend the concessionary gas period for the number of days for which "Minimum Contract Quantity" i.e. committed volume of gas under the GSPA was not supplied. Without prejudice to our rights, following the principles of prudence, the Company has not been accruing the benefit of our rightful concessionary gas pricing since July'21 as the matter remains sub judice.

Apart from this, on August 24, 2021, the government passed the Price Control and Prevention of Profiteering and Hoarding Order, 2021. Previously, pursuant to the Price Control and Prevention of Profiteering and Hoarding Act, 1977, the Federal Government through the office of the Controller General may regulate and control prices of certain essential commodities. These include, inter alia, edibles, toiletries, fertilizers, pesticides, and raw material for manufacturing. However as per recent Order of 2021, authorized officers are now allowed to suo moto fix the price of essential commodities. Vide this regulatory development, the Government has been allowed direct intervention in pricing of fertilizers and pesticides. This regulatory development represents a significant risk to the fertilizer industry and national food security.

In our efforts to support the government in improving the documentation of economy in the fertilizer downstream value chain, focused efforts were undertaken that have resulted in bringing majority of our dealers within the sales tax net.

segment analysis

urea

The Company's urea production stood at 2,105 KT vs 2,264 KT in 2020, 7% lower mainly because of turnarounds and outages at both plants. During the year, the Company achieved a historic milestone of highest ever domestic urea sales of 2,255 KT as compared to 2,057 KT in 2020, exhibiting an increase of 10%. As a result, our market share improved to **36%** for the year as compared to 31% in 2020.

phosphates (dap/zorawar/np)

The Phosphates business managed volumetric sales of 300 KT compared to last year's sales of 465 KT, in a declining market, the company's market share was 17% as compared to 18% last year.

specialty fertilizer business (sfb)

The SFB division's sales for the year stood at 281 KT (Zarkhez/MOP/SOP/AS), compared to 201 KT (Zarkhez/MOP/SOP/AS) last year, registering a growth of 40%.

The Potash market increased to 94 KT in 2021 from 58 KT in 2020, mainly due to favorable farm economics & crop yields. EFERT's market share was 53% in 2021 compared to 60% in 2020.

crop sciences division (csd)

The Company has continued to make inroads in the Seeds and Pesticides business as the revenue grew from PKR 1.4Bn in 2020 to PKR 2.3 Bn during current year. The growth has been aided by the strategic partnerships built with multinational brands to introduce new high yield products for our customers.

e-logistics

The Company's logistic business continues to maintain its focus on expanding operations, improving the safety standards and bringing operational efficiencies. During the current year, our fleet of 154 trucks transported ~867KT of goods.

financial review

During the year, the Company managed to deliver sales revenue of **PKR 132.4 Bn showing an increase of 25%**, compared to sales revenue of PKR 105.8 Bn in 2020. This improvement can mainly be attributed to higher urea offtakes and increase in DAP prices.
The Company posted a gross profit of PKR 44.1 Bn for the year which translates into a gross margin of 33%, compared to 32% in 2020.
Further, pursuant to the guidance on accounting of GIDC by ICAP vide its Circular no. 1/2021 issued on January 19, 2021, the Company was required to re-calculate its GIDC provision at its present value giving due consideration to the latest available information and the expected timing of the settlement as per the current legal scenario and has recognized a loss on GIDC provision of PKR 0.7Bn vs a gain of PKR 2.1 Bn in 2020. Based on International Financial Reporting Standards (IFRS) requirements the Company has also recognized accounting loss of PKR 0.6 Bn in 2021 vs an accounting loss of PKR 1.2 Bn in 2020 on its subsidy receivable from the Government of Pakistan.

During the year, the Company also engaged an external expert to carry out an assessment of useful lives and scrap values of certain items of plant and machinery. Based on their assessment, the useful lives of these assets and their scrap values have been increased and this has resulted in a decrease in depreciation charge for the year by PKR 2,520 Mn. Similar reduced depreciation charge shall incur in the future years as well as a result of this assessment. Financial charges of the Company decreased by 33% to reach PKR 1.6 Bn from PKR 2.2 Bn in 2020, mainly due to better working capital management. The company's tax expense for 2021 stood at PKR 8.8 Bn compared to PKR 3.2 Bn in 2020.

On a consolidated basis the Company posted a record profit after tax of PKR 21.1 Bn showing a growth of 16% compared to profit after tax of PKR 18.1 Bn in 2020. As a result, consolidated earnings per share increased to PKR 15.80/share compared to PKR 13.56/share in 2020. On a standalone basis the Company's profit after tax stood at PKR 21.1 Bn, compared to PKR 16.8 Bn in 2020, registering an increase of 25%.

profit appropriation and reserve transfer

At the start of the year, the total reserves of the Company stood at PKR 33.4 Bn out of which the Board announced a dividend of PKR 5.3 Bn. During the year, the company made a net profit of PKR 21.1 Bn, taking total reserves to PKR 49.1 Bn. In 2021, the Company has announced three interim dividends of PKR 11.5/share in total. The total reserves as at end of 2021 stood at PKR 33.7 Bn, and the detailed reconciliation is given in the Dividend and Appropriations table below:

Dividends and Appropriation	PKR in Millions
Opening reserves	33,378
Final dividend 2020: PKR 4.0 per share	(5,341)
Net profit 2021	21,204
Other comprehensive income	258
Available for appropriation	**49,491**
Appropriations	
- 1st Interim 2021: PKR 4.0 per share	(5,341)
- 2nd Interim 2021: PKR 4.0 per share	(5,341)
- 3rd Interim 2021: PKR 3.5 per share	(4,673)
Closing Reserves	**33,734**

dividends and subsequent events

The Board is pleased to propose a final dividend of **PKR 05/share**, in addition to interim dividends of PKR 11.5/share that have already been paid-out, for the approval of shareholders in the Annual General Meeting to be held on **March 22, 2022**.

There were no other material changes affecting the financial position of the Company till the date of issue of this report.

capital structure and long-term debt management

In 2021, the Company continued to concentrate its efforts on reducing the costs of financing through better capital management as well as exploiting low cost financing options. Long term borrowings at year end 2021 stood at PKR 17.2 Bn compared to PKR 23.6 Bn in 2020. All debt repayments maturing this year were paid by their due dates and there have been no defaults in repayment of any debt during the year. Total equity as of December 31, 2021, stood at PKR 47.1 Bn, compared to PKR 46.7 Bn in 2020. During the year, PACRA maintained Engro Fertilizers' long term credit rating of AA and short term credit rating of A1+.

auditors' report on the financial statements

Our Auditors have reviewed our business processes, strategic financial actions and expenditure incurred during the year and we are pleased to share that they have issued an unqualified opinion on the Company's Standalone and Consolidated Financial Statements for the year ended December 31, 2021.

future prospects and market outlook

Global urea prices touched multi-year high in 2021 due to supply chain bottlenecks, Europe energy crises and China's fertilizer export restriction. In 2022, some demand destruction is expected in key markets like Europe and Americas due to high prices of nitrogen relative to crop prices which can soften urea prices in the global markets going forward.

The agricultural sector in Pakistan is expected to maintain its growth trajectory owing to continued government support, improved farm economics and availability of urea at significantly discounted prices compared to global levels.

On the local front, urea market demand is expected to maintain its growth trajectory to reach ~6.5 MT in 2022 as compared to ~6.3 MT in 2021. DAP demand is expected to remain stable supported by better farm economics.

awards and recognition

During the year, the Company received a myriad of awards and accolades in recognition of various aspects of its operations. Below is a list of major awards received by the Company in 2021.

HSE Awards:

- The Royal Society for the Prevention of Accidents (RoSPA) awarded Daharki plant with Gold Standard - Health & Safety Best Performance Award and Zarkhez Plant with Silver Standard - Health & Safety Best Performance Award
- RoSPA also awarded Engro Fertilizers with "Fleet Safety Gold Award 2021"
- Our Daharki facility won three prestigious awards from the British Safety Council
  - International Safety Award 2021
  - Global Best in Manufacturing Sector
  - Best in Country
- Our Daharki facility was also recognized with International Fertilizer Association's (IFA) Industry Stewardship Champion Award 2021
- NFEH & Fire Protection Association of Pakistan awarded Daharki site with Fire Safety & Environmental Management Excellence Award

HR Awards:

- Engro Fertilizers won the Gender Diversity Award at Workplace Award - Corporate Institutions at CFA Society Pakistan Annual Excellence Awards
- Engro Fertilizers secured the first runner up position in the category of "Leadership Commitment" at the prestigious UN Women 2021 Asia Pacific WEPs Awards. The UN platform recognized Engro Fertilizers for its extraordinary efforts in advancing gender equality and economic empowerment of women in Pakistan
- Won 10 awards at the Global Diversity, Equity & Inclusion Benchmark Awards in 2021. The awards are created by the Centre for Global Inclusion, the USA, to implement a diversity framework, and introduced by HR Metrics in Pakistan. The awards were received in the following categories:
  - Most Inclusive Organization of Pakistan
  - Vision, Strategy and Business Impact (Best Practice)
  - Leadership and Accountability (Progressive)
  - DEI Structure and Implementation (Best Practice)
  - Recruitment (Best Practice)
  - Work Life Integration, Flexibility, Benefits (Best Practice)
  - Job Design, Classification, Compensation (Progressive)
  - DEI Communications (Best Practice)
  - Sustainability (Best Practice)
  - Learning & Development (Best Practice)

CSR awards:

- Won 4 awards at National Forum for Environment and Health's (NFEH) 13th International Annual CSR Summit & Awards 2021 for:
  - Employee Engagement
  - Livelihood
  - COVID-19 Crisis Management
  - Green Energy Initiative
- Won 3 Awards at The Professional Network's (TPN) 10th Annual International CSR Summit Awards for:
  - CSR Events
  - Community Impact
  - Employee Volunteer
- Global Corporate CSR award 2021 by Australian Multicultural Charity
- NFEH's Annual Environment Excellence Awards in the category of Best Environment performance

finance awards:

- Won the 3rd Position in Chemical and Fertilizer Category at ICAP & ICMAP Best Corporate and Sustainability Report Awards 2020
- For the 2nd consecutive year, won the Corporate Excellence Award in the Industrial Category Overall at Management Association of Pakistan (MAP) Annual Corporate Excellence Awards
- Engro Fertilizers won 3 Pakistan Digital Awards:
  - Most Innovative Fintech Data Solution Provider
  - Best Banking Tech of the Year
  - Best Payment Technology

improving customer service

With customer centricity and leveraging technology being the key drivers, the Company has launched a mobile and web enabled application, Engro Humsafar - an industry first. This is a B2B digital platform for fertilizer dealers, that allows them to transact with Engro Fertilizers round the clock.

EFERT was the first to identify that the next step in transformation would be from simplification of the order to cash cycle. We simplified the order placement part by developing the Humsafar application while for the ease of payments we introduced online payment channels in our app as well. This required digitizing a series of manual processes and collaborating with banks and partners to produce an online ecosystem of innovative payment solutions that provides dealers a differentiated customer experience to place orders as well as make online payments from anywhere, anytime at a click of a button through a secured payment gateway.

In September 2020 the Engro Humsafar app was launched nationwide. Dealers were informed and trained through internal channels of communication that led to an overwhelming adoption. In this pursuit, we have since been able to book sales of over PKR 100 Bn in 2021 through Humsafar.

health, safety & environment

The safety of our employees has always been the foremost priority of the company. We have deployed world-class HSE programs at our offices and facilities, and employees are continually reinforced our commitment to HSE through in-depth training sessions.

our HSE performance

We ensure that all our employees & contract workforce involved in plant operations at our facilities are provided with the highest level of HSE training, PPEs, and equipment. With a strong emphasis on specific safety hazards, emergency operations, and safe work practices, we achieved the following HSE stats during the year:

Our HSE Performance	2021
Total Recordable Injury Rate (TRIR)	0.026
Safe Man-Hours without Lost Workday Injury (Million Man Hrs.)	46
Lost Workday Injury (LWI)	0
Recordable Injuries (RWC / MTC)	3

It is pertinent to mention that our manufacturing facilities had a TRIR of zero despite turnarounds and outages at both our plants. The injuries recorded during the year as highlighted above only pertain to our recently formed Engro Businesses where we continue to improve safety measures and practices.

2021 assessments, audits & certifications

In 2021, manufacturing Daharki site was audited by 3rd party experts to gauge effectiveness of our HSE management systems and practices. Details of which are as follows:

- DuPont Risk-based assessment: EFERT Daharki manufacturing site's Process Safety Management (PSM) system and Environmental Management System (EMS) were assessed by DuPont experts on Risk-based methodology. Based on this revised philosophy, key process safety & environment management systems were assessed. Action plans are now being developed against identified areas of improvement.
- IMS (ISO-14001, 9001 & 45001) re-certification was sustained in 3rd party audit without any major non-compliance. The auditors were very appreciative of site performance.
- Engro Fertilizers DHK maintained IFA Protect and Sustain Certification in a 3rd party assessment reflecting strong controls around product stewardship & HSE management systems.

cultivating "HSE-First" mindset

In 2021, following HSE campaigns were designed throughout the year at our Daharki manufacturing site with a prime focus to bring improvements in workplace safety aspects:

- Job Cycle Check - focused on aligning high frequency hazardous activities & SOPs by making flow charts more user friendly
- Effective Supervision - focused on training 1st line supervisors on effective supervision techniques and ensuring Safety perspective while job planning & supervising
- ZERO Injury Drive - aimed with a target to keep the team focused by ensuring compliance to safety requirements of daily routine activities

The focus of these campaigns was to put collective efforts to improve behavioral & inherent safety at the site. This way we improved operational discipline by empowering people to lead various HSE initiatives. With these programs, we strive to change the mindsets and behaviors of our employees, on operational as well as professional front.

process safety improvement

In 2021, various process safety studies were initiated focusing on aligning our systems with industrial best practices. Following are details of our process safety efforts:

- DuPont risk based philosophy being implemented for the first time at DHK site where key threats were evaluated utilizing DuPont's revised approach.
- "Escape Evacuation & Rescue Analysis" study carried out at the site to assess suitability and sufficiency of all access and egress points, from the plant, during any toxic release emergencies. Plan for compliance is being developed.
- Buildings fire risk assessment carried out at site against NFPA codes and standards.
- Benchmarking of hazard area classification against API & IEC standards, to improve site practices for installation & maintenance of electrical equipment installed in hazardous areas.
  Fire & gas detection study initiated for Plant-1 operating areas.

promoting health & well-being

The Occupational Health Program at the Company includes aspects of industrial hygiene and occupational medicine. Below are the various health awareness initiatives launched by the Company to inculcate Health & Hygiene related practices amongst our employees:

- Health Risk Assessment Workshop
- Effective utilization of Personnel protective equipment's
- Hazardous Waste Management
- Ergonomics Evaluation and Health Risk Assessment
- Asbestos handling advanced level training & practices review

environmental standards

Focused and dedicated efforts were carried out to elevate environmental performance at our Daharki facility in 2021. Key highlights are as follows:

- Environmental Management Plan developed for Enven-5 & its expansion projects with subsequent approval from SEPA
- Sustainability framework developed under the umbrella of ALP Green Project
- First time ever monitoring and estimation of NOx footprints initiated.
- Plantation of 10,000 TREES as part of Million Tree Project & [illegible] drive
- Environmental aspect & impact evaluations in line with DuPont and world best practices.

engro muhafiz

Engro Muhafiz is a first of its kind stakeholder engagement HSE program in Pakistan that is in line with the Company's HSE policy to protect & train all communities involved & linked with our operations. The program is designed to train farmers and dealers on safe and environment friendly practices related to their routine operations, based on a comprehensive risk profiling. It also includes carrying out HSE audits of their workplaces and subsequently nudging them to improve their infrastructure and practices through competition and token awards.

In 2021, the Company achieved the following under the program:

- 500 dealers and 100 farmers engaged in improving safety standards at their farms/warehouses/ dealer shops by displaying safety posters and essential safety equipment - Fire extinguishers, Farm PPEs, First Aid boxes.
- 50 HSE training sessions conducted for farmers on safe farm practices.
- 40 HSE training sessions held at Mandis for dealers and people associated with farming.

corporate social responsibility

Engro Fertilizers Limited believes in doing good while doing well.

The Company aims to go beyond traditional corporate philanthropy and build an inclusive business model in collaboration with Engro Foundation, that will create positive value for both the Company and its communities. As a result, we take ownership of the welfare and development of the communities that we engage with and invest in sustainable initiatives that impact the lives of the people around us by inspiring positive change through social and economic growth of our communities. This commitment is inculcated in all our employees, and we are proud of their direct association with these social initiatives. To achieve our objectives, we have also partnered with government and development agencies, and this has helped us create greater synergy for the communities.

We have also set up the Environment Sustainability & Stakeholders Engagement Steering Committee. The main objective of this committee is to ensure social and economic uplift to of the communities within a 2 miles radius of our plant and to train them in Emergency Response Procedures in line with HSE standard.
Our CSR initiatives can be broadly categorized in the following areas, that have been chosen with the intention of maximizing the impact of our investment in the communities.

- Community investment and infrastructure development
- Education
- Livelihood
- Agri Value chain projects
- Health-care services
- Energy conservation
- Protecting the environment
- Sports promotion and development

community investment and infrastructure development

Community Investment and Infrastructure Development is one the most critical parts of our CSR strategy. Under this ambit, the Company invests in developing infrastructure in surrounding communities to enhance the general standard of living in these areas and to provide income generation and community building opportunities to the residents of these communities.

To date, the Company has invested in several social project with the aim of revamping the landscape in communities surrounding our plant. These projects include educational institutes, health care facilities, provision of basic services like water, improvement of public places and development of drainage system.

An artificial limb facility was established at Daharki where more than 313 beneficiaries were treated in 2021, an increase of 20% vs the temporary facility we set up last year. A dog bite anti-rabies facility has also been initiated at Daharki and a total of 520 patients were treated in last year. These facilities have dedicated health staff and trained professionals in place and are accessible for not only the surrounding villages but also to the larger population in Sindh.

In line with our strategy to support our community in sports activities we distributed cricket kits to all District Ghotki registered clubs and uplift work has also been carried out at Daharki cricket stadium. Other community infrastructure enhancements include installation of solar lights in Jung and Baloch Colony villages and support to government educational facilities in Daharki and Ghotki.

education

The Company strongly believes that Education is one of the most important catalysts for change and as a result education has always been amongst the top priorities of our CSR strategy. We have worked endlessly to provide quality education to the underprivileged communities around our manufacturing facility, while consistently improving quality and learning outcomes at these institutions.

At the end of 2021, the enrollment at our government schools stood at 1,000+ students whereas our Katcha school network continues to operate as per plan with 1,700+ students. Our first Katcha Girls' middle school has also started operations in Chak Chechar with 80 female students. In this year, Engro has opened two new Katcha schools at Kacha area. To ensure continuous improvement and advanced learning for our students, the Company also invests heavily in training the teachers who have been employed at these schools.

During COVID-19 restrictions, students continued their learning through blended learning techniques using Sabaq MUSE software. Furthermore, all adopted and government high schools of Daharki and Ubaro were provided with masks, sanitizers, thermometers, and temperature guns for preventive measures and teachers were trained to ensure all SOP's were being strictly followed.

At SAHARA school, we strive to redefine lives of local community through sustainable development programs. SAHARA Welfare society (Engro employees volunteer society) operating since 1990, has become a beacon in serving local community through multiple initiatives associated with health, education, and vocational trainings. During the year, various infrastructure and portfolio expansion projects were initiated at SAHARA to help the community grow.

In addition to current strength of 515+ students at SAHARA School, HUNAR Program (technical skill enhancement program) was also initiated in 2020 with the aim of empowering local population by enhancing their skills & knowledge so that they can achieve economic independence. Under this program, 90+ students were provided with quality academic support in evening classes program. Sahara teams continued its efforts despite challenges faced during COVID-19. The Company ensured that the students were engaged and can continue their learning journey even during the pandemic, by providing them academic assignments at their doorstep.

livelihood

- Technical Training College (TTC), Daharki: TTC serves as the hub for the skills training initiative launched by the Company. The college offers a 3 year Diploma in Associated Engineering (DAE) in Chemical, Electrical and Mechanical technologies, as well as a short-term vocational training programs for the youth living in the Daharki vicinity.
- Diploma in Associated Engineering (DAE) Program: In 2021, the total DAE strength stood at 329 students. Out of these, 94 students were new inductees, 105 students in class 2nd year and 130 students in 3rd year.

agri-value chain projects

Partnerships and Value Expansion (PAVE) Pakistan was a 2.5-year (2017 – 2020) business inclusive project jointly funded by DFAT (Department of Foreign Affairs and Trade) Australia and Engro Fertilizers, which aimed to develop the seed value chain in Pakistan and make it more inclusive for smallholder farmers by building on their capacities and creating market linkages for them. In 2021, the Company's leadership approved continuation of the PAVE project with our own budget and a broader scope of work. The scope can be divided into three major workstreams:

- Continuation of PAVE and demonstrating its concepts for the donors.
- Replication of PAVE in new geographies and new Value Chains.
- Working on evolving PAVE into a sustainable enterprise and develop a business case for a new Seed Impact Venture.
  In 2021, PAVE continued its partnerships with University of Agriculture, Faisalabad in running 4 ICT enabled community centers in villages with seed enterprises.
  The Company also started two projects with CABI (Centre for Agriculture and Bioscience International) (CABI) as a training partner in collaboration with Strengthening Vegetable value Chain in Pakistan (SVVCP).
- Flagship Initiative in South Punjab to improve Tomato value chain while improving productivity, profitability, empowerment, and livelihood of tomato growing male and female farmers.
- Potato farmers' mobilization, aggregation, and empowerment in Okara in collaboration with multiple stakeholders engaged by CABI. PAVE resources mobilize and train male and female farmers in these areas.

A new project on Chili (Dandicut) value chain improvement was also approved by a global partner (Winrock) and co-funded by USAID in 2021. This project aims to improve and update local chili (Dandicut) value-chain and seed systems in Umerkot & Mirpur Khas, Sindh, within next 2 years (2022-2023).

healthcare services

Our health projects continued to provide essential services to surrounding communities. The Sahara Clinic treated a total of 7,927 patients in 2021, while the singular snake bite treatment facility treated a total of 6,030 patients during 2021.

More than 148 awareness sessions were conducted for Hepatitis Awareness and these sessions were attended by 14,880 participants. A total of 7,012 people were vaccinated, while 787 patients were treated and cured during the year.

During 2021, we have established free of cost limb and dog bite facility with the coordination of NRSP. Both facilities are operational and treated 284 beneficiaries during the year including 05 patients of upper limbs. Apart from this, 533 dog bite patients were treated during the year.

Under the ambit of Engro Volunteer program, Sahara clinic organized free of cost hearing Aid camp in Daharki. In this 05 day camp, free consultation, Audiometry testing, medication and digital hearing Aids were provided to deserving members. Total 506 individuals were screened, and 126 deserving individuals were fitted with hearing Aid devices.

Under the ambit of Engro Fertilizer Daharki Volunteer program, team SHIFAA has arranged a Cirrus health Camp at Daharki city. During full day activity, free health checkup & medicines were carried out along with distribution of medicines and prenatal nutrients.

protecting the environment

- **carbon footprint reduction**

  The Company has developed a carbon footprint reduction plan in accordance with international standards in 2017, which aims to bring the Company's performance in line with globally acceptable levels for a fertilizer complex. Consequently, multiple projects were carried out to optimize our processes to protect the environment.

  In 2020, we initiated the carbon dioxide network integration project between our urea plants which will reduce direct CO2 venting at site. In 2021, in 2021, field execution of CO2 integration project was completed, and commissioning activities are currently in progress. In addition to that, water & solid footprint measurement and benchmarking activity was also carried out and plans are being developed to review optimization margin.

- **one million tree project**

  In pursuit of our Green Pakistan Vision, we are utilizing hundreds of acres of barren land held by Sindh Forest Department by virtue of an MoU, to grow trees on their land in District Ghotki. Approximately approx. Three hundred thousand trees have been planted so far at 200 acre land and at different areas of District Ghotki.

- **mangrove plantation drive**

  As part of the Company's sustainability program, and in collaboration with Engro Foundation and WWF Pakistan, a long-term project has been kicked off to plant & maintain mangroves in Sindh and Baluchistan. In phase one, mangroves will be planted on 300 - 500 acres, with the aim to entirely offset the carbon footprint of our Commercial Division in the next ten years horizon. In phase two, offsetting of Supply Chain Division's carbon footprint is planned.

- **community events and sports promotion/development**
- Engro Fertilizers had organized CSR Day in Daharki with the sole intent of engaging our employees and their families to devote their time and efforts for the noble cause. The event encompassed a diverse portfolio which included following programs:
  - **Kafalat:** The program will focus on sponsoring orphan children for their education till intermediate level. 38 Registration were secured on the day to sponsor the future leaders of Daharki.
  - **Shifa:** Shifa program aims towards finding sponsors for medical treatment of patients from local community. Team has been able to secure donations for 15 complete eye operations and 15 thalassemia blood transfusions.
  - **Tameer:** Team Tameer has set off on the journey with an important goal of building and uplifting the community.
  - **Saaf Pakistan:** With the aim of building a cleaner community, Saaf Pakistan team has been able to secure 58 volunteers for the program.
  - **Sahara:** Sahara Program will be focusing on expanding the existing portfolio which includes education, Arts & Crafts and medical care of the needy.
  - **Community Service:** Ranging from Jung Mela to Daharki Cricket League, Community Service team will be arranging such healthy events for Daharki community throughout the year.

- PPEs awareness and distribution campaign were arranged at Sindh-Punjab border and at Railway station with the coordination of Pakistan Rangers, Motorway Police and Pakistan Railway.
- Company's volunteers organized different events such as training session for underprivileged children and their mothers in Daharki, education support for underprivileged children and full sponsorships for 20 kids, and a day to pledge our unconditional support for the forgotten orphan children.
- Organized a livestock vaccination drive with the coordination of Livestock Department of Sindh at different areas of district Ghotki.
- Distributed 50 swing machines with gift packs to poor families. Further, 32 livelihood projects were distributed among the widows and poor families.
- Distributed around 110 benches at different areas of Daharki, Sukkur railway station, Minar Pakistan Lahore and Lahore fort.

CSR initiatives during COVID-19

Statement of Charity Account

Rs. in million	2021	2020	2019
Community & Welfare & Infrastructure including COVID-19 related contributions	192	104	87
Education	77	44	24
General	41	13	19
Healthcare	116	47	105
Environment	6	2	20
Grand Total	432	208	255

The Company has taken multiple steps to prevent the spread of COVID-19 in the surrounding communities. These initiatives include:

- Fumigation/Disinfecting of nearby villages and Daharki City on a periodic basis.
- Hand wash stations were installed at different locations within city and in nearby schools, and public places.

In addition to the above, widows/ beneficiaries of Engro livelihood projects who were out of business due to COVID-19 lock down were provided financial support.

our commitment to our people

The Company is proud of having a motivated, zealous, and efficient team that personifies the Company's values, ensuring continued excellence over the years. The Human Resource department focuses on policies, benefits, and plans for its employees which leads to enhanced productivity at an individual level as well as for the organization at large.

In 2021, HR took many new initiatives for greater efficiency, increased employee satisfaction and improved employee performance.

The following is HR's contribution in the Company's success:

talent acquisition:
During 2021, Talent Acquisition's focus has been on continuously streamlining our processes for an enhanced customer experience, both internal and external. Simultaneously, multiple initiatives were introduced to leverage the department as a strategic talent advisor, while optimizing operational efficiency.

success factor module:
To align the recruitment process and improve overall service efficiency, the SAP SuccessFactors Module for Recruitment and Onboarding was deployed in July 2021. The module presents an automated and transparent hiring process, enabling us to better manage stakeholders' expectations and improve candidate experience, while considerably reducing lead time. 110 Line Managers have been trained on the module's usage.

Proactive Sourcing Strategy:
Using industry analysis and sourcing channels to augment the quality of talent and to transition from a reactive hiring to proactive hiring approach:

- A Commercial Trainee Program was introduced to onboard and groom fresh graduates from agricultural and business education backgrounds for field roles. The program aimed to facilitate in:
  - Providing a readily available pool of trained candidates
  - Enhancing the quality of hire
  - Promoting gender diversity by hiring women in unconventional field roles
- Talent Mapping initiated for all divisions to improve the quality and lead time of sourcing relevant profiles, thereby positively impacting the overall process efficiency and customer experience.
  - A Talent Pool comprising of 70 prospective women engineers was shared with the Manufacturing Business.

comprehensive onboarding program:
To positively impact employee productivity and business growth, we have developed an extensive and engaging onboarding experience for new hires, resulting in 85% satisfaction rate, by:

- Equipping employees with maximum business knowledge
- Effectively integrating the employees in their teams
- Acquainting employees with company values, competencies, and culture
- Offering customizable plans for Field and Plant employees

gender diversity

At Engro Fertilizers, we take pride in providing everyone an equal opportunity of employment and growth, and this year has proven to be a year of multiple 'first women' for Engro Fertilizers' HR. Some of the key milestones achieved with respect to gender diversity in 2021 include:

- Women comprised 15% of Total New Joiners in 2021
- First ever woman hired for a field based role as an Area Sales Manager Hyderabad in Commercial Division
- First ever woman hired as a Warehouse Coordinator at Zarkhez Plant in 20 years
- 5 women hired through Break the Band Program
- 36% women as a % of new Graduate Trainee Engineers (GTEs)
- Challenging the status quo and pushing boundaries, EFERT HR launched a very unique initiative on International Women's Day 2021 to engage 102 women across the organization by taking them for field visits, enabling them to directly experience the entire business value chain
- The Company was able to set a new industry wide record by hiring 5 women as Warehouse In-charges across Pakistan
- Mastering the Art of Meaningful Conversations: Learning sessions were conducted for 45 women to learn important interpersonal communication skills and strategies for igniting curiosity, attention, trust, and respect.

rewards

The Company successfully conducted a salary benchmarking program and through this harmonized our salary ranges with the market by providing above average increments to employees to bridge the gap with set benchmarks. These increments were not only above average as per internal past practice but also above the market average for the year.

Bonus and promotions were also disbursed and finalized as per Engro's philosophy of rewarding and celebrating all its employees for their hard work and particularly recognizing high performance and potential.

employee central

Employee Central, which is a centralized Employee Benefit System, has been fully rolled out for employees to access their information and apply for all kinds of benefits. It allows for a quicker and more efficient processing of Employee requests. The year 2021 saw full utilization of the platform by employees as all other manual processes were discouraged and discontinued. The system not only aids in quicker closure and processing of requests but also provides visibility and tracking to employees of the status.

capability development:

Human Resource at Engro Fertilizers is responsible to induce growth, promote efficiency within the workforce through skills and capability development. During 2021, the Company recorded a total of 17,133 learning hours including both functional and HR led learning interventions.

In the year 2021, a total of 13,289 functional training hours were achieved. Functional trainings help employees grow their core on-job skills and also to expand their horizons by learning new job related skills. The major initiatives for functional trainings are as follows:

- Towards the manufacturing side, The Transitional Training Model is used and it focuses on providing skill enhancement opportunities in the manufacturing talent stream, where the complexity of job rapidly rises with experience.
- Our Finance Academy utilizes an e-Learning platform in collaboration with Accenture that focuses on the core finance competencies including courses such as Business Planning and Target Setting, Accounting and Statutory Reporting, Investment finance, Strategy Development and Financial Modelling.
- Level Up 2.0, again powered by Accenture e-learning platform aims to empower the employees on core supply chain competencies.
- Our Evolve platform helps enhance the functional capabilities of Commercial TBMs, ABMs, and BSMs.

For 2021, the Company conducted 3,701 hours of HR lead learning interventions. Some of the major HR lead initiatives are as follows:

- Learning intervention for M3 (middle management) cadre (75 participants) in which they went through an online virtual program to learn how to apply principles of Conflict Management, Collaborative Leadership, and Virtual Effectiveness with satisfaction score of 81%.
- Virtual learning program conducted - a customized leadership development intervention for M1 (senior management) cadre (14 employees) to instill:
  - Authentic, Value centered and Collaborative leadership behaviors
  - Agile leadership practices
  - Satisfaction score for this intervention was 92%
- Action Learning Projects: Cross functional teams brought together to work on key organizational thematic projects called ALP. 40 employees engaged in 8 project teams.
- Training for M3 & M4 cadre to equip them to become more adept at delivering effective feedback on Leadership Competencies Model. 88 employees were trained under this intervention with satisfaction score of 94%.
- EFERT HR organized the learning program on "Powerful Presence for High Impact" for the M-cadre at the Head Office to equip them with right set of skills required for showcasing a strong presence at workplace.
- Culture of Change - an intervention to equip our 37 supervisors (in DHK) with the tools that will help in enhancing the ongoing culture of inclusion for all, regardless of gender. Satisfaction score of this intervention was 100%.
- Under Engro's learning & capability development framework, LEAP - LMS on Successful actions was launched.
- 16 courses have been put together under Engro Virtual Academy - one benefit here is that we now have a centralized repository of courses on many subjects (Maintenance, Operations, Process, Project Management, Safety etc.), hence enabling a knowledge community across the group.
- Launched the Train The Virtual Trainer program in collaboration with PSTD and organized a training to equip 20 employees with the needed skills to design and deliver effective virtual training.
- First Time Managers Program - An end to end solution that uses technology to build fundamentals, reinforces critical concepts and facilitates learning of 31 first time managers through experiences of peers and senior leaders.

business ethics & anti-corruption measures

Engro Fertilizers ensures compliance with all regulatory and governance requirements while conducting its operations and has formulated various policies and standards which are being continuously monitored through high level committees. Such policies include:

- Code of Conduct
- Fraud Risk Management
- Governance of Conflicts of Interest
- Statement of Ethics and Business Practices
- Whistleblower Policy
- Governance of transactions/contracts with related parties

During the year, a detailed session was held on Ethics and Compliance at the Company which focused on our speak out platform, anti-corruption practices, conflict of interest and insider trading policies. The session was attended by 768 employees in total, who covered a total of 1,270 learning hours.

consumer protection measures

At Engro Fertilizers, we believe in safeguarding the interests of our farmers through adequate consumer protection measures such as:

- Providing retail price list to all dealers to ensure farmers are not exploited.
- Providing education and guidance to farmers regarding the best usage of fertilizer, recommended nutrition role and better use of other inputs to enhance the yield.
- Providing education to farmers on improving the soil health.
- Providing free of cost soil sampling services to farmers across Pakistan (approximately 21,000 soil tests are conducted annually).
- Ensuring timely delivery of product through our extensive distribution and dealer network.
- Advertisements published to ensure MRP related information of urea was readily available with the farmers.

contribution to national exchequer

During the year 2021, the Company contributed nearly PKR 16 Bn towards the National Exchequer by way of Government taxes, duties and levies, compared to PKR 7 Bn in 2020, this is an increase of almost 26%.

Further, value addition in terms of savings in foreign exchange amounted to approximately US$ 1,240 Mn through import substitution of 2,235 KT of urea and related products manufactured and sold in the country by Engro Fertilizers in 2021.

internal control framework

- **Responsibility:**
  The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable rather than absolute assurance against material misstatement or loss. The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

- **Framework:**
  The Company maintains an established control framework comprising of clear structures, authority limits, and accountabilities, well understood policies and procedures and budgeting for review processes. Policies and control procedures are documented in manuals as well. The Board establishes corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.

- **Review:**
  The Board meets every quarter to consider the Company's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators.

  The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls. There is a Company wide policy governing appraisal and approval of investment expenditure and asset disposals. Once projects are completed, reviews are performed on all material investment expenditure.

- **Adequacy of Internal Financial Controls:**
  The Board of Directors has employed an articulate paradigm of internal financial controls, promoting the culture of moral conduct and ethical obligation within the Company systems and processes.

directors' remuneration

The Company has a formal policy and transparent procedures for the remuneration of its directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The policy also provides travel and daily allowance entitlements for Non-Executive Directors for business related travel.

The remuneration, including the director fee for attending the Board or Board Committee Meeting, paid to the Directors and Chief Executive Officer is disclosed in **Note 36** of the consolidated financial statements (Note 36 of the unconsolidated financial statements).

pension, gratuity and provident fund

The employees of the Company participate in Retirement Funds maintained by Engro Corporation (the Parent Company). The Company contributes to plans that provide post-employment and retirement benefits for its employees. These include DC provident fund, DC gratuity plan and DB gratuity plans. The value of net assets of Provident Fund (as of June 30, 2021) and Gratuity and Pension funds (as of December 31, 2020) based on their respective audited accounts are:

- Provident Fund: PKR 5,570 million (Engro Fertilizers' share - PKR 1,871 million)
- DC Pension Fund: PKR 378 million (Engro Fertilizers' share - PKR 177 million)
- DB Pension Fund: PKR 39 million (All Engro Fertilizers)
- DC Gratuity Fund: PKR 2,095 million (Engro Fertilizers' share - PKR 916 million)
- DB MMPT Gratuity Fund: PKR 267 million (All Engro Fertilizers)
- DB MPT Gratuity Fund: PKR 113 million (Engro Fertilizers' share - PKR 39 million)

auditors

The existing auditors of the Company are A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee recommends their appointment as auditors for the year ending December 31, 2022.

pattern of shareholding

As of December 31, 2021, Associated Companies and Directors of the Company held the following number of shares:

Particulars	% of Shareholding
Associated Companies and Related Parties	56.27%
Directors and Dependents	0.13%

A detailed pattern of shareholding is disclosed in the Shareholder's information section of the Annual Report.

statement of director responsibilities

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- The Directors Training program has been completed by all Directors during the year, except for Mr. Khawaja Bilal Hussain who was co-opted on the Board in December 2021.

board composition and attendance

The Board of Directors held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Mr. Ghias Khan	Non-Executive Director-Chairman	6/6
Mr. Abdul Samad Dawood*	Non-Executive Director	6/6
Mr. Javed Akbar	Non-Executive Director	6/6
Mr. Mazhar Abbas Hasnani	Non-Executive Director	6/6
Mr. Khawaja Bilal Hussain***	Non-Executive Director	0/0
Mr. Nadir Salar Qureshi	Executive Director	6/6
Mr. Asad Said Jafar	Independent Director	6/6
Mr. Asim Murtaza Khan	Independent Director	6/6
Dr. Shamshad Akhtar**	Independent Director	4/4

* Resigned from the Board as Director on October 14, 2021, and creating a casual vacancy on the Board
** Appointed as Director on April 07, 2021, in place of Ms. [illegible]
*** Appointed as Director on December 01, 2021, in place of Mr. Abdul Samad Dawood

BPC composition and attendance

In 2021, the Board People Committee held 2 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Asim Murtaza Khan, Chairman	2/2
Javed Akbar	2/2
Ghias Khan	2/2

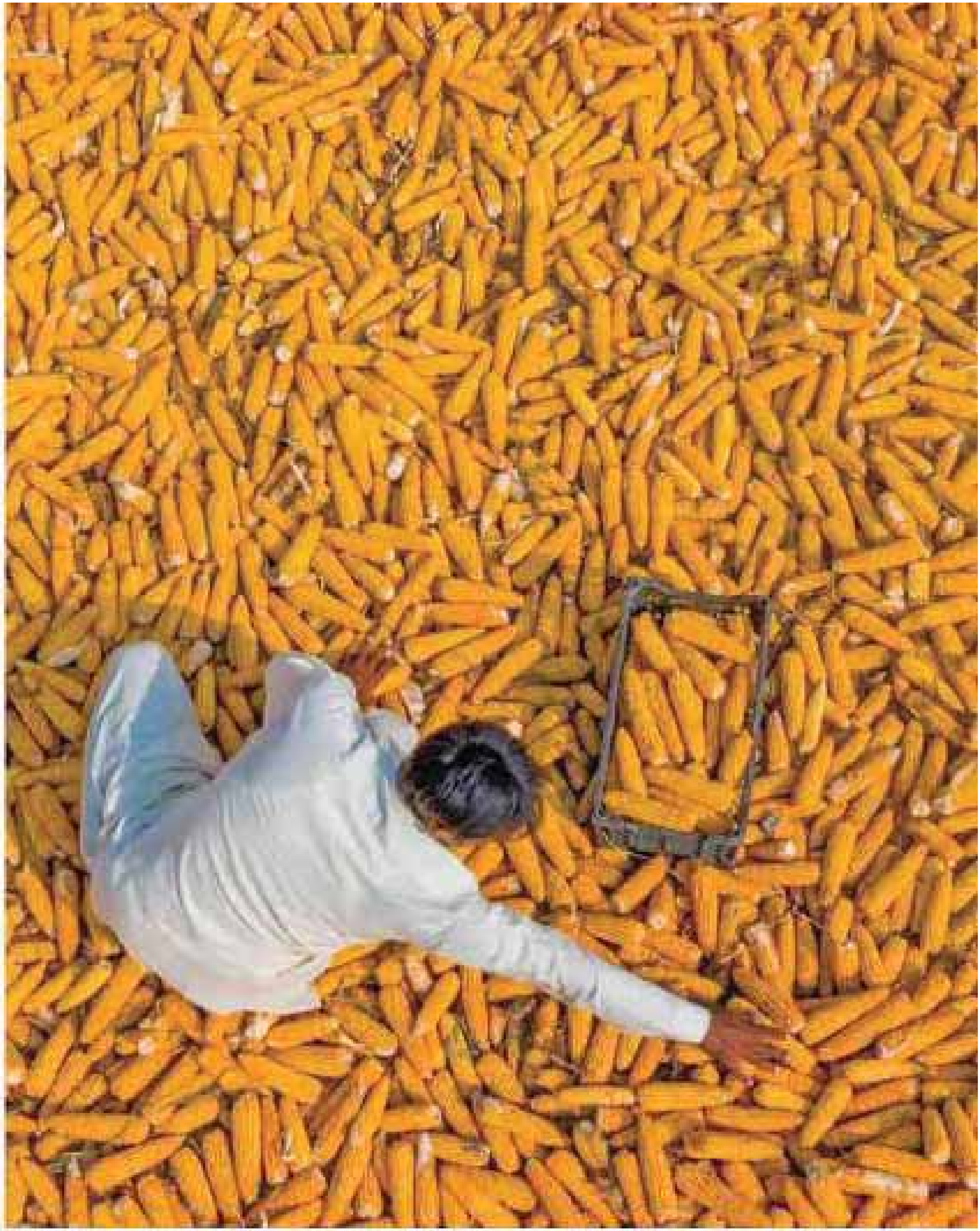
BAC composition and attendance

In 2021, the Board Audit Committee held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Mr. Asad Said Jafar, Chairman	6/6
Mr. Asim Murtaza Khan	6/6
Mr. Javed Akbar	6/6
Mr. Mazhar Abbas Hasnani	6/6

Chairman

Chief Executive Officer



ڈائریکٹرز کی ذمہ داریوں سے متعلق اسٹیٹمنٹ

ڈائریکٹرز نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک اور درج ذیل امور کے لیے کوڈ آف کارپوریٹ گورننس پر عمل درآمد کی تصدیق کی ہے:

- کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کر رہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا جاتا ہے اور اکاؤنٹنگ تخمینے مناسب اور محتاط اندازوں کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کے تحت کی جاتی ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔
- کمپنی کی طرف سے کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد کی گئی ہے اور اس سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔ جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں تفصیل ہے۔
- دوران سال تمام ڈائریکٹرز کی جانب سے ڈائریکٹرز ٹریننگ پروگرام مکمل کیا گیا ہے، علاوہ جناب خواجہ بلال حسین، جنھوں نے دسمبر 2021 میں بورڈ میں شمولیت اختیار کی ہے۔

بورڈ کی تشکیل اور حاضری

بورڈ آف ڈائریکٹرز نے اپنی سرگرمیوں کی تکمیل کے لیے 6 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

جناب غیاث خان	نان ایگزیکٹیو ڈائریکٹر، چیئرمین	6/6
جناب عبدالصمد داؤد*	نان ایگزیکٹیو ڈائریکٹر	5/5
جناب جاوید اکبر	نان ایگزیکٹیو ڈائریکٹر	6/6
جناب مظہر عباس حسنانی	نان ایگزیکٹیو ڈائریکٹر	5/6
جناب خواجہ بلال حسین***	نان ایگزیکٹیو ڈائریکٹر	0/0
جناب نادر سالار قریشی	ایگزیکٹیو ڈائریکٹر	6/6
جناب اسد سعید جعفر	آزاد ڈائریکٹر	6/6
جناب عاصم مرتضیٰ خان	آزاد ڈائریکٹر	6/6
ڈاکٹر شمشاد اختر**	آزاد ڈائریکٹر	4/4

*بورڈ سے ڈائریکٹر کے طور پر 14 اکتوبر 2021 کو مستعفی ہوئے، جس سے بورڈ میں اسامی پیدا ہوئی۔

**بورڈ میں ڈائریکٹر کے طور پر 7 اپریل 2021 کو مسٹر ہوش الاری کی جگہ شمولیت اختیار کی۔

*** یکم دسمبر 2021 کو جناب عبدالصمد داؤد کی جگہ ڈائریکٹر کے طور پر منتخب ہوئے۔

بورڈ ہیومن ریسورس کمیٹی کی تشکیل اور حاضری

2021 میں، بورڈ ہیومن ریسورس کمیٹی نے اپنے امور کی تکمیل کے لیے 2 اجلاس منعقد کیے۔ جس میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

جناب عاصم مرتضیٰ خان، چیئرمین	2/2
جناب جاوید اکبر	2/2
جناب غیاث خان	2/2

بورڈ آڈٹ کمیٹی کی تشکیل اور حاضری

2021 میں، بورڈ آڈٹ کمیٹی نے اپنے امور کی تکمیل کے لیے 5 اجلاس منعقد کیے۔ جس میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

جناب اسد سعید جعفر، چیئرمین	5/5
جناب عاصم مرتضیٰ خان	5/5
جناب جاوید اکبر	5/5
جناب مظہر عباس حسنانی	5/5

چیئرمین

چیف ایگزیکٹیو آفیسر

کی اثر پذیری کے عمل کا جائزہ لیتی ہے۔ پوری کمپنی پر مشتمل ترقی کے نظام کی پالیسی اور سرمایہ کاری لگانے کی منظوری اور اثاثہ جات کی فروخت کی پالیسی موجود ہے۔ پروجیکٹس کی تکمیل کے بعد تمام مادی سرمایہ کاری کے اخراجات سے متعلق جائزے لیئے جاتے ہیں۔

اندرونی مالیاتی ضابطوں سے مناسبت

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی ضابطوں، اخلاقی اقدار کے ماحول کو فروغ دینے، کمپنی انتظامات اور امور کے اندر اخلاقی ذمہ داری سے متعلق ایک واضح مثال قائم کر رکھی ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی میں کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل میں اپنے ڈائریکٹرز کے مشاہرے کے لیے ایک شفاف طریقہ کار اور ایک باضابطہ پالیسی موجود ہے۔ پالیسی میں نان ایگزیکٹیو ڈائریکٹرز کے لیے کاروباری سفر کے لیے ڈیلی الاؤنس اور ٹریول سہولت کی وضاحت فراہم کی گئی ہے۔

مشاہرہ، بشمول بورڈ یا بورڈ کمیٹی کے اجلاس میں شرکت کے لیے ڈائریکٹرز کی فیس، ڈائریکٹرز اور چیف ایگزیکٹیو آفیسر کو کی جانے والی ادائیگی کی تفصیل صفحہ نمبر ۔۔۔۔۔ پر واضح کی گئی۔ (نوٹ 38 ان کنسالیڈیٹڈ فنانشل اسٹیٹمنٹ)۔

پنشن، گریجویٹی اور پروویڈنٹ فنڈ

کمپنی کے ملازمین اینگرو کارپوریشن (پیرنٹ کمپنی) کی جانب سے منظم کردہ ریٹائرمنٹ فنڈز میں شرکت کرتے ہیں۔ کمپنی ایسے پلانز میں مدد کرتی ہے جن سے ملازمت یا ریٹائرمنٹ کے بعد کمپنی کے ملازمین کو فوائد حاصل ہوتے ہیں۔ ان میں ڈی سی پروویڈنٹ فنڈ، ڈی سی گریجویٹی پلان اور ڈی بی گریجویٹی پلانز شامل ہیں۔ پروویڈنٹ فنڈ کے اصل اثاثہ جات کی قدر (30 جون 2021 کے مطابق) اور گریجویٹی اور پنشن فنڈز (31 دسمبر 2020 کے مطابق) ان کے آڈٹ شدہ اکاؤنٹس کی بنیاد پر یہ ہے:

پروویڈنٹ فنڈ: 5,549 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 1,874 ملین روپے)
ڈی سی پنشن فنڈ: 370 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 177 ملین روپے)
ڈی بی پنشن فنڈ: 39 ملین روپے (کل اینگرو فرٹیلائزرز کا حصہ)
ڈی سی گریجویٹی فنڈ: 2,596 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 916 ملین روپے)

ڈی بی NMPT گریجویٹی فنڈ: 397 ملین روپے (کل اینگرو فرٹیلائزرز کا حصہ)
ڈی بی MPT گریجویٹی فنڈ: 113 ملین روپے (اینگرو فرٹیلائزرز کا حصہ: 99 ملین روپے)

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں، اور اہلیت کی بنیاد پر انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے انہیں منتخب کرنے کی تجویز دی ہے۔

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2021 کے مطابق، ایسوسی ایٹڈ کمپنیوں اور کمپنی کے ڈائریکٹرز نے شیئرز کی درج ذیل تعداد اپنے پاس رکھی ہے:

تفصیل	شیئر ہولڈنگ کا تناسب
ایسوی ایٹڈ کمپنیز اور متعلقہ پارٹیاں	56.27 فیصد
ڈائریکٹرز اور ان کے اہل خانہ	0.13 فیصد

پیٹرن آف شیئر ہولڈنگ کی وضاحت سالانہ رپورٹ کے شیئر ہولڈرز کی معلومات والے سیکشن میں تفصیل کے ساتھ شامل کی گئی ہے۔

قومی خزانے کے ساتھ تعاون

سال 2021 کے دوران، کمپنی نے قومی خزانے میں تقریباً 16 بلین روپے جمع کرائے جس میں حکومتی ٹیکسز، ڈیوٹیز اور لیویز شامل ہیں، یہ 2020 میں 7 بلین کے مقابلے میں 129 فیصد زائد ہے۔

اس کے علاوہ زرمبادلہ میں بچت کے حوالے سے تقریباً 1,240 ملین امریکی ڈالرز بچائے گئے کیونکہ اینگرو فرٹیلائزرز نے 2021 میں 2,295 KT یوریا اور متعلقہ پروڈکٹس کی مینوفیکچرنگ سے درآمدات میں کمی لانے میں کردار ادا کیا۔

اندرونی کنٹرول فریم ورک

- ذمہ داری

بورڈ کمپنی کے داخلی ضابطے کے انتظام اور اس کے موثر ہونے کی نگرانی کا کلی طور پر ذمہ دار ہے۔ البتہ خرابی کے خطرے کو ختم کرنے سے اس پر قابو پانے کا ایسا انتظام موجود ہے تاکہ کاروباری مقاصد حاصل ہوں اور غلط بیانی یا نقصان کے مقابلے میں حتمی ضمانت سے بڑھ کر مناسب تسلی فراہم کی جاسکے۔ بورڈ نے کمپنی کے اندر خطرے کے انتظام کے لیے اپنی مجموعی ذمہ داری نبھاتے ہوئے داخلی ضابطوں کے انتظام کے مفصل ڈیزائن اور آپریشن پر چیف ایگزیکٹیو کو اعتماد میں لیا ہے۔

- فریم ورک:

کمپنی میں ضابطے کا ایک طریقہ کار موجود ہے جو واضح اسٹرکچرز، اختیارات کی حدود اور احتساب، ذہن نشین کردہ پالیسیوں اور طریقہ کاروں اور جائزے کے امور کے لیے بجٹ پر مشتمل ہے۔ پالیسیاں اور طریقہ کار مینوئل میں بھی مندرج ہیں۔ بورڈ کارپوریٹ منصوبہ بندی اور کمپنی کے کاروباری مقاصد مرتب کرتا ہے۔ ڈویژنل انتظامیہ ان مقاصد کو مالیاتی مقاصد کے تعاون سے ڈویژنل کاروباری منصوبہ بندیوں میں لاگو کرتی ہے۔

- جائزہ

بورڈ کمپنی کی مالیاتی کارکردگی، مالی اور انتظامی بجٹ اور پیش بینیوں، بزنس کی ترقی اور آگے بڑھنے کے پلانز، اخراجات سے متعلق تجاویز اور دیگر اہم کاروباری عوامل پر تبادلہ خیال کے لیے ہر سہ ماہی میں اجلاس بلاتا ہے۔

بورڈ کی آڈٹ کمیٹی داخلی اور خارجی آڈیٹرز سے داخلی مالی ضابطوں کے انتظام سے متعلق رپورٹس وصول کرتی ہے اور اندرونی ضابطوں

کاروباری اقدار اور انسداد بدعنوانی کے اقدامات

اینگرو فرٹیلائزرز اپنے آپریشنز کے اندر تمام گورننس اور ریگولیٹری ضروریات پر عمل درآمد کو یقینی بناتی ہے۔ کمپنی نے مختلف پالیسیاں اور معیار مقرر کئے ہیں جن کی اعلیٰ سطحی کمیٹیوں کے ذریعے نگرانی جاری رہتی ہے، ان پالیسیوں میں شامل ہیں:

- کوڈ آف کنڈکٹ (ضابطہ اخلاق)
- فراڈ رسک مینجمنٹ
- مفادات کے ٹکراؤ کی گورننس
- اخلاقیات، اقدار اور کاروباری تجربات سے متعلق اسٹیٹمنٹ
- وسل بلوئر پالیسی
- متعلقہ پارٹیوں کے ساتھ لین دین اور معاہدات کا انتظام

کمپنی میں دوران سال کاروباری اقدار اور عمل درآمد پر ایک تفصیلی سیشن کیا گیا جس میں پلیٹ فارم، اینٹی کرپشن کے معاملات، مفادات کے ٹکراؤ اور داخلی تجارتی پالیسیوں پر تبادلہ خیال کیا۔ اس سیشن میں کل 788 ملازمین نے شرکت کی اور تربیتی گھنٹوں کی تعداد 1,576 رہی۔

کسٹمر تحفظ کے اقدامات

اینگرو فرٹیلائزرز میں، ہم کسانوں کے تحفظ کے مختلف اقدامات کے ذریعے اپنے کسانوں کی مفادات کا تحفظ کرتے ہیں جیسا کہ:

- تمام ڈیلرز کو ریٹیل پرائس لسٹ فراہم کرتے ہیں تاکہ کسانوں سے کسی طرح کا نقصان نہ ہو۔
- کھاد کے بہترین استعمال، غذائیت سے متعلق تجاویز اور پیداوار میں اضافہ کے لیے دیگر چیزوں کے استعمال کے لیے کسانوں کو رہنمائی اور آگہی فراہم کرتے ہیں۔
- زمین کی صحت کو بہتر کرنے سے متعلق کسانوں کو تعلیم دیتے ہیں۔
- پاکستان بھر میں کسانوں کو مفت میں سوائل سیمپلنگ کرتے ہیں (سالانہ تقریباً 24,000 سوائل ٹیسٹ کئے جاتے ہیں)۔
- اپنے وسیع ڈسٹری بیوشن اور ڈیلر نیٹ ورک کے ذریعے پروڈکٹس کی بروقت فراہمی کو یقینی بناتے ہیں۔
- اشتہارات شائع کرواتے ہیں تاکہ یقینی بنایا جائے کہ MRP سے متعلق یوریا کی معلومات کسانوں تک آسانی سے پہنچ جائے۔

- ورچوئل ترقیاتی پروگرام منعقد کیا گیا۔ یہ M4 (سینئر مینجمنٹ) کیڈر کے لیے ایک مربوط لیڈر شپ ڈیولپمنٹ پروگرام ہے جس میں (18 ملازمین) کو یہ تربیت دی جائے گی:
  - مستقل مرکزیت چوٹی اور اجتماعی لیڈر شپ کے اصلوب سکھائیں جائیں گے۔
  - مستقل لیڈر شپ کی خصوصیات اور تجربات
  - تربیت سے اطمینان کا اسکور 92 فیصد رہا۔
- ایکشن لرننگ پروجیکٹ: مختلف امور سے ٹیموں کو ایک ساتھ کام کرنے کا موقع فراہم کیا گیا تاکہ اہم انتظامی وکاروباری پروجیکٹس پر کام کریں، انہیں ALP کا نام دیا گیا۔ اس ضمن میں 89 ملازمین کو 8 پروجیکٹ ٹیموں میں تقسیم کیا گیا۔
- M3 اور M4 کیڈر کے لیے تربیت تاکہ وہ لیڈر شپ کی مہارت کے ماڈل پر موثر فیڈ بیک دینے کے قابل ہوں۔ اس ترقیاتی نشست کے تحت 89 ملازمین کو تربیت فراہم کی گئی اور اطمینان کا اسکور 94 فیصد رہا۔
- اینگرو فرٹیلائزرز نے ہیومن ریسورس نے ہیڈ آفس میں M- کیڈر کے لیے "اعلیٰ تاثر کے لیے مضبوط حاضری" پر ترقیاتی پروگرام کیا تاکہ کام کی جگہ پر مضبوط حاضری دکھانے کے لیے مطلوبہ مہارتوں کی موجودگی کو یقینی بنایا جائے۔
- تبدیلی کا ماحول: ڈہرکی میں 37 سپروائزرز کو کوچز کے ساتھ تربیت فراہم کی جس سے تمام کے لیے کسی جنسی تفریق کے بغیر اجتماعیت کے ماحول کو پروان چڑھایا جائے۔ اس کا اطمینان کا اسکور 100 فیصد رہا۔
- اینگرو کے تربیت اور صلاحیت میں بہتری کے فریم ورک کے تحت LEAP-LMS پر سکسیس فیکٹرز کا آغاز کیا گیا۔
- اینگرو ورچوئل اکیڈمی کے تحت 16 کورسز شامل ہیں، اس کا ایک فائدہ یہ ہے کہ ہمارے کئی طرح کے مضامین (میٹلکس، آپریشنز، پروسیس، پروجیکٹ مینجمنٹ، سیفٹی وغیرہ) کی ایک مرکزی ریپوزٹری موجود ہے، جس کی بدولت پورے گروپ میں معلومات کی فراہمی کو یقینی بنایا جا رہا ہے۔
- PSTD کے اشتراک سے ٹرین دی ورچوئل ٹرینرز پروگرام شروع کیا اور 24 ملازمین کو ان تمام ضروری مہارتوں کی تربیت دی تاکہ وہ موثر ورچوئل ٹریننگ ترتیب دینے اور سکھانے کے قابل ہوں۔
- پہلی بار مینیجرز کا پروگرام، ایک مربوط سلوشن ہے جو ٹیکنالوجی کے استعمال سے بنیادی اصول، اہم وضروری غور وفکر کی طرف متوجہ کرے، اس میں پہلی بار 31 مینیجرز کو ان کے بڑوں اور سینئر لیڈرز کے تجربات سے تربیت کی سہولت دی گئی۔

عملدرآمد ہوتا ہے۔ سال 2021 میں اس پلیٹ فارم کو ملازمین نے بھرپور طریقے سے استعمال کیا اور باقی تمام طریقوں کو منقطع کر دیا گیا۔ اس سسٹم میں نہ صرف درخواستوں پر فوری طور پر عملدرآمد شروع ہو جاتا ہے بلکہ ملازمین کسی بھی وقت اپنی درخواستوں کی ٹریکنگ کر کے معلوم بھی کر سکتے ہیں کہ وہ کس مرحلے پر ہے۔

قابلیت میں ترقی:

اینگرو فرٹیلائزرز میں ہیومن ریسورس کی ذمے داری ہے کہ وہ مہارت اور قابلیت کے ذریعے ملازمین کی کارکردگی اور ترقی میں اضافہ کرے۔ 2021 کے دوران، کمپنی نے مجموعی طور پر 17,123 گھنٹوں پر محیط تربیت فراہم کی جس میں دونوں فنکشنل اور ایچ آر کی تربیت شامل تھی۔

سال 2021 میں مجموعی طور پر 13,399 گھنٹوں پر محیط فنکشنل تربیت فراہم کی گئی۔ فنکشنل تربیت سے ملازمین کو ان کی مہارتوں میں اضافے کے لیے مدد ملتی ہے اور ان کے فرائض سے متعلق مہارتوں میں نئی جہتیں سیکھنے کا بھی موقع ملتا ہے۔ فنکشنل تربیت کے لیے درج ذیل اہم اقدامات اٹھائے گئے:

- مینوفیکچرنگ سائیڈ پر ازنیشل ٹریننگ ماڈل استعمال کیا گیا ہے اور اس میں مہارتوں میں اضافے کے مواقع پر توجہ دی جاتی ہے تاکہ مینوفیکچرنگ کی مہارت میں تیزی لائی جا سکے، اور پھر تجربے کے ساتھ کارکردگی میں نکھار آ جاتا ہے۔
- ہماری فنانس اکیڈمی نے ای۔ لرننگ پلیٹ فارم استعمال کرتے ہوئے فنانس کی خاص مہارتوں پر توجہ دی ہے جس میں کاروباری منصوبہ بندی اور اہداف مقرر کرنا، اکاؤنٹنگ اور اسٹیچوٹری رپورٹنگ، انویسٹمنٹ فنانس، اسٹرٹیجی ڈیولپمنٹ اور فنانس ماڈلنگ شامل ہے۔
- لیول اپ 2.0 ایک مرتبہ پھر اسکلز ای۔ لرننگ پلیٹ فارم کو استعمال کیا گیا تاکہ ملازمین سپلائی چین کی اہم مہارتوں پر دسترس حاصل ہو سکے۔
- ہمارا جدید پلیٹ فارم کمرشل ٹی ایس ایمز، اے ایس ایمز اور آر ایس ایمز کی عملی قابلیت کو وسیع دینے میں مدد دیتا ہے۔

2021 کے لیے کمپنی نے 3,724 گھنٹوں پر محیط ایچ آر سے متعلق ترقیاتی نشستوں کا اہتمام کیا گیا۔ ایچ آر میں چند اقدامات درج ذیل ہیں:

- M3 (مڈل مینجمنٹ) کیڈر کے لیے ترقیاتی نشست (75 شرکاء) جس میں انہیں آن لائن ورچوئل پروگرام کے ذریعے یہ سکھایا جاتا ہے کہ مفادات کے ٹکراؤ، مشترکہ لیڈر شپ اور ورچوئل اثرات کے اصولوں کو کس طرح اپنایا جاتا ہے، تربیت پر اطمینان کا اسکور 81 فیصد رہا۔

جنسی برابری

اینگرو فرٹیلائزرز میں، ہمیں فخر ہے کہ ہم ملازمت اور ترقی کے لیے ہر ایک کو برابری کی بنیاد پر مواقع فراہم کرتے ہیں، اور اس سال اینگرو فرٹیلائزرز ایچ آر کے لیے پیدا منفرد سال ثابت ہوا ہے۔ جنسی برابری کے حوالے سے 2021 میں عبور کیے جانے والے چند اہم سنگ میل درج ذیل ہیں:

- 2021 میں نئے بھرتی ہونے والوں میں خواتین کی شرح 15 فیصد ہے
- فیلڈ میں کام کرنے والی پہلی خاتون ایریا سیلز منیجر حیدرآباد کو کمرشل ڈویژن میں بھرتی کیا گیا
- 20 برسوں میں زرخیز پلانٹ پر پہلی خاتون ویئرہاؤس کوآرڈینیٹر کو بھرتی کیا گیا
- بریک کے بعد پروگرام میں 3 خواتین بھرتی کی گئیں
- گریجویٹ ٹرینی انجینئرز (GTEs) کی بھرتی میں 36 فیصد خواتین شامل ہیں
- اسٹیٹس کو کے برعکس اور حدود سے باہر جا کر EFERT ایچ آر نے عالمی یوم خواتین 2021 پر پوری آرگنائزیشن میں 102 خواتین کو فیلڈ وزٹس کرائیں گئیں تاکہ انھیں بزنس ویلیو چین کے تجربے سے براہ راست روشناس کرایا جا سکے۔
- کمپنی نے 9 خواتین کو ویئرہاؤس انچارج بھرتی کر کے پورے پاکستان کی انڈسٹری میں ایک نیا ریکارڈ قائم کیا۔
- بامعنی گفتگو کی مہارت: آپس میں رابطے کے لیے ضروری بامعنی گفتگو کی مہارت حاصل کرنے، حکمت عملی، توجہ، بھروسہ اور ایک دوسرے کے احترام کے لیے 85 خواتین کے لیے تربیتی نشستیں منعقد کی گئیں۔

ریوارڈز

کمپنی نے تنخواہ سے متعلق ایک مثالی پروگرام تیار کیا اور اس کے ذریعے مارکیٹ میں رائج تنخواہ سے قدر زیادہ تنخواہوں میں سالانہ اضافہ کر کے ایک شاندار مثال بنا دی ہے۔ یہ سالانہ اضافے نہ صرف مارکیٹ سے زیادہ تھے بلکہ کمپنی میں سابقہ روایات سے بھی بڑھ کر تھے۔ بونس اور پروموشنز بھی اینگرو کے فلسفے کے مطابق تقسیم اور تفویض کیے گئے، اس طرح ملازمین کی سخت محنت اور خاص طور پر ان کی اعلیٰ کارکردگی کے اعتراف میں یہ یوارڈ دیے گئے۔

ملازمین کا مرکز

ملازمین کا مرکز، جو کہ ملازمین کو یکساں فوائد دینے کا سسٹم ہے، جس کو ملازمین کے لیے مکمل طور پر قابل رسائی اور آسان بنایا گیا ہے تاکہ وہ اپنے بارے میں معلومات تک رسائی حاصل کر سکیں اور ہر قسم کے فوائد کے لیے درخواست دے سکیں۔ اس طرح ملازمین کی درخواستوں پر فوری طور پر

سکسیس فیکٹر ماڈیول متعارف کرایا گیا۔ ماڈیول بھرتی کرنے کا خودکار اور شفاف طریقہ کار پیش کرتا ہے جس کی وجہ سے ہمیں اپنے شراکت داروں کی توقعات اور امیدوار کے تجربے میں اضافے کے لیے بہتر انتظامات کرنے میں آسانی ہوتی ہے اس طرح وقت بھی بچ جاتا ہے۔ ماڈیول کے استعمال کے لیے 115 لائن منیجرز کو تربیت دی گئی ہے۔

پروایکٹو سورسنگ اسٹریٹجی:

انڈسٹری کا جائزہ اور افرادی قوت کے حصول کے لیے ذرائع کے استعمال سے بہترین معیاری ماہرین حاصل ہوتے ہیں:

- فیلڈ میں کام کرنے کے لیے زرعی اور کاروباری تعلیم کے حامل تازہ گریجویٹس کی بھرتی کے لیے ایک کمرشل ٹرینی پروگرام متعارف کرایا گیا ہے۔ پروگرام کے مقاصد میں درج ذیل شامل ہیں:
  - تربیت یافتہ امیدواروں کے دستیاب گروپ کی فوری طور پر فراہمی
  - بھرتی کے معیار میں بہتری
  - خواتین کی غیر روایتی شعبوں میں بھرتی سے جنسی فرق کو ختم کرنے میں کردار
- ٹیلنٹ میپنگ کے اقدام کو تمام ڈویژن میں متعارف کرایا گیا ہے تاکہ متعلقہ پروفائلز میں معیار میں بہتری آئے اور وقت کی بھی بچت ہو اس طرح مجموعی طور پر کارکردگی بھی بڑھتی ہے اور صارفین کو بھی بہتر خدمات میسر آئی ہیں:
- ٹیلنٹ پول میں شامل 70 خواتین انجینئرز کو مینوفیکچرنگ کاروبار سے منسلک کیا گیا

جامع آن بورڈنگ پروگرام:

ملازمین کی پیداواری صلاحیت پر مثبت اثر اور کاروبار کی ترقی کے لیے ہم نے نئے ملازمین کے لیے وسیع اور متحرک رکھنے والا آن بورڈنگ پروگرام متعارف کرایا ہے، جس کے نتیجے میں اطمینان کی شرح 80 فیصد تک جا پہنچی ہے اور:

- ملازمین کو کاروباری مہارت سے بھرپور آگاہ کرنا
- ملازمین کو اپنی ٹیموں میں متوثر طور پر کارکردگی کا مظاہرہ کرنا
- ملازمین کو کمپنی کی اقدار، مہارتوں اور ثقافت سے روشناس کرانا
- فیلڈ اور پلانٹ پر ملازمین کو بہترین منصوبوں کی پیش کش کرنا

خیراتی اکاؤنٹ کی تفصیلات:

ملین میں روپے	2021	2020	2019
کمیونٹی اینڈ ویلفیئر اینڈ انفراسٹرکچر (بشمول کورونا سے منسلک تقسیم)	192	194	87
تعلیم	77	44	34
عمومی	44	13	19
طبی امداد	116	47	105
ماحول	3	2	20
کُل	432	299	265

ہمارے لوگوں کے لیے ہمارا عزم

کمپنی کو فخر ہے کہ اس کے پاس پر عزم، پرجوش اور موثر کارکردگی کی حامل ٹیم ہے جو کمپنی کے اقدار کو اپناتے ہوئے سالوں سے بہترین مہارت کو یقینی بنانے کے تسلسل کو برقرار رکھتی ہے۔ ہیومن ریسورس ڈپارٹمنٹ کی توجہ کا مرکز اپنے ملازمین کی بہتری کے لیے پالیسیاں، قائدے اور منصوبے ہیں جس سے انفرادی طور پر کارکردگی بڑھنے کے ساتھ ساتھ ادارے کی ترقی بھی ہوتی رہے۔

2021 میں، ایچ آر نے بہتر مہارت، ملازمین کے زیادہ اطمینان اور ملازمین کی بہترین کارکردگی کے لیے متعدد نئے اقدامات اٹھائے ہیں۔

کمپنی کی کامیابی میں ایچ آر کی درج ذیل کاوشیں شامل ہیں:

ماہر ملازمین کی بھرتیاں:

2021 کے دوران، ٹیلنٹ ایکوزیشن کا رجحان صارفین کے بہتر تجربے کے عمل کو ہموار کرنے پر مرکوز ہے اور دونوں ذرائع یعنی اندرونی طور پر اور بیرونی وسائل سے بھی کوششیں جاری رہیں۔ اس کے ساتھ ساتھ مختلف اقدامات بھی متعارف کرائے گئے جیسا کہ اسٹرٹیجک ٹیلنٹ ایڈوائزر کی خدمات حاصل کی گئیں تاکہ بہترین نتائج حاصل ہو سکیں۔

سکسیس فیکٹر ماڈیول:

بھرتی کے طریقہ کار کو بہتر بنانے اور مجموعی طور پر کارکردگی بڑھانے کے لیے جولائی 2021 میں بھرتی اور آن بورڈنگ کے لیے SAP

بشر کے لیے مکمل اخراجات اور 18 تھیلیسیمیا کے مریضوں کے لیے خون کے عطیات حاصل ہوئے۔

- تعمیر: ٹیم تعمیر نے مقامی کمیونٹی کی ترقی اور خوشحالی کے لیے سفر کا آغاز کر دیا ہے۔
- صاف پاکستان: اس مقصد کے ساتھ کہ معاشرے کو صاف ستھرا رکھا جائے، صاف پاکستان ٹیم نے اس پروگرام کے لیے 58 رضاکاروں کی خدمات حاصل کر لیں۔
- سہارا: سہارا پروگرام موجودہ پورٹ فولیو کی وسعت پر توجہ دے گا جس میں تعلیم، آرٹس اینڈ کرافٹس اور ضرورت مند افراد کے لیے طبی امداد شامل ہے۔
- کمیونٹی سروس: جنگ میلہ سے ڈہرکی کرکٹ لیگ تک کمیونٹی سروس ٹیم پورا سال ڈہرکی کمیونٹی کے لیے ایسی صحت مند سرگرمیوں کا انعقاد کیا جائے گا۔
- سندھ پنجاب کی سرحد اور ریلوے اسٹیشن پر پاکستان رینجرز، موٹروے پولیس اور پاکستان ریلوے کے اشتراک سے پی پی ای کی آگاہی اور تقسیم کاری مہم منعقد کی گئی۔
- کمپنی کے رضاکاروں نے مختلف ایونٹس ترتیب دیے جیسا کہ ڈہرکی میں غریب بچوں اور ان کی ماؤں کے لیے تربیتی نشست، غریب بچوں کے لیے تعلیمی امداد اور 20 بچوں کی مکمل اسپانسرشپ، اور یتیم بچوں کی یاد میں ایک دن منایا گیا۔
- حکومت سندھ کے لائیو اسٹاک ڈپارٹمنٹ کے تعاون سے ضلع گھوٹکی کے مختلف علاقوں میں مویشیوں کی ویکسینیشن مہم چلائی گئی۔
- غریب خاندانوں میں 50 سلائی مشینیں اور تحائف تقسیم کیے گئے۔ اس کے علاوہ، بیواؤں اور غریب خاندانوں میں 12 روزگار کے پروجیکٹ تقسیم کیے گئے۔
- ڈہرکی، سکھر ریلوے اسٹیشن مینار پاکستان لاہور اور لاہور قلعہ کے مختلف علاقوں میں تقریباً 110 بنچیں تقسیم کی گئیں۔

کورونا کے دوران سی ایس آر سرگرمیاں:

کمپنی نے اطراف میں کیو ٹیم میں کورونا کے پھیلاؤ کو روکنے کے لیے مختلف اقدامات اٹھائے ہیں۔ ان میں درج ذیل شامل ہیں:

- ایک مقررہ وقت کے بعد ڈہرکی شہر اور اس سے ملحقہ دیہات میں فیومیگیشن یا جراثیم کش ادویات کا اسپرے
- شہر کے مختلف علاقوں، قریبی اسکولوں اور عوامی جگہوں پر ہاتھ دھونے کی سہولتوں کو نصب کیا گیا۔

اس کے علاوہ، کورونا کے دوران لاک ڈاؤن کی وجہ سے متاثرہ ایگرو پروجیکٹس میں شامل مستحق بیواؤں اور دیگر بے روزگار افراد کی مالی مدد بھی کی گئی۔

میں آئندہ 2 برسوں (2022-2023) میں 8 کا انتظام تشکیل دینا ہے۔

ہیلتھ کیئر سروسز

ہمارے ہیلتھ پروجیکٹس نے اطراف کی کمیونٹیز کو ضروری سہولیات کی فراہمی جاری رکھی۔ سہارا کلینک پر 2021 میں مجموعی طور پر 7,827 مریضوں کا علاج کیا گیا، جبکہ سانپ کے ڈنک سے مجموعی طور پر 6,039 افراد کا علاج کیا گیا۔

ہیپاٹائٹس کی آگاہی کے لیے 568 آگاہی نشستیں منعقد کی گئیں اور ان نشستوں میں 14,080 افراد شریک ہوئے۔ مجموعی طور پر 7,042 افراد کی ویکسی نیشن ہوئی، جبکہ 787 مریضوں کو سال کے دوران علاج معالجے کی سہولت فراہم کی گئی۔

2021 کے دوران، ہم نے NRSP کے تعاون سے مصنوعی اعضاء اور کتے کے کاٹنے سے بچاؤ کے علاج کی سہولت مفت فراہم کی۔ دونوں سہولتیں جاری ہیں اور سال کے دوران 294 مریضوں کو علاج فراہم کیا گیا جس میں 5 افراد کو بازوؤں کے اوپر والے حصے میں مصنوعی اعضاء لگائے گئے۔ اس کے علاوہ سال بھر میں 533 کتے کے کاٹنے سے زخمی افراد کا علاج کیا گیا۔

اینگرو رضا کار پروگرام کے تحت سہارا کلینک نے ڈہرکی میں سماعت سے محروم افراد کے لیے مفت طبی کیمپ کا انعقاد کیا۔ اس 05 روزہ کیمپ میں مفت معائنہ، قوت سماعت کا ٹیسٹ، دوائیں اور سماعت کے لیے مددگار ڈیجیٹل آلات بھی مستحق افراد کو فراہم کیے گئے۔ مجموعی طور پر 566 افراد کا معائنہ کیا گیا، اور 126 افراد میں سماعت کے لیے مددگار آلات لگائے گئے۔

اینگرو فرٹیلائزرز ڈہرکی رضا کار پروگرام کے تحت، ٹیم شفا نے ڈہرکی شہر میں گائنی ہیلتھ کیمپ کا انتظام کیا۔ پورے دن کی سرگرمی میں مفت معائنہ اور مستحق خواتین اور بچوں کو دواؤں کی سہولیات بھی فراہم کی گئیں۔

ماحول کی حفاظت

- دھوئیں کے اخراج میں کمی
کمپنی نے 2017 میں عالمی معیارات کے مطابق دھوئیں کے اخراج میں کمی کا منصوبہ بنایا، جس کا مقصد کمپنی کی کارکردگی کو فرٹیلائزر کمپلیکس کے لیے عالمی معیار کے مطابق لانا ہے۔ اس کے ساتھ، ماحول کی حفاظت کے لیے ہمارے مختلف پروجیکٹس بھی شروع کیے گئے۔ 2020 میں کاربن ڈائی آکسائیڈ ریکورک انٹیگریشن پروجیکٹ ہمارے یوریا کے دونوں پلانٹس کے درمیان شروع کیا گیا جس سے سائٹ پر براہ راست CO2 کو کم کرنے میں مدد ملے گی۔

2021 میں، CO2 کا انٹیگریشن پروجیکٹ مکمل کیا گیا اور اس کی تنصیب کی سرگرمیاں جاری ہیں۔ اس کے علاوہ، پانی اور دیگر فضلے کو ٹھکانے لگانے کی سرگرمی بھی منعقد کی گئی اور آپٹیمائزیشن کا جائزہ لینے کے لیے منصوبے تیار کیے جا رہے ہیں۔

- ایک بلین ٹری پروجیکٹ
ہمارے گرین پاکستان وژن کے تحت، ہم نے حکومت سندھ کے فاریسٹ ڈپارٹمنٹ سے مفاہمتی معاہدہ کیا ہے، جس کے تحت گھوٹکی ضلع میں ہزاروں ایکڑ غیر آباد زمین پر شجرکاری کی جائے گی۔ ایک اندازے کے مطابق ضلع گھوٹکی کے مختلف علاقوں میں تقریباً 200 ایکڑ زمین پر تین لاکھ درخت لگائے گئے ہیں۔

- مینگرووز کی شجرکاری مہم
کمپنی کے پائیدار پروگرام کے حصے کے طور پر اینگرو فاؤنڈیشن اور ڈبلیو ڈبلیو ایف پاکستان کے اشتراک سے سندھ اور بلوچستان میں مینگرووز کی شجرکاری اور دیکھ بھال کا طویل مدتی پروجیکٹ شروع کیا گیا ہے۔ پہلے فیز میں، 500 - 300 ایکڑ پر مینگرووز کی شجرکاری کی جائے گی، جس کا مقصد ہے کہ آئندہ دس برس کے عرصے میں کمرشل ڈویژن کی فضا میں دھوئیں سے ہونے والی آلودگی کو کم کرنے میں مدد حاصل ہوگی۔ دوسرے فیز میں، سپلائی چین سے فضائی آلودگی کو کم کرنے کا منصوبہ ہے۔

کمیونٹی ایونٹس اینڈ اسپورٹس پروموشن / ڈویلپمنٹ

- اینگرو فرٹیلائزرز نے ڈہرکی میں اپنے ملازمین اور ان کے خاندانوں کے ساتھ ایک اعلیٰ مقصد کے لیے سی ایس آر (CSR) دن منعقد کیا۔ اس ایونٹ میں مختلف پورٹ فولیو کے تحت درج ذیل پروگرام منعقد ہوئے:
- کفالت: پروگرام کے تحت یتیم بچوں کی انٹرمیڈیٹ تک تعلیم کی ذمے داری اٹھانے پڑے گی۔ ایک دن میں ڈہرکی میں مستقبل کے معماروں کی ذمے داری اٹھانے کے لیے 38 افراد نے اپنی رجسٹریشن کرائی۔
- شفا: اس پروگرام کا مقصد مقامی کمیونٹی کے مریضوں کی طبی امداد کے لیے اسپانسرز کی تلاش ہے۔ ٹیم کو 15 آنکھوں کے آپر

- ڈپلومہ ان ایسوی ایٹ انجینئرنگ (DAE) پروگرام: 2021 میں ڈی اے ای میں مجموعی طور پر 329 طلبہ تھے۔ ان میں سے 94 طلبہ نئے تھے جبکہ 105 طلبہ دوسرے سال میں اور 130 طلبہ تیسرے سال میں زیرِ تعلیم تھے۔

ایگری۔ویلیو چین پروجیکٹس

پارٹنرشپس اینڈ ویلیو ایکسپینشن (PAVE) پاکستان، یہ ایک ڈھائی سال پر محیط (2017 - 2020) کاروبار پر مبنی پروجیکٹ ہے جو کہ DFAT (ڈپارٹمنٹ آف فارن افیئرز اینڈ ٹریڈ) آسٹریلیا اور اینگرو فرٹیلائزرز کے مشترکہ فنڈ سے قائم کیا گیا، جس کا مقصد پاکستان میں سیڈ ویلیو چین کو ترقی دینا ہے اور چھوٹے کاشتکاروں تک آسان فراہمی کے لیے مارکیٹ میں روابط قائم کرنا ہے۔ 2021 میں، کمپنی کے سربراہان نے PAVE پروجیکٹ کو ہمارے اپنے بجٹ سے جاری رکھنے کی منظوری دے دی اور اس کو مزید وسیع دائرہ کار کے ساتھ اس کی فعالیت کو تین بڑے شعبوں میں تقسیم کیا جاسکتا ہے۔

- PAVE کا تسلسل اور مالی امداد کرنے والوں کے لیے اغراض و مقاصد کی تفصیلات
- PAVE کو نئے جغرافیائی تقاضوں اور نئے ویلیو چین کے مطابق تشکیل دینا
- PAVE کو پائیدار انٹرپرائز میں ڈھالنے کے لیے کوشش اور نئے بیج کے اثرات پر مبنی کاروباری مقدمہ تیار کرنا 2021 میں، PAVE نے زرعی یونیورسٹی فیصل آباد کے ساتھ 4 آئی سی ٹی پر مبنی کمیونٹی سینٹرز میں پارٹنرشپ جاری رکھی اور دیہات میں بیج انٹرپرائزز پر کام کیا۔

کمپنی نے CABI (سینٹر فار ایگریکلچر اینڈ بائیو سائنس انٹرنیشنل) کے ساتھ دو پروجیکٹس بھی شروع کیے۔ CABI ایک ٹریننگ پارٹنر کے طور پر اسٹرینتھننگ ویجیٹیبل ویلیو چین ان پاکستان (SVVCP) کے اشتراک سے کام کرتا ہے:

- جنوبی پنجاب میں ٹماٹر کی قیمت میں اضافے کے لیے فلیگ شپ اقدام اٹھایا گیا جبکہ پیداوار بڑھانے، منافع میں اضافہ خود مختاری، اور ٹماٹر کی کاشت کے ذریعے خواتین وحضرات کاشتکاروں کے لیے روزگار کے مواقع پیدا کیے گئے۔
- اوکاڑہ میں آلو کے کاشتکاروں کے لیے آگاہی، متحرک بنانا اور ان کی خود مختاری کے لیے CABI مختلف شراکت داروں کو مصروفِ عمل رکھا۔ PAVE کے کارکنان نے مذکورہ علاقوں میں مرد و خواتین کاشتکاروں کو تربیتی نشستوں میں آگاہی دی۔

2021 میں ایک نئے پروجیکٹ لال مرچ ویلیو چین میں اضافے کے لیے بھی گلوبل پارٹنر (Winrock) سے منظوری حاصل کی گئی اور باقی شریک یو ایس ایڈ کا تعاون حاصل رہا۔ اس پروجیکٹ کا مقصد مقامی لال مرچ کی ویلیو چین کو اپ ڈیٹ کرنا اور عمرکوٹ اور میرپور خاص، سندھ

سے زائد بچے تعلیم حاصل کر رہے ہیں۔ ہمارے پہلے کیا گرز مڈل اسکول نے 99 بچیوں کے ساتھ عارضی جگہ میں کام شروع کر دیا ہے۔ اس سال اینگرو نے ڈہرکی کے علاقے میں دو نئے کیا اسکول کھولے ہیں۔ مسلسل بہتری کو یقینی بنانے ہمارے طلبہ کو جدید تعلیم سے آراستہ کرنے کے لیے کمپنی نے ان اسکولوں میں تعینات اساتذہ کی تربیت پر بھی بہت زیادہ سرمایہ کاری کی ہے۔

کورونا کی پابندیوں کے دوران طلبہ نے "سبق میوز (Sabaq MUSE) سافٹ ویئر کے ذریعے تعلیم کے نئے طریقوں سے پڑھائی کو جاری رکھا۔ مزید برآں، انتظام کو دو لیے گئے اور گورنمنٹ ہائی اسکول ڈہرکی اور اباڑو میں ماسک، سینیٹائزرز، تھرمومیٹرز، اور درجہ حرارت معلوم کرنے والے آلات فراہم کیے گئے اور اساتذہ کو تمام ایس او پیز پر سختی سے عمل کرنے کے لیے تربیت بھی دی گئی۔

سہارا اسکول میں، ہم پائیدار ترقی کے پروگراموں کے ذریعے مقامی افراد کی زندگی کو بہتر بنانے کے لیے کوشاں ہیں۔ سہارا ویلفیئر سوسائٹی (اینگرو ملازمین کی رضاکارانہ سوسائٹی) 1990 سے مصروفِ عمل ہے، اس کے ذریعے صحت، تعلیم، اور ووکیشنل ٹریننگ سے متعلق اقدامات اور مختلف اقدامات سے مقامی کمیونٹی کی خدمت کی جارہی ہے۔ سال کے دوران سہارا نے مقامی لوگوں کی مدد کے لیے انفراسٹرکچر اور سپورٹ فولیو میں توسیع کے متعدد پروجیکٹس شروع کیے۔

سہارا اسکول میں موجودہ طلبہ کی تعداد 515 سے زیادہ ہے، مقامی آبادی کی مہارت اور علم میں اضافے کے لیے 2020 میں ہنر پروگرام (ٹیکنیکل اسکل انہانس منٹ پروگرام) شروع کیا گیا تاکہ اقتصادی خود مختاری حاصل کر سکیں۔ اس پروگرام کے تحت، 90 سے زائد طلبہ کو شام کی کلاسز میں معیاری تعلیم کی سہولت فراہم کی گئی۔ سہارا کی ٹیمیں کورونا کے دوران مشکلات کے باوجود مصروفِ عمل رہیں۔ کمپنی نے اس بات کو یقینی بنایا کہ طلبہ مصروف رہیں اور وبائی صورتحال میں بھی وہ اپنی تعلیمی سرگرمیاں جاری رکھیں اور اس لئے انہیں اسائنمنٹ گھروں میں میسر کیے گئے۔

روزگار

- ٹیکنیکل ٹریننگ کالج (TTC)، ڈہرکی: کمپنی کی جانب سے TTC میں پیشہ ورانہ مہارتوں کی ٹریننگ پر خصوصی توجہ دی جاتی ہے۔ کالج میں کیمیکل، الیکٹریکل اور مکینیکل ٹیکنالوجیز میں ایسوسی ایٹ انجینئرنگ میں 3 سالہ ڈپلومہ کی پیش کش کی جاتی ہے، اسی طرح ڈہرکی کے قرب وجوار میں رہائش پذیر نوجوانوں کے لیے قلیل مدتی ووکیشنل ٹریننگ پروگرام بھی کرائے جاتے ہیں۔

کمپنی روایتی کارپوریٹ بھلائی کے کاموں سے زیادہ کچھ کرنا چاہتی ہے اور اس کے لیے اینگرو فاؤنڈیشن کے ساتھ مل کر منصوبہ بندی کر رہی ہے، جس سے دونوں یعنی کمپنی اور برادریوں میں مثبت سوچ بیدار ہوگی۔ نتیجے میں، ہم برادریوں کی بھلائی اور ترقی کو قبول کرتے ہیں جو کہ ہم پائیدار اقدامات میں سرمایہ کاری کرتے ہیں، اس طرح معاشی اور معاشرتی ترقی سے ہمارے ارد گرد افراد پر مثبت اثر پڑتا ہے۔ یہ جذبہ ہمارے تمام ملازمین میں پایا جاتا ہے، اور ہمیں فخر ہے کہ وہ مذکورہ سماجی بھلائی کے اقدامات میں براہ راست شرکت کرتے ہیں۔ ہمارے مقاصد کے حصول کے لیے ہم نے سرکاری اور دیگر نجی اداروں کے ساتھ بھی تعاون کیا ہے، اور اس طرح ہمیں معاشرے میں بہترین مثال قائم کرنے کا موقع ملا ہے۔

ہم نے انوائرنمنٹ اور اسٹیک ہولڈر انگیجمنٹ اسٹیئرنگ کمیٹی بھی قائم کی ہے۔ اس کمیٹی کا اہم مقصد ہمارے پلانٹ کے اطراف میں 2 میل تک سماجی اور اقتصادی ترقی کو یقینی بنانا ہے اور انھیں ایمرجنسی میں HSE معیارات کے مطابق ردعمل کے طریقہ کاروں سے متعلق تربیت دینا ہے۔

ہمارے سی ایس آر کے اقدامات درج ذیل شعبوں میں وسیع تبدیلی کا محرک بن سکتے ہیں، ان شعبوں کو معاشرے کی اکائیوں میں سرمایہ کاری کے ذریعے ترقی دینے کی غرض سے منتخب کیا گیا ہے۔

- کمیونٹی انویسٹمنٹ اینڈ انفراسٹرکچر ڈیولپمنٹ
- تعلیم
- روزگار
- ایگری۔ ویلیو چین پروجیکٹس
- ہیلتھ کیئر سروسز
- انرجی کنزرویشن
- ماحول کا تحفظ
- کھیلوں کا فروغ اور ترقی

کمیونٹی انویسٹمنٹ اینڈ انفراسٹرکچر ڈیولپمنٹ

کمیونٹی انویسٹمنٹ اور انفراسٹرکچر ڈیولپمنٹ ہماری سی ایس آر حکمت عملی کا اہم حصہ ہے۔ اس مقصد کے لیے کمپنی ارد گرد برادریوں میں انفراسٹرکچر تیار کرنے کے لیے سرمایہ کاری کرتی ہے تاکہ عوام الناس کے طرز زندگی میں بہتری آئے اور آمدنی کے ذرائع پیدا ہوں اور وہاں پر رہائش پذیر افراد کو کمیونٹی کی تعمیر کے مواقع فراہم ہو سکیں۔

آج تک، کمپنی نے ہمارے پلانٹس کے اطراف میں متعدد سوشل پروجیکٹس میں سرمایہ کاری کی ہے تاکہ یہاں کی برادریوں کو بہتر معیار زندگی میسر آسکے۔ ان پروجیکٹس میں تعلیمی ادارے، صحت عامہ کی سہولیات، بنیادی ضروریات کی فراہمی جیسا کہ پانی، عوامی جگہوں کی بہتری اور نکاسی کے نظام کی ترقی شامل ہیں۔

ڈہرکی میں مصنوعی اعضاء کی سہولت فراہم کی گئی جہاں سے 2021 میں 294 سے زائد افراد نے علاج کرایا۔ کتے کے کاٹنے (سگ گزیدگی) سے بچاؤ کی سہولت بھی ڈہرکی میں فراہم کی گئی اور گزشتہ سال مجموعی طور پر 139 ایسے مریضوں کا علاج کیا گیا۔ مذکورہ سہولیات پر صحت کے ماہرین اور تربیت یافتہ پیشہ ورانہ مہارت کے حامل افراد تعینات ہیں اور یہاں پر صرف اطراف کے لوگ ہی نہیں بلکہ سندھ بھر سے بڑی تعداد میں افراد علاج کی سہولت سے فائدہ اٹھاسکتے ہیں۔

اس سلسلے میں کھیلوں کے شعبے میں ہماری کمیونٹی کو تعاون فراہم کرنے کی حکمت عملی میں ہم نے ضلع گھوٹکی میں تمام رجسٹرڈ کلبس کو کرکٹ کا سامان فراہم کیا اور ڈہرکی کرکٹ اسٹیڈیم میں توسیعی کام بھی کرایا گیا۔ ہمارے کمیونٹی انفراسٹرکچر کی وسعت میں جنگ اور بلوچ کالونی کے گاؤں میں سولر لائٹس کی تنصیب اور ڈہرکی اور گھوٹکی میں سرکاری تعلیمی تعاون بھی شامل ہے۔

تعلیم

کمپنی اس بات پر بہت زیادہ یقین رکھتی ہے کہ تبدیلی کے لیے تعلیم سب سے بہترین ذریعہ ہے اور اسی لیے تو تعلیم ہمیشہ ہماری سی ایس آر حکمت عملی کی اولین ترجیحات میں شامل رہی ہے۔ ہم نے اپنے مینوفیکچرنگ یونٹ کے اطراف میں غریب بچوں کو معیاری تعلیم فراہم کرنے کے لیے مسلسل کوششیں کی ہیں جبکہ ان تعلیمی اداروں میں معیار تعلیم کے فروغ اور تعلیم کے بہتر نتائج کے لیے مسلسل کوشاں ہیں۔

2021 کے آخر میں، ہمارے سرکاری اسکولوں میں بچوں کی تعداد 1,600 سے زائد تھی جبکہ ہمارا کچا اسکول نیٹ ورک کے تحت 1,700

حفاظتی طریقہ کار کی بہتری

2021 میں مختلف حفاظتی طریقہ کار کی اسٹڈی پر عمل کا آغاز کیا گیا جس میں ہمارے سسٹم کو انڈسٹری کی بہترین روایات کے مطابق کرنے پر توجہ دی گئی۔

حفاظتی طریقہ کار کی بہتری سے متعلق تفصیلات درج ذیل ہیں:

- ڈہرکی سائٹ پر پہلی مرتبہ ڈیو پونٹ فلسفے پر مبنی حفاظتی اقدامات پر عملدرآمد کیا گیا جہاں پر ڈیو پونٹ کی نظرثانی شدہ خیالات کے مطابق جانچ پڑتال کی گئی۔
- ''اسکیپ ایواکیویشن اینڈ ریسکیو اینالیسس'' کی تحقیق کے مطابق کسی بھی زہریلے اخراج کی ایمرجنسی کے دوران سائٹ پر پلانٹ کے تمام داخلی اور خارجی جگہوں کی جانچ پڑتال کی گئی۔ اس منصوبے پر عملدرآمد کے لیے تیاری کی جا رہی ہے۔
- سائٹ پر NFPA کوڈز اور معیارات کے برعکس عمارتوں میں آتشزدگی کے خطرات کی جانچ پڑتال کی گئی۔
- اے پی آئی اور ایچ ایس ای اسٹینڈرڈز کے برعکس خطرناک جگہوں کی وجہ بندی کی جا رہی ہے تاکہ ایسی جگہوں پر بجلی کے آلات کی تنصیب اور دیکھ بھال کی روایات کو بہتر بنایا جائے، پلانٹ-1 پر کام کرنے والی جگہوں پر فائر اینڈ گیس کی نشاندہی کے لیے تحقیق رائج کی گئی۔

صحت اور سماجی بھلائی

کمپنی میں اکیوپیشنل ہیلتھ پروگرام بمع صنعتی حفظان صحت اور دواؤں پر مبنی پروگرام رائج ہے۔ ذیل میں کمپنی کی جانب سے ہمارے ملازمین کے لیے صحت اور حفظان صحت سے منسلک روایات پر مبنی آگاہی کے مختلف اقدامات کی تفصیل ہے:

- ہیلتھ رسک اسیسمنٹ ورک شاپ
- ذاتی حفاظتی آلات کا موثر ترین استعمال
- استعمال کے بعد نقصان دہ ملبے کو ٹھکانے لگانا
- ارگونومکس ایویلوایشن اینڈ ہیلتھ رسک مینجمنٹ
- ایس ہسٹولس ویلڈنگ کی جدید تربیت اور روایات پر نظرثانی

ماحولیاتی معیارات

2021 میں ہمارے ڈہرکی پلانٹ پر ماحولیاتی کارکردگی کو بہتر بنانے کے لیے بہت زیادہ توجہ کے ساتھ اقدامات اٹھائے گئے۔ جس کی اہم

جھلکیاں درج ذیل ہیں:

- این کوپ۔ 3 کے لیے انوائرمنٹل مینجمنٹ پلان تیار کیا گیا اور اس کے توسیعی پروجیکٹس کی SEPA سے منظوری
- اے ایل پی۔ گرین پروجیکٹ کی چھتری کے نیچے پائیدار فریم ورک تیار کیا گیا
- پہلی مرتبہ نگرانی اور NOx فٹ پرنٹس کے تخمینے کی شروعات کی گئی
- ملین ٹری پروجیکٹ اور وطن کے نام مہم کے تحت 10,000 پودوں کی شجرکاری
- ڈیو پونٹ (Dupont) اور دنیا کی بہترین روایات کے مطابق ماحولیاتی اثرات کے جائزے

اینگرو محافظ

اینگرو محافظ پاکستان میں HSE پروگرام میں سب سے اولین شراکت دار ہے جو کہ کمپنی کی ایچ ایس ای پالیسی کے ساتھ اور ہمارے کاموں میں شریک اور منسلک تمام برادریوں کی تربیت اور حفاظت کرتا ہے۔ پروگرام کو کاشتکاروں اور ڈیلرز کی محفوظ اور ماحول دوست روایات سے منسلک دیگر روزمرہ کی سرگرمیوں سے متعلق تربیت کے لیے تشکیل دیا گیا ہے اور یہ خاص طور پر خطرات سے نمٹنے کے بارے میں مفید ہے۔ اس میں ایچ ایس ای کی کام والی جگہوں کی آڈٹس، انفراسٹرکچر کی بہتری اور مقابلے کے رجحان اور فوری طور پر ایوارڈز کی تفویض بھی شامل ہے۔

2021 میں، اس پروگرام کے تحت کمپنی نے درج ذیل کامیابیاں حاصل کیں:

- 550 ڈیلرز اور 158 کاشتکاروں کو اپنے زرعی فارمز / گوداموں / ڈیلر شاپس پر حفاظتی معیارات کو بہتر بنانے کی سرگرمیوں میں مصروف عمل رکھا
  اس طرح حفاظتی پوسٹرز اور ضروری حفاظتی آلات جیسا کہ آگ بجھانے والے آلات، فارم پی پی ایز، فرسٹ ایڈ باکسز وغیرہ کی نمائش کی گئی۔
- محفوظ زرعی فارم کی روایات پر کاشتکاروں کے لیے 53 ایچ ایس ای کی تربیتی نشستیں منعقد کی گئیں۔
- منڈیوں میں ڈیلرز اور زراعت سے منسلک دیگر افراد کے لیے 48 ایچ ایس ای کی تربیتی نشستیں منعقد کی گئیں۔

کارپوریٹ سماجی ذمہ داری

اینگرو فرٹیلائزرز لینڈ بھلائی کے کاموں میں یقین رکھتی ہے اور بھلائی کے کاموں میں مصروف عمل ہے۔

صحت، حفاظت اور ماحول (HSE)

ہمارے ملازمین کی حفاظت کمپنی کی اولین ترجیحات میں شامل ہے۔ ہم نے اپنے دفاتر اور پلانٹس پر عالمی سطح کے HSE پروگرام رائج کیے ہیں، اور پیشہ ورانہ تربیتی نشستوں کے ذریعے ملازمین کو HSE کے رائج اصولوں پر عملدرآمد کے لیے مسلسل یاد دہانی کرائی جاتی ہے۔

ہماری HSE سے متعلق کارکردگی

ہم اس بات کو یقینی بناتے ہیں کہ ہمارے ملازمین اور کنٹریکٹ پر کام کرنے والی افرادی قوت جو ہمارے پلانٹ آپریشن میں شریک ہوتی ہے انھیں انتہائی اعلیٰ درجے کی HSE کی تربیت، PPEs اور آلات فراہم کیے جائیں۔ حفاظت سے متعلق اہم تقاضات اور ہنگامی حالات میں انتہائی زیادہ احتیاطی تدابیر پر عملدرآمد پر خصوصی توجہ دینے سے اور کام کرنے والی جگہوں پر محفوظ ماحول کی روایات پر عمل کرنے سے ہم نے سال کے دوران HSE سے متعلق درج ذیل نتائج حاصل کیے ہیں:

ہماری HSE سے متعلق کارکردگی	2021
ٹوٹل ریکارڈ ایبل انجری ریٹ (TRIR)	0.036
کسی نقصان یا زخم کے بغیر کام کی محفوظ تکمیل (ملین مین آورز)	45
لاس ورک ڈے انجری (LWI)	0
ریکارڈ ایبل انجریز (RWC/MTC)	3

یہ ضروری ہے کہ واضح کیا جائے کہ ہمارے دونوں پلانٹس پر ٹرن اراؤنڈ ہونے کے باوجود ہمارے مینوفیکچرنگ کی جگہوں پر TRIR کا تناسب صفر رہا۔ سال کے دوران زخمی ہونے کے واقعات جیسا کہ درج بالا ہے کہ صرف ہمارے حالیہ E-logistics پر ہوئے۔ یہاں ہم نے حفاظتی تدابیر اور روایات کے تسلسل کو جاری رکھا ہوا ہے۔

2021 کی جانچ پڑتال، آڈٹس اور تصدیقی اسناد

2021 میں مینوفیکچرنگ سائٹ ڈہرکی میں HSE پر عملدرآمد اور روایات سے متعلق آڈٹ تیسرے فریق کے ماہرین سے کرائی گئی۔ جس کی تفصیلات درج ذیل ہیں:

- ڈیوپونٹ (DuPont) رسک بیسڈ اسسمنٹ: EFERT ڈہرکی مینوفیکچرنگ سائٹ پر پروسیس سیفٹی مینجمنٹ (PSM) سسٹم اور انوائرمنٹل مینجمنٹ سسٹم (EMS) سے متعلق خطرات پر مبنی طریقہ کار کے مطابق جانچ پڑتال ڈیوپونٹ (DuPont) کے ماہرین نے کی۔ مذکورہ نظرثانی شدہ فیصلے پر مبنی حفاظت اور ماحول کے انتظام کے سسٹم کی اسکریننگ کی گئی بہتری والے حصوں میں نشاندہی کے مطابق ایکشن پلان مرتب کیا جا رہا ہے۔
- آئی ایم ایس (آئی ایس او۔ 14001، 18001 اور 45001) سے دوبارہ تصدیقی اسناد کے لیے تیسرے فریق سے آڈٹ کرایا گیا۔ آڈیٹرز نے سائٹ کی کارکردگی کو انتہائی اطمینان بخش قرار دیا۔
- ایگری فرٹیلائزرز DHK نے "IFA پروڈکٹ اینڈ سسٹین کی تصدیق" کے لیے تیسرے فریق سے جانچ پڑتال کرائی، جس میں پروڈکٹ کی تیاری میں منظم کنٹرول کے علاوہ HSE مینجمنٹ سسٹم کی بھی تعریف کی گئی۔

"HSE فرسٹ" مائنڈ سیٹ کے نتائج

2021 میں پورا سال ڈہرکی مینوفیکچرنگ سائٹ پر HSE کمیٹیز تیار کی گئیں، جس میں ورک پلیس سیفٹی کے اقدامات کو بہتر بنانے پر زیادہ توجہ دی گئی:

- جاب سائیکل چیک۔ بہت زیادہ نقصانات پر مبنی سرگرمیوں پر توجہ اور فیلڈ ورک کو محفوظ بنانے کے لیے ایس او پیز پر عملدرآمد کو یقینی بنایا گیا۔
- موثر نگرانی۔ موثر نگرانی کی تحقیک پر مبنی پہلی صف کے سپروائزرز کی تربیت پر توجہ اور کام کی منصوبہ بندی اور نگرانی کے دوران حفاظتی تدابیر کو یقینی بنانا۔
- زیرو انجری ڈرائیوز۔ روزمرہ کی سرگرمیوں کے دوران حفاظتی تدابیر پر عملدرآمد کو یقینی بناتے ہوئے ٹیم کی جانب سے مقصد پر توجہ مرکوز رکھنا۔

ان کمیٹیز کا مقصد سائٹ پر رویوں اور دیگر حفاظتی اقدامات کو بہتر بنانے کے لیے مشترکہ طور پر کوششیں کرنا ہے۔ اس طرح ہم مختلف HSE اقدامات کے لیے افراد کو خود مختار بناتے ہوئے عملی بہتری کا مظاہرہ کر سکتے ہیں۔ ان پروگراموں کے ساتھ ہم اپنے ملازمین کی ذہنیت اور رویوں کو پیشہ ورانہ اور ذاتی طور پر بھی تبدیل کرنے کی کوشش کرتے ہیں۔

فنانس ایوارڈز:

- اینگرو فرٹیلائزرز کی سالانہ رپورٹ کو ICAP & ICMAP میں کیمیکل اینڈ فرٹیلائزر کیٹگری میں "بیسٹ کارپوریٹ اینڈ سسٹین ایبلٹی رپورٹ ایوارڈز 2020 میں تیسری پوزیشن سے نوازا گیا۔
- مینجمنٹ ایسوسی ایشن آف پاکستان (MAP) عام ایس چنائے کارپوریٹ ایکسی لنس ایوارڈز میں مسلسل دوسرے سال پوری انڈسٹری میں کارپوریٹ ایکسی لنس ایوارڈ سے نوازا گیا۔
- اینگرو فرٹیلائزرز نے 3 پاکستان ڈیجیٹل ایوارڈز جیتے:
  - جدید ترین فن ٹیک ڈیٹا سلوشن پرووائیڈر
  - بیسٹ بینکنگ ٹیک آف دی ایئر
  - بیسٹ پے منٹ ٹیکنالوجی

کسٹمر سروس کی بہتری

کسٹمر ہماری توجہ کا مرکز ہیں اور ٹیکنالوجی کا استعمال انتہائی اہم ہے، اس جذبے سے کمپنی نے انڈسٹری کی پہلی موبائل اور ویب ایپلی کیشن "اینگرو ہمسفر" متعارف کرائی ہے۔ فرٹیلائزر ڈیلرز کے لیے یہ ایک B2B پلیٹ فارم ہے، جو کہ انھیں 24 گھنٹے اینگرو فرٹیلائزرز کے ساتھ منسلک رکھتا ہے۔

EFERT اپنے آپ میں پہلا پلیٹ فارم ہے جس نے نقدی سائیکل میں آسانی سے انڈسٹری میں نام بنایا۔ ہم نے ہمسفر ایپلی کیشن کی تیاری کے ساتھ آرڈر کو انتہائی آسان بنا دیا ہے، جبکہ ادائیگی بھی آسان ہے۔ ہم نے اپنے ایپ میں آن لائن ادائیگی کے طریقے بھی متعارف کروائے ہیں اس کے لیے دستی عمل کے بہت سارے عوامل کو ڈیجیٹل کرنے کی ضرورت تھی اور بینکوں اور دیگر شراکت داروں کے تعاون سے ایک آن لائن "جدید ادائیگی کا نظام" درکار تھا جو ڈیلرز کو کہیں سے بھی اور کسی بھی وقت ایک بٹن دبانے سے آرڈر دینے اور آن لائن ادائیگی کی محفوظ سہولت فراہم کرتا ہے۔

ستمبر 2020 میں اینگرو ہمسفر ایپ کو ملک بھر میں متعارف کرایا گیا۔ ڈیلرز کو اطلاع دی گئی اور رابطے کے اندرونی چینلز کے ذریعے انھیں تربیت دی گئی جس کو شاندار پذیرائی حاصل ہوئی۔ اس پر عملدرآمد کے تحت، ہم نے ہمسفر کے ذریعے 2021 میں 100 ارب روپے کی سیلز کا سنگ میل طے کر لیا ہے۔

- وژن، حکمت عملی اور کاروباری اثر (بہترین عملدرآمد)
- سربراہی اور احتساب (ترقی پذیر)
- D&I کی تشکیل اور عملدرآمد (بہترین)
- عملے کی تعیناتی (بہترین عملدرآمد)
- عملی زندگی، منتر، پلیدار فوائد (بہترین)
- کام کی تشکیل، درجہ بندی، معاوضہ (ترقی پذیر)
- D&I کمیونٹی کمیشنز (بہترین)
- مستقل مزاجی (بہترین)
- تربیت اور ترقی (بہترین)

سی ایس آر ایوارڈز:

- نیشنل فورم فار انوائرمنٹل اینڈ ہیلتھ (NFEH) کی 13 ویں انٹرنیشنل سالانہ سی ایس آر سمٹ اینڈ ایوارڈ 2021 میں 4 ایوارڈز حاصل کیے:
  - ملازمین کی شرکت
  - انسان دوست اور روزگار
  - کورونا کے بحران سے نمٹنے کے لیے انتظامات
  - ماحول دوست توانائی کے لیے اقدام
- دی پروفیشنل نیٹ ورک (TPN) کی 10 ویں سالانہ انٹرنیشنل سی ایس آر سمٹ ایوارڈ میں 3 ایوارڈز حاصل کیے:
  - سی ایس آر ایوینٹس
  - معاشرے پر اثر
  - رضاکارعملہ
- آسٹریلین ملٹی کلچرل چیرٹی کی جانب سے گلوبل کارپوریٹ سی ایس آر ایوارڈ 2021
- NFEH کے سالانہ انوائرمنٹل ایکسی لنس ایوارڈز کی بیسٹ انوائرمنٹ پرفارمنس ایوارڈ

اثاثوں کی تشکیل اور طویل مدتی قرضوں کا انتظام

2021 میں، کمپنی نے اثاثوں کے بہتر انتظام کے ذریعے قرضوں کے بوجھ کو کم کرنے کے لیے کوششوں پر توجہ جاری رکھی اس کے ساتھ کم قیمت قرضوں کے مواقع تلاش کرنے پر زور دیا۔ سال 2021 کے اختتام پر طویل مدتی قرضے 2020 کے 23.6 ارب روپے کے مقابلے میں 17.2 ارب روپے ریکارڈ کیے گئے۔ تمام قرضوں کی واپسی اس سال مقررہ تاریخوں پر ہوئی اور سال کے دوران کسی بھی قرضے کی واپسی کے حوالے سے کوئی نادہندگی نہیں ہوئی۔ 31 دسمبر، 2021 کو کل ایکوئٹی 2020 میں 46.7 ارب روپے کے مقابلے میں 47.1 ارب روپے ہے۔ سال کے دوران، PACRA نے اینگرو فرٹیلائزرز کے طویل مدتی قرضہ جات کے لیے AA اور قلیل مدتی قرضہ جات کے لیے +A1 ریٹنگ تفویض کی ہے۔

مالیاتی گوشواروں پر آڈیٹرز کی جائزہ رپورٹ

ہمارے آڈیٹرز نے سال کے دوران کاروباری عوامل، مالیاتی حکمت عملی کے اقدامات اور اخراجات کا جائزہ لیا اور ہم یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ انھوں نے 31 دسمبر، 2021 کو ختم شدہ سال کے لیے کمپنی کے انفرادی اور مجموعی مالیاتی گوشواروں پر اطمینان کا اظہار کیا ہے۔

مستقبل کے منصوبے اور مارکیٹ کا جائزہ

طلب اور رسد کے عدم توازن، یورپ میں توانائی کے بحران اور چین سے فرٹیلائزر کی درآمدات پر پابندی کی وجہ سے یوریا کی قیمتیں 2021 میں عالمی سطح پر کئی برسوں بعد انتہائی بلند سطح پر پہنچ گئیں۔ 2022 میں یورپ اور امریکہ میں نائٹروجن سے منسلک فصلوں کی قیمتوں میں اضافے کی وجہ سے اہم مارکیٹوں میں طلب کم ہوگی اور عالمی مارکیٹوں میں یوریا کی قیمتوں میں کمی کا امکان ہے۔ حکومت کی جانب سے مسلسل تعاون، بہتر زرعی معاشیات اور عالمی سطح کے مقابلے میں نمایاں طور پر یوریا کی رعایتی قیمتوں پر دستیابی کی وجہ سے توقع ہے کہ پاکستان میں زرعی شعبہ اپنی ترقی کی رفتار کو برقرار رکھے گا۔ مقامی سطح پر، مارکیٹ میں یوریا کی طلب 2021 میں 6.3 MT کے مقابلے میں 2022 میں 6.4 MT تک اضافے کی توقع ہے۔ ڈی اے پی کی طلب میں بھی بہتر زرعی معیشت کی وجہ سے مانگ اطلب برقرار رہنے کا امکان ہے۔

ایوارڈز، اعزاز

سال کے دوران، کمپنی نے مختلف شعبوں میں ایوارڈز اور اعزازات حاصل کیے۔ کمپنی کی جانب سے 2021 میں حاصل شدہ ایوارڈز کی فہرست درج ذیل ہے:

ایچ ایس ای ایوارڈز:

- کمپنی کے ڈہرکی پلانٹ کو "دی رائل سوسائٹی فار پریونشن آف ایکسیڈنٹس (RoSPA) کی جانب سے منعقدہ گولڈ اسٹینڈرڈز۔ ہیلتھ اینڈ سیفٹی بیسٹ پرفارمنس ایوارڈ اور زرخیز پلانٹ کو سلور اسٹینڈرڈز۔ ہیلتھ اینڈ سیفٹی بیسٹ پرفارمنس ایوارڈ سے نوازا گیا۔
- RoSPA کی جانب سے اینگرو فرٹیلائزرز کو "فلیٹ سیفٹی گولڈ ایوارڈ 2021" سے بھی نوازا گیا۔
- ہمارے ڈہرکی پلانٹ نے برٹش سیفٹی کونسل سے تین شاندار ایوارڈز حاصل کیے:
  - انٹرنیشنل سیفٹی ایوارڈ 2021
  - مینوفیکچرنگ سیکٹر میں گلوبل بیسٹ ایوارڈ
  - ملک بھر بہترین کارکردگی کا ایوارڈ
- ہمارے ڈہرکی پلانٹ نے انٹرنیشنل فرٹیلائزر ایسوسی ایشن (IFA) کی جانب سے انڈسٹری میں اسٹیورڈشپ چیمپئن ایوارڈ 2021 حاصل کیا۔
- NFEH اور فائر پروٹیکشن ایسوسی ایشن آف پاکستان نے ڈہرکی سائٹ کو فائر سیفٹی اینڈ انوائرمنٹل مینجمنٹ ایکسیلنس ایوارڈ سے نوازا۔

ایچ آر ایوارڈز:

- اینگرو فرٹیلائزرز نے سی ایف اے سوسائٹی پاکستان کے سالانہ ایکسیلنس ایوارڈز میں جینڈر ڈائیورسٹی ایوارڈ ایٹ ورک پلیس حاصل کیا۔
- اینگرو فرٹیلائزرز نے یو این ویمن 2021 ایشیا پیسفک WEPs ایوارڈز میں "لیڈرشپ کمٹمنٹ" کی کیٹگری میں پہلے رنر اپ کی پوزیشن حاصل کی۔ اقوام متحدہ کے پلیٹ فارم نے پاکستان میں جنسی برابری اور خواتین کی معاشی خودمختاری کے لیے اینگرو فرٹیلائزرز کی غیر معمولی کوششوں کی توثیق کی ہے۔
- 2021 میں گلوبل ڈائیورسٹی اینڈ انکلوژن بینچ مارک ایوارڈز کے تحت 10 ایوارڈ حاصل کیے۔ یہ ایوارڈز امریکی سینٹر فار گلوبل انکلوژن نے ڈائیورسٹی فریم ورک پر عملدرآمد کے لیے تیار کیے اور انھیں ایچ آر میٹرکس کی جانب سے پاکستان میں متعارف کرایا گیا۔ درج ذیل کیٹگریز میں ایوارڈز حاصل کیے گئے:
  - پاکستان کا سب سے بہترین ادارہ

کمپنی کا مجموعی منافع 2020 کے 32 فیصد کے مقابلے میں امسال 33 فیصد کے ساتھ 44.1 ارب روپے رہا۔ مزید براں، 19 جنوری، 2021 کو جاری ICAP کے سرکلر نمبر 1/2021 کے مطابق GIDC کے حوالے سے رہنمائی پر عمل کرتے ہوئے کمپنی کو اپنے GIDC پروویژن کا دوبارہ موجودہ ویلیو کے مطابق حساب کرنے کی ضرورت تھی اور موجودہ قانونی صورتحال کے مطابق دستیاب معلومات اور سیٹلمنٹ کے متوقع وقت کے اندر حساب کتاب کیا گیا جس کے نتیجے میں GIDC پروویژن میں 2020 میں 2.1 ارب روپے کے منافع کے مقابلے میں 0.7 ارب روپے خسارے کی تصدیق کی گئی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کی بنیاد پر کمپنی نے 2020 میں 1.2 ارب روپے خسارے کے مقابلے میں 2021 میں حکومت پاکستان کی جانب سے موصول ہونے والی سبسڈی کے مطابق 0.6 ارب روپے خسارے کی تصدیق کی ہے۔

سال کے دوران، کمپنی نے پلانٹ پر قابلِ استعمال اشیاء اور اسکریپ کے علاوہ مشینری کی جانچ پڑتال کے لیے بیرونی ماہرین کی خدمات بھی حاصل کی ہیں۔ ماہرین کی جانچ پڑتال کی بنیاد پر قابلِ استعمال اشیاء اور ان کے اسکریپ کی قیمت میں اضافہ ہوا ہے اور نتیجے میں سال کے لیے ڈیپری سی ایشن کی مد میں 2,520 ملین روپے کی کمی ریکارڈ کی گئی ہے۔ اسی طرح آئندہ برسوں میں بھی یہ کمی واقع ہوگی۔ کمپنی کے مالیاتی اخراجات 2020 میں 3.2 ارب روپے سے 50 فیصد کم ہوکر 1.6 ارب روپے ریکارڈ کیے گئے اس کی میں ورکنگ کیپٹل کے بہتر انتظام کا بہت زیادہ عمل دخل ہے۔ کمپنی کے ٹیکس کی مد میں اخراجات 2020 میں 3.2 ارب روپے کے مقابلے میں 2021 کے لیے 8.8 ارب روپے ریکارڈ کیے گئے۔

مجموعی طور پر کمپنی کا منافع بعد از ٹیکس 2020 میں 18.1 ارب روپے کے مقابلے میں 16 فیصد اضافے کے ساتھ 21.1 ارب روپے کا شاندار منافع ریکارڈ کیا گیا۔ نتیجے میں ہر ایک شیئر پر منافع 2020 میں 13.58 روپے فی شیئر کے مقابلے میں بڑھ کر 15.80 روپے فی شیئر ہوگیا۔ انفرادی طور پر کمپنی کا منافع بعد از ٹیکس 2020 کے 16.8 ارب روپے کے مقابلے میں 26 فیصد اضافے کے ساتھ 21.1 ارب روپے رہا۔

منافع کی تفصیلات اور مالی ذخائر کی منتقلی

سال کی شروعات میں، کمپنی کے مجموعی مالی ذخائر 33.4 ارب روپے تھے جس میں سے بورڈ نے 5.3 ارب روپے کے منافع منقسمہ کا اعلان کیا تھا۔ سال کے دوران، کمپنی کو 21.1 ارب روپے کا خالص منافع ہوا اس طرح مجموعی مالی ذخائر 49.1 ارب روپے تک جا پہنچے۔ 2021 میں کمپنی نے مجموعی طور پر 11.5 روپے فی شیئر کے حساب سے تین عبوری منافع منقسمہ کا اعلان کیا۔ 2021 کے اختتام پر، کمپنی

کے مجموعی مالی ذخائر 33.7 ارب روپے رہے، اور منافع منقسمہ کی تفصیلات اور حساب کتاب مجمل میں درج ذیل ہے:

منافع منقسمہ اور تفصیلات	ملین میں روپے
ابتدائی ذخائر	33,378
حتمی منافع منقسمہ 2020 : 4.0 روپے فی شیئر	(5,341)
خالص منافع 2021	21,093
دیگر اہم خسارہ	(39)
P&L میں ذیلی ادارے کی بنیاد پر	
مالی ذخائر کی دوبارہ قیمت کا تعین	
دستیاب مالی ذخائر کی تفصیلات	49,091
تفصیلات	
پہلا عبوری منافع منقسمہ 2021: 4.0 روپے فی شیئر	(5,341)
دوسرا عبوری منافع منقسمہ 2021: 4.0 روپے فی شیئر	(5,341)
تیسرا عبوری منافع منقسمہ 2021: 3.5 روپے فی شیئر	(4,674)
حتمی مالی ذخائر	33,734

منافع منقسمہ اور بعد از اں واقعات

بورڈ 5 روپے فی شیئر کے حتمی منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے، اس کے علاوہ 11.5 روپے فی شیئر کے عبوری منافع منقسمہ جات جو کہ ادا کردیے گئے ہیں، اس کے لیے 22 مارچ، 2022 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز سے منظوری حاصل کی جائے گی۔

اس رپورٹ کے اجراء کی تاریخ تک کوئی بھی مادی تبدیلیاں رونما نہیں ہوئیں جس سے کمپنی کی مالیاتی حیثیت پر کوئی اثر ہو۔

رعایتی قیمت پر گیس فراہمی کی مدت کے معاملے پر، کمپنی نے سندھ ہائی کورٹ سے حکم امتناع حاصل کر رکھا ہے۔ سندھ ہائی کورٹ نے حکم دیا ہے کہ جب تک مجاز اتھارٹی یعنی ای سی سی کا فیصلہ برقرار ہے اس وقت تک گیس فراہمی روکنے اور قیمت کے حوالے سے فیصلہ برقرار رکھا جائے۔ دوسری جانب کمپنی وفاقی حکومت اور سوئی ناردرن گیس پائپ لائن لمیٹڈ کے ساتھ رعایتی قیمت پر گیس کی فراہمی اتنے دنوں تک جاری رکھنے کے لیے تبادلہ خیال کر رہی ہے جب تک GSPA کے مطابق "معاہدے کی کم از کم مقدار" یعنی گیس فراہم نہیں ہو جاتی۔ اپنے حقوق سے قطع نظر، تکمیل کے اصولوں کے مطابق، کمپنی جولائی 21 سے رعایتی گیس قیمت کے اپنے حق کا فائدہ نہیں اٹھا رہی کیونکہ معاملہ ذیلی عدالت میں ہے۔

حکومت نے 24 اگست 2021 کو قیمتوں پر کنٹرول اور منافع کے تحفظ اور ذخیرہ اندوزی سے متعلق ایکٹ 2021 پاس کیا۔ ماضی میں، 1977 کے اسی ایکٹ کے تحت وفاقی حکومت کنٹرولر جنرل کے آفس کے تحت اہم اجناس کی قیمتوں کو ریگولیٹ اور کنٹرول کر سکتی تھی۔ اس میں کھانے پینے کی چیزیں، صفائی والی اشیاء، فرٹیلائزرز، کیڑے مار ادویات اور مینوفیکچرنگ کے لیے خام مال شامل ہوتا ہے۔ تاہم 2021 کے حالیہ ایکٹ کے مطابق مجاز حکام کو ضروری اشیاء کی قیمتوں کو از خود متعین کرنے کی اجازت دی گئی ہے۔ اس ریگولیٹری اقدام سے حکومت کو فرٹیلائزرز اور کیڑے مار ادویات کی قیمتوں میں براہ راست مداخلت کی اجازت دی گئی۔ اس اقدام سے فرٹیلائزر انڈسٹری اور نیشنل فوڈ سیکورٹی کو ممکنہ خطرات لاحق ہوئے ہیں۔

معیشت میں فرٹیلائزر کی حصہ داری کی دستاویزات کو بہتر بنانے کے لیے ہماری جانب سے کوششوں کے نتیجے میں ہمارے ڈیلرز کی اکثریت سیلز ٹیکس نیٹ میں شامل ہو گئی ہے۔

شعبہ جات کا جائزہ

یوریا

کمپنی کی یوریا کی پیداوار 2020 بشمول ٹرن اراؤنڈ میں 2,264 KT کے مقابلے میں 7 فیصد کمی کے ساتھ 2,105 KT ہو گئی ہے جس کی وجہ دونوں پلانٹس کی کارکردگی ہے۔ سال کے دوران، کمپنی نے مقامی طور پر یوریا کی سیلز میں تاریخی سنگ میل حاصل کیا ہے جو کہ 2020 میں 2,057 KT کے مقابلے میں 12 فیصد اضافے کے ساتھ 2,295 KT رہی۔ اس کے نتیجے میں، ہمارا مارکیٹ شیئر بھی 2020 میں 34 فیصد سے بڑھ کر 36 فیصد ہو گیا ہے۔

فاسفیٹس (ڈی اے پی، ازوراور این پی)

فاسفیٹس کے کاروبار میں گزشتہ سال کی سیلز 465 KT کے مقابلے میں کم ہو کر 366 KT رہی۔ اس طرح کمپنی کا مارکیٹ شیئر گزشتہ سال کے 18 فیصد سے کم ہو کر 17 فیصد رہ گیا۔

اسپیشلٹی فرٹیلائزر بزنس (SFB)

SFB ڈویژن کی سیلز گزشتہ سال 201 KT (زرخیز، زبردست یوریا MOP/SOP/AS) کے مقابلے میں اس سال 40 فیصد اضافے کے ساتھ 281 KT (زرخیز، زبردست یوریا MOP/SOP/AS) رہی۔

پوٹاش مارکیٹ میں مثبت زرعی معیشت اور فصلوں کی بہتر پیداوار کی بدولت 2020 کے 50 KT کے مقابلے میں بڑھ کر 64 KT ہو گئی ہے۔ EFERT میں مارکیٹ شیئر 2020 میں 60 فیصد کے مقابلے میں 2021 میں کم ہو کر 53 فیصد رہا۔

کراپ سائنس ڈویژن (CSD)

کمپنی کی جانب سے بیجوں، زرعی دواؤں کے کاروبار میں تسلسل برقرار رہا۔ اس طرح آمدنی 2020 میں 1.4 ارب روپے کے مقابلے میں رواں سال 2.3 ارب روپے رہی۔ آمدنی میں اضافے کی وجوہات میں ملٹی نیشنل برانڈز کے ساتھ شراکت داری کے نتیجے میں صارفین کے لیے زیادہ پیداوار کی حامل پروڈکٹس متعارف کرانا شامل ہیں۔

ای۔ لاجسٹکس

کمپنی کے لاجسٹکس کے کاروبار میں تسلسل برقرار رکھتے ہوئے آپریشنز میں توسیع، حفاظتی معیارات کے فروغ اور عملی صلاحیتوں میں بہتری پر توجہ مرکوز رکھی گئی۔ سال کے دوران ہماری 194 ٹرکوں کی فلیٹ نے 687 KT کی اشیاء کی ترسیل کو ممکن بنایا۔

مالیاتی جائزہ

سال کے دوران، کمپنی کی سیلز آمدنی 2020 میں 105.8 ارب روپے کے مقابلے میں 25 فیصد اضافے کے ساتھ 132.4 ارب روپے رہی۔ آمدنی میں اضافے کی خاص وجہ یوریا کی زیادہ طلب اور ڈی اے پی کی قیمتوں میں اضافہ ہے۔

ڈائریکٹرز رپورٹ

اینگرو فرٹیلائزرز لمیٹڈ (اینگرو فرٹیلائزرز/دی کمپنی) کے بورڈ آف ڈائریکٹرز کی طرف سے ہم کمپنی کے آڈٹ شدہ مشترکہ اور انفرادی مالی گوشوارے، ڈائریکٹرز رپورٹ برائے سال ختم شدہ 31 دسمبر، 2021 پیش کرنے پر خوشی محسوس کررہے ہیں۔

سیفٹی

اینگرو فرٹیلائزرز میں سیفٹی ہمیشہ اولین ترجیح ہوتی ہے۔ الحمدللہ، ہم یہ فخریہ اعلان کرتے ہیں کہ انتہائی خراب حالات اور بحران کے باوجود اور بھی زیادہ توجہ اور بہترین انتظام کی بدولت رواں سال کے دوران کمپنی نے اپنی مینوفیکچرنگ سہولیات میں زیرو TRIR ریکارڈ کیا ہے۔

COVID-19 کے دوران کاروبار جاری رکھنے کی منصوبہ بندی

کمپنی پورا سال بلاتعطل آپریشنز کو یقینی بناتے ہوئے اپنے ملازمین کی حفاظت کے لیے Covid-19 کے SOPs پر سختی سے عمل درآمد کے لیے کوشاں ہے۔ ہم نے اپنے تمام ملازمین کی ویکسی نیشن کے لیے بروقت اقدامات کیے ہیں اور سال کے اختتام پر ہمارے تقریباً 99.8 فیصد ملازمین کی ویکسینیشن کی جاچکی ہے۔

مارکیٹ کا جائزہ

عالمی سطح پر قیمتوں میں اضافے سے، پورے سال میں یوریا کی قیمتیں 238 فیصد تک بڑھ گئیں اور دسمبر 2020 کے امریکی ڈالر 283/T (2,945 روپے فی بوری کے مساوی قیمت) کے مقابلے میں دسمبر 2021 میں امریکی ڈالر 957/T (10,891 روپے فی بوری مساوی قیمت) تک پہنچ گئیں۔ ڈی اے پی کی قیمتیں بھی اسی طرح بڑھ گئیں اور گزشتہ سال امریکی ڈالر 375/T کے مقابلے میں اس سال کے اختتام پر امریکی ڈالر 915/T تک جاپہنچیں۔

عالمی سطح پر کھاد کی قیمتوں میں ہوشربا اضافے کے دوران بھی مقامی فرٹیلائزرز انڈسٹری نے کم سے کم قیمت پر کسانوں کو یوریا کی فراہمی جاری رکھی۔ سال کے اختتام پر یوریا کی قیمت 1,768 فی بوری رہی جو کہ عالمی قیمتوں کے مقابلے میں 84 فیصد کم ریکارڈ کی گئی۔ اس صورتحال کی بدولت پاکستان میں کسان کی سالانہ آمدنی میں تقریباً 524 ارب روپے کا اضافہ کیا گیا۔ اس کے علاوہ، مقامی سطح پر یوریا مینوفیکچرنگ انڈسٹری کی موجودگی کے باعث 3.5 ارب امریکی ڈالرز کی درآمدات کے متبادل بچت ہوئی۔

مقامی سطح پر یوریا کی طلب 2020 میں 6,040 KT کے مقابلے میں 6,343 KT رہی، جو کہ گزشتہ سال سے 5 فیصد زیادہ رہی۔ یہ اضافہ زرعی معاشیات میں بہتری کی وجہ سے قرار دیا جاسکتا ہے جس میں مقامی طور پر تیار کردہ یوریا دیگر اہم کھادوں کے مقابلے میں نمایاں رعایت پر فراہم کی گئی

کمپنی کی یوریا کی پروڈکشن گزشتہ سال ریکارڈ پروڈکشن 2,264 KT کے مقابلے میں رواں سال کے عرصے میں 2,105 KT رہی۔ اس کمی کے اسباب میں پورے سال کے دوران ہمارے دونوں پلانٹس میں بندش اور ٹرن اراؤنڈ شامل ہے۔ البتہ، مذکورہ دونوں پلانٹس کی کارکردگی میں بہتری آئی ہے جس کی وجہ سے کمپنی آئندہ برسوں میں مزید بہتر کارکردگی کا مظاہرہ کرے گی۔

فاسفیٹ کے میدان میں، انڈسٹری کی طلب 2020 کے 2,204 KT کے مقابلے میں 1,908 KT رہی۔ اس طرح طلب میں 13 فیصد کمی ریکارڈ کی گئی، یہ کمی عالمی سطح پر قیمتیں بڑھنے کی وجہ سے ڈی اے پی کی قیمتوں میں اضافے کے باعث ہوئی۔ قیمتوں میں غیر متوقع اضافے کے باوجود، مثبت زرعی معاشیات کے تعاون کی بدولت طلب میں معمولی کمی نظر آئی۔

دیگر نمایاں امور

سندھ ہائی کورٹ نے 26 اکتوبر، 2016 کو ایک فیصلے میں GIDC ایکٹ، 2015 کو غیر آئینی قرار دے دیا۔ 11 مارچ، 2020 کو فیڈریشن آف پاکستان نے سندھ ہائی کورٹ میں EFERT (اور دیگر کمپنیوں) کے خلاف ایک اپیل دائر کی جس میں سندھ ہائی کورٹ کی جانب سے (26 اکتوبر، 2016) کو جاری ہونے والے فیصلے کو چیلنج کیا گیا۔ اپیل کے ساتھ ایک درخواست بھی دائر کی گئی جس میں فیڈریشن نے اپیل دائر کرنے میں تاخیر پر معافی طلب کی گئی۔ دوسری سماعت کے دوران، EFERT نے سندھ ہائی کورٹ میں کاؤنٹر افیڈیوٹ (CA) دائر کیا، جس میں تاخیر سے اپیل دائر کرنے کا موقف اختیار کیا گیا اس کے ساتھ فیڈریشن کی جانب سے اپیل واپس لے لی گئی۔ CA میں اس بات کو بنیاد بنایا گیا کہ فیصلے کے اجراء کے بعد تین سال کی تاخیر سے اپیل دائر کی گئی اور اس وجہ سے اپیل دائر کرنے کا وقت گزر گیا اور اس معاملے میں فیڈریشن کو عام شہری سے مختلف انداز میں نہیں سنا جائے گا۔ مقدمے کو ملتوی کردیا گیا اور ابھی تک نئی تاریخ نہیں دی گئی۔

رعایتی گیس، غیر رعایتی گیس، اور اقساط کی مدت کو 60 مہینوں تک اصلاح کرنے کی درخواست پر GIDC کے حوالے سے درج مقاصد کارروائیوں پر کوئی پیش رفت نہیں ہوئی۔

Chairman's review

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report for Engro Fertilizers Limited (Engro Fertilizers / the Company) and reflect on the Company's outstanding performance for the Company for the year ended 2021.

This year as the world continued to struggle with COVID-19, the Company ensured meticulous adherence to the SOPs with the vaccination status of our employees standing at ~99.8% by end of the year.

On the back of the Government's agri friendly policies, the agricultural sector in Pakistan remained undeterred by the detrimental effects of COVID-19 and grew by 2.8% for FY21. Output of major crops grew by 4.7% during 2021, mainly due to improving farm economics, adequate water availability and increased area under cultivation.

We are proud to be part of an industry which continued to perform its essential service of fulfilling the agri productivity needs of Pakistan. Despite unprecedented increase in international urea prices, the responsible fertilizer industry ensured that farmers continue to benefit from lower domestic urea prices which were at a discount of 84% at the end of the year as compared to international urea prices. This delta constitutes a contribution of almost PKR 624bn per annum towards farmer income in Pakistan. The domestic industry enabled an import substitution of USD 3.6Bn during the year.

On business performance, I would begin by applauding the management team on their outstanding performance throughout the year, especially in terms of ensuring record safety, sales, and profitability. Despite turnarounds at all three of our plants, the Company recorded zero recordable incidents at our manufacturing facilities. The Company recorded its highest ever urea sales of 2,226 KT in 2021 versus 2,067 KT in 2020. Consequently, the Company achieved highest ever revenue of PKR 101 Bn, a 21% increase from last year with corresponding record profitability of PKR 21.1 Bn, denoting year-on-year growth of 19%.

The Company's performance was also appreciated by several major global and local forums during the year. The Company was recognized with forty awards and distinctions for various facets of its operations. These awards are a testament to our management's relentless pursuit of excellence which has enabled the Company to be ranked amongst the best in the world.

The Company is committed to sustainable value creation for all its stakeholders. With our "promise of growth", the Company believes in harnessing the collective efforts of all stakeholders across the value chain, in its journey towards achieving the United Nations Sustainable Development Goals (SDGs). At the group level, Engro is a member of UN Global Compact and is committed to making a meaningful impact by incorporating its ten principles into the strategy, culture, and day-to-day operations of its enterprises.

Engro Fertilizers has taken the SDGs as a foundation to make contributions to society and its surrounding communities. Pursuant to those goals, the Company strives to build long-lasting partnerships that can positively impact the environment, communities, and the economy.

Under the Green Pakistan Vision, the Company utilized hundreds of acres of barren land held by Sindh Forest Department by virtue of an MoU to grow trees in Daharki Ghotki. Approximately 300,000 trees have been planted so far on 200 acres in different areas of the district. Moreover, under the umbrella of Engro Foundation and in collaboration with WWF Pakistan, a long-term project has been kicked off to plant & maintain mangroves in Sindh and Balochistan. In phase one, mangroves will be planted on 300 to 400 acres, with the aim to achieve zero carbon footprint in the Company's Commercial Division. In phase two, the Company plans to achieve a zero carbon footprint for its Supply Chain Division as well.

Diversity, Equity and Inclusion (DE&I) remains one of our foremost priorities. The Company strongly believes that equitable representation of women in the workforce is not only a critical national but also a business need. To this end, the Company launched Pakistan's First Women Trade Apprentice Program in 2020. The enrollees in that program have grown by 0% and now comprise 63% of women at our Daharki site. This puts to bed the myth that women in Pakistan cannot work in remote industrial environment. Based on this and many other interventions, the Company's commitment to empower and elevate women received international recognition as Engro Fertilizers was awarded the 1st Runner-Up Award at the prestigious UN Women 2021 Asia-Pacific WEPs Awards in the Leadership Development Category.

Living up to our social obligation to those less fortunate, the Company contributed PKR 432 Mn to numerous CSR initiatives including contributions for educational institutions, revamp and provision of health care facilities, provision of basic services like water, drainage systems and improvement of public places in our surrounding communities.

I would like to recognize our board members for their valuable contribution in setting up a strategy for the Company to maximize return for the shareholders while ensuring that the Company is socially responsible and that good corporate governance practices are upheld. The board has been acting as our corporate vanguard and has also been instrumental in setting the Company's vision for sustainable returns in the coming years. The annual evaluation of the board was carried out under the Corporate Governance Guidelines to ensure their performance was at par with the corporate objectives.

Engro Fertilizers strongly believes that in today's age, human resources are a critical source of competitive advantage and in this regard, the Board People Committee played a crucial role in devising long term strategies for the growth of our employees. Similarly, the Board Audit Committee ensured that the Company operates with the highest standards of transparency and corporate governance.

I would also like to take this opportunity to thank our valued investors for their continuous faith in the Company, which has enabled Engro Fertilizers to reach new heights year after year and play a critical part in safeguarding the nation's food security.

Ghias Khan
Chairman

چیئرمین کا جائزہ

محترم شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی طرف سے، میں آپ کے سامنے 2021 کے ختم شدہ سال کے لیے اینگرو فرٹیلائزرز لمیٹڈ (اینگرو فرٹیلائزرز / کمپنی) کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں اور کمپنی کے ایک اور سال پر اپنے خیالات پیش کر رہا ہوں۔

اس سال بھی دنیا Covid-19 کے باعث مشکلات کا شکار رہی۔ کمپنی نے SOPs پر عمل درآمد کو یقینی بناتے ہوئے سال کے آخر تک اپنے ملازمین کو ویکسین لگوانے کی شرح 99.82 فیصد تک حاصل کرتے ہوئے ایک مثال قائم کی ہے۔

حکومت کی زراعت دوست پالیسیوں کے نتیجے میں بہتر کراپ کے اثرات سے پاکستان کا زرعی شعبہ بحال ہوا اور مالی سال 21 کے دوران اس شعبے نے 2.8 فیصد ترقی کی۔ تمام بڑی فصلوں کی پیداوار میں سال 2021 کے دوران 4.7 فیصد اضافہ ہوا جس میں بہتر فارم اکنامکس، پانی کی مناسب فراہمی اور زیر کاشت رقبے میں اضافے جیسے عوامل نے اہم کردار ادا کیا۔

ہمیں ایسی صنعت کا حصہ ہونے پر فخر ہے کہ جس نے پاکستان کی زراعت سے متعلق ضروریات کو پورا کرنے کی اہم سرگرمی کو جاری رکھا ہوا ہے۔ عالمی طور پر یوریا کی قیمتوں میں بہت زیادہ اضافے کے باوجود ہماری ذمہ دار فرٹیلائزر انڈسٹری نے کسانوں کے لیے کم قیمت، مقامی یوریا کی فراہمی جاری رکھتے ہوئے انہیں فائدہ پہنچانے کی روایت قائم رکھی جس کے مطابق سال کے اختتام پر یوریا کی عالمی قیمتوں کے مقابلے میں 84 فیصد کم قیمت پر یوریا کی فراہمی جاری تھی۔ مذکورہ غیر معمولی رعایت سے پاکستان کے کسانوں کی آمدنی میں سالانہ تقریباً 524 بلین روپے کا اضافہ ہوا ہے۔ مقامی انڈسٹری نے دوران سال امپورٹس میں 3.5 بلین امریکی ڈالرز کی بچت سے ملکی معیشت کو فائدہ پہنچایا۔

بزنس کی کارکردگی کے ضمن میں، میں انتظامیہ کو دل کی گہرائیوں سے مبارکباد پیش کرتا ہوں کہ مینجمنٹ ٹیم نے خاص طور پر صحت، حفاظت اور ماحولیات کے شعبے میں اعلیٰ کارکردگی کا مظاہرہ کیا۔ ہمارے دونوں پلانٹس پر بہترین آپریشنز کے باوجود کمپنی نے اپنے مینوفیکچرنگ سائٹس پر صفر TRIR کا ریکارڈ قائم رکھا۔ کمپنی نے 2020 میں 2,067 KT کے مقابلے میں 2021 کے دوران 2,295 KT کی یوریا پیداوار کے ساتھ یوریا کی سب سے زیادہ سیلز کا ریکارڈ قائم کیا۔ نتیجتاً کمپنی نے 131 بلین روپے کی اب تک کی سب سے زیادہ آمدنی حاصل کی جو گزشتہ سال سے 21 فیصد اضافے کے ساتھ 21.1 بلین روپے کا ریکارڈ منافع رہا ہے اور اس طرح 16 فیصد ترقی حاصل ہوئی۔

یہ بات میرے لیے فخر کا باعث ہے کہ دوران سال مختلف فورمز پر کمپنی کی کارکردگی اور مہارت کی پذیرائی ہوئی۔ کمپنی کو اپنے آپریشنز کے مختلف شعبہ جات کے لیے 40 ایوارڈز اور اعزازات سے نوازا گیا۔ یہ حوصلہ افزائی اور ایوارڈز ہماری انتظامیہ کی جانب سے بہتری کی مسلسل کوششوں کا نتیجہ ہیں اور اس سے ہم دنیا میں ممتاز حیثیت کے حامل بنتے ہیں۔

کمپنی اپنے اسٹیک ہولڈرز کے لیے منافع حاصل کرنے کے لیے پرعزم ہے اور ایسا کرنے میں منظم طریقے اپنائے جاتے ہیں۔ ہمارے "ترقی کرنے کے وعدے" کے پیش نظر، کمپنی پوری دلجمعی سے تمام اسٹیک ہولڈرز کی مجموعی کوششوں اور اقوام متحدہ کے پائیدار ترقی کے مقاصد کو حاصل کرنے کے سفر پر یقین رکھتی ہے۔

گروپ کی سطح پر، اینگرو UN گلوبل کومپیکٹ کا ممبر ہے اور اپنے روزمرہ کے امور، کلچر اور منصوبہ بندی میں اس کے دس اصولوں کو اپنانے کے لیے پرعزم ہے۔

اینگرو فرٹیلائزرز نے معاشرے اور قریبی آبادیوں میں قابل قدر عطیات فراہم کرنے کے لیے اقوام متحدہ کے پائیدار ترقی کے مقاصد کو بنیاد بنایا ہے۔ اس کی تعمیل میں اینگرو فرٹیلائزرز پائیدار شراکت داریوں کو قائم کرنے کے لیے کوشاں ہیں جن سے ماحول، معاشروں اور معیشت پر مثبت اثرات مرتب ہوں۔

گرین پاکستان ویژن کے تحت، ہم خوش ہیں کہ کمپنی نے وزارت جنگلات، حکومت سندھ کے ساتھ ایک معاہدے کی پاسداری کے ذریعے ہزاروں ایکڑ بنجر زمین استعمال کرنے کے لیے حاصل کی ہے۔ ضلع گھوٹکی کی اس زمین پر درخت کاشت کیے جائیں گے۔ ضلع گھوٹکی کے مختلف علاقوں میں 200 ایکڑ زمین پر اب تک تقریباً 300,000 درخت کاشت کیے جا چکے ہیں۔ مزید برآں، اینگرو فاؤنڈیشن اور WWF پاکستان کے ساتھ شراکت داری سے ایک طویل مدتی پروجیکٹ کے ذریعے سندھ اور بلوچستان میں مینگرووز کی کاشت اور دیکھ بھال کا کام شروع کیا جا چکا ہے۔ پہلے فیز میں مینگرووز کی کاشت 300 سے 600 ایکڑ پر کی جائے گی جس کا مقصد آنے والے سالوں میں کمپنی کے کاربن اخراج کے اثرات کو صفر کرنا ہے۔ دوسرے فیز میں کمپنی بڑے پیمانے پر کاربن کے اخراج کے اثرات کو صفر کرنے کی منصوبہ بندی کر رہی ہے۔

تنوع، مساوات اور شمولیت ہماری اولین ترجیحات میں سے ایک ہیں۔ کمپنی اس بات پر قوی یقین رکھتی ہے کہ ورک فورس میں خواتین کی شمولیت بہت اہم ہے۔ اس حوالے سے کمپنی نے 2020 میں پاکستان کا پہلا وومن ٹریڈ اپرنٹس شپ پروگرام شروع کیا۔ یہ پروگرام میں شامل ہونے والی خواتین میں انتہائی کامیاب رہا ہے اور اس وقت اپرنٹس شپ کے بعد 53 فیصد خواتین کام کر رہی ہیں۔ اس سے اس عمومی سوچ کی نفی ہوتی ہے جس میں کہا جاتا تھا کہ پاکستان کے مینوفیکچرنگ ماحول میں خواتین کام نہیں کر سکتیں۔ کمپنی کی جانب سے خواتین کو با اختیار بنانے اور ان کی حوصلہ افزائی پر اینگرو فرٹیلائزرز کو عالمی طور پر سراہا گیا اور لیڈرشپ ڈیولپمنٹ کیٹیگری میں یو این ویمن 2021 ایشیا پیسیفک WEPs ایوارڈز میں پہلے رنر اپ کے ایوارڈ سے نوازا گیا۔

ضرورت مند افراد کے لیے اپنی سماجی ذمہ داری کو نبھاتے ہوئے، دوران سال کمپنی نے مختلف CSR اقدامات کے ذریعے تعلیمی اداروں سے تعاون، صحت کی سہولیات کی فراہمی اور صاف پانی تک رسائی سے متعلق بنیادی ضروریات اور متعلقہ علاقوں میں مقامی معاشرے کی بہتری پر تقریباً 432 ملین روپے خرچ کیے۔

میں اپنے بورڈ ممبران کا بھی شکریہ ادا کرتا ہوں کہ دوران سال ان کے موثر تعاون کی بدولت کمپنی اپنے مقاصد حاصل کرنے میں کامیاب رہی۔ انہوں نے شیئر ہولڈرز کی قدر میں اضافے کے ساتھ اس بات کو یقینی بنایا کہ کمپنی اخلاقی طور پر ذمہ دار ہے اور یہاں کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد ہوتا ہے۔ بورڈ ممبران نے کارپوریٹ گورننس اور آنے والے سالوں میں بھی منظم منافع کے لیے کمپنی کی ترجیحات قائم کرنے میں موثر کردار ادا کیا ہے۔ کارپوریٹ گورننس کی ہدایات کے مطابق بورڈ کا سالانہ جائزہ لیا گیا تاکہ کارپوریٹ مقاصد کے عین مطابق اس کی کارکردگی کو یقینی بنایا جائے۔

اینگرو فرٹیلائزرز لمیٹڈ اس بات پر بھرپور یقین رکھتی ہے کہ آج کے دور میں پروفیشنلز اور سرمایہ کاری جدت کا اہم ذریعہ ہیں اور اس ضمن میں بورڈ کی کمیٹی نے ادارے اور ملازمین کی ترقی کے لیے طویل المدتی منصوبہ بندیوں کی تشکیل میں اہم کردار ادا کیا ہے۔ اسی طرح، بورڈ کی آڈٹ کمیٹی نے کمپنی کے اہم شعبوں میں کارپوریٹ گورننس اور شفافیت و دیانتداری کے اعلیٰ معیاروں کے قیام کو یقینی بنایا ہے۔

میں اس موقع پر اپنے معزز سرمایہ کاروں کا تہہ دل سے شکریہ ادا کرنا چاہوں گا کہ ان کے مسلسل اعتماد کی بدولت اینگرو فرٹیلائزرز لمیٹڈ آنے والے سال میں نئی بلندیوں تک پہنچنے میں کامیاب ہوگی اور قوم کے لیے خود کفالت کو حاصل کرنے میں اہم کردار ادا کر رہی ہے۔

غیاث خان
چیئرمین

CEO statement

The year 2021 was arguably one of the most eventful years in the recent history wherein Engro Fertilizers Limited (Engro Fertilizers / the Company) continued to build upon our legacy of 50+ years and set records across the spectrum of our business operations.

The macro environment witnessed unprecedented levels of commodity price escalations, amidst global supply chain bottlenecks, energy crises and market imbalances. As a Company, the management team's commitment and focus on excellence was truly tested as we undertook three turnarounds at our manufacturing facilities in the midst of COVID-19. Despite the challenges, we hit numerous milestones with record safety, revenue, profitability, stakeholder engagement and brand perception.

Local urea demand stood at 6,293 KT vs. 6,048 KT in 2020, which translates into a growth of 4% from last year. The increase in market demand can primarily be attributed to improved farm economics during the year. Whilst domestic urea production remained almost at par with last year, supported by significant opening inventory of 276 KT, the market was expected to remain balanced in 2021 even with growing urea demand. However, in the last quarter of 2021, pockets of shortage of urea occurred in the local market largely owing to overbuying in the third quarter of 2021. The Government of Pakistan acted swiftly to monitor daily dispatches and distribution of urea along producers. This proactive partnership between the Government and the industry resulted in alleviating the situation by the end of January 2022.

At Engro Fertilizers, safety always comes first and is deeply ingrained in our value system. Alhamdulillah, despite the turnarounds, we recorded zero total recordable incident rate (TRIR) at our plants. Our commercial teams that travel across Pakistan to serve our valued customers also recorded zero TRIR during the year. This was indeed a heroic feat by our teams who were relentless in their commitment to safety in the face of very challenging circumstances. On the COVID front, the Company remained committed to strict adherence with all SOPs throughout the year.

On the Production front, we achieved urea production 2,105 KT compared to last year's record production of 2,264 KT. The reduction is mainly attributable to turnarounds at both our urea plants during the year.

Our sales team delivered a stellar performance and achieved a historic milestone of highest ever urea sales of 2,296 KT in 2021, exhibiting an increase of 12% vs last year, enabling highest ever revenue of PKR 131 Bn, a 21% increase from last year.

On the Phosphates front, whilst international prices increased by 2.4 times, there was limited demand contraction in the domestic market on the back of significantly improving farm economics and farmer affordability. Our Phosphates business recorded volumetric sales of 366 KT compared to last year's sales of 486 KT due to global supply chain disruption earlier in the year.

The Specialty Fertilizer Business recorded highest ever revenue whereby volumetric sales for the year registered a growth of 43% including sales of our innovative product, Zabardast Urea, that is a bioactive coated zinc enriched soil nutrient. This was achieved through continued direct engagement with farmers and raising awareness around the balanced use of fertilizers.

The Company has also continued to make inroads in the Seeds and Pesticides business with substantial topline growth aided by the strategic partnerships built with multinational brands to introduce new high yielding products for our customers.

The Company's Logistics business continued to maintain its focus on expanding operations, raising the bar for safety standards in Pakistan and leveraging on Group demand. Our safety record in this new business is now 10x the national industry average.

During the year, the Company scaled up its mobile and web enabled application, Engro Humsafar that was launched as an industry first last year. The app enabled fertilizer dealers to transact with Engro Fertilizers round the clock. This is one of a kind B2B digital platform and has played a pivotal role in empowering our customers to directly place orders, eliminating the risk of personal contact which was important during the pandemic. I am pleased to report that we achieved sales of over PKR 100 Bn through this app making Engro Fertilizers the largest online sales company in Pakistan.

By the grace of Allah, the Company managed to deliver record financial performance during the year and achieved the highest ever profit of PKR 21.1 Bn in 2021, recording YoY growth of 16%. I am pleased to report that in addition to interim dividends of PKR 11.5/share, a final dividend of PKR 6/share for the year ended December 31, 2021 has been proposed for approval of the members at the Annual General Meeting bringing the total dividend for 2021 to PKR 17.5/share. Once approved, this would be the highest ever dividend in the history of the Company.

Engro Fertilizers' relentless drive to achieve corporate excellence did not go unrecognized as we won awards for safety, manufacturing, corporate governance, financial performance, environmental stewardship, gender diversity and social inclusion. It gives me great pleasure to share with you that the Company received a record number of 40 awards during the year. This broad-based recognition of the Company's performance was also reflected in our bi-annual brand perception survey wherein the Company was recognized as the number one brand in the Pakistan Fertilizer Industry.

The Company strives to work for the betterment of the larger community, as we always endeavor to do good while doing well. On the educational front, at the end of 2021, the enrollment at our government schools stood at 1,800+ students whereas our Kabirwala school network continues to educate 1,700+ students. Our first Kabirwala Girls' middle school has also started operations in Basti Channar with 30 female students. Our interventions in the relatively inaccessible Kabirwala district are changing lives and is bringing entirely new opportunities to the children resident in the area. In 2021, the Sahara Clinic treated a total of 7,287 patients, while our state-of-the-art treatment facility treated a total of 6,039 patients. During the year, we established free of cost day care treatment center that in its first year of operation treated 833 patients. Furthermore, I am delighted to share that based on multiple successful camps, we launched the region's first permanent artificial limb facility with the coordination of NRSP. Establishing a permanent facility allowed us to treat 310 patients, which is an increase of 20% vs last year.

Under the ambit of Engro Volunteer program, Sahara clinic organized free of cost hearing aid camp in Sanawan. In the 4-day camp, free consultation, audiometry testing, medication and digital hearing aids were provided to deserving members. Total 696 individuals were screened, and 125 deserving individuals were fitted with hearing aid devices.

The critical driver of our success is the commitment and hard work of all our employees. It is their drive to live up to the essential service that we provide to our nation that has enabled us to deliver such outstanding results across the enterprise. Various interventions on culture, leadership and capability development were conducted throughout the year. On capability development, our employees were trained for over 36,000 manhours during the year. Additionally, a differentiated intervention through the Action Learning Program was conducted to cater to millennial needs of meaning, autonomy, and recognition. Collectively, the above measures enabled us to achieve the highest ever Employee Engagement score. Diversity and inclusion continues to be a driving force in how we recruit, build, and manage talent. Our various interventions were recognized at the Global Diversity, Equity & Inclusion Benchmarks (GDEIB) Awards where Engro Fertilizers was named as the most inclusive organization of Pakistan.

Looking ahead, the agricultural sector in Pakistan is expected to maintain its growth trajectory owing to continued government support and an enabling business environment. Improved farm economics and availability of urea at significantly discounted prices compared to global levels. We continue to work closely with the industry and the Government of Pakistan to formulate a new fertilizer policy to improve availability of indigenous fertilizers and ensure long term food security of the nation.

I would like to thank all our employees and value chain partners for their contributions in making this an outstanding year. It is only by the collective efforts of our talented teams and the continued support of our esteemed customers that we have been able to deliver the exceptional results of 2021. I am particularly grateful to our Chairman and Board members for their continued support, guidance and patience in stewarding us through what was undoubtedly a very challenging year. With their ongoing support and that of our valued shareholders, I am confident that we shall continue to deliver on our promise of growth.

Nadir Salar Qureshi,
Chief Executive Officer

چیف ایگزیکٹو آفیسر کا بیان

سال 2021 بلاشبہ عالمی تاریخ کے بھرپور سالوں میں سے ایک سال ثابت ہوا کہ جب اینگرو فرٹیلائزرز لمیٹڈ (اینگرو فرٹیلائزرز / کمپنی) نے اپنے 50+ سالہ وقار کو بڑھانے کا سلسلہ جاری رکھا اور اپنے بزنس آپریشنز کے ایکو سسٹم میں ریکارڈ قائم کرتی رہی۔

عالمی کاروباری ماحول میں گلوبل سپلائی چین میں خلل، توانائی کے مسائل اور مارکیٹ میں عدم توازن کی کیفیات کے سبب اجناس کی قیمتوں میں بے مثال اضافہ ہوتا چلا گیا۔ کمپنی کی حیثیت میں مینجمنٹ ٹیم کے عزم اور مہارتوں پر توجہ دینے کا کڑا امتحان تھا کہ جب ہم نے COVID-19 کے دوران بھی اپنی مینوفیکچرنگ سائٹس پر ٹرن اراؤنڈ مکمل کیے۔ مسائل کے باوجود ہم نے تحفظ، آمدنی، منافع کمانے کی صلاحیت، اسٹیک ہولڈرز مینجمنٹ اور روابط کے حوالے سے عام سے متعلق سنگ میل عبور کرتے ہوئے کئی ریکارڈ قائم کیے۔

یوریا کی مقامی طلب 2020 کے KT 6,040 کے مقابلے میں KT 6,343 رہی جو گزشتہ سال سے 5 فیصد اضافے کا ثبوت ہے۔ مارکیٹ کی طلب میں اضافہ بنیادی طور پر حالیہ سال کے دوران بہتر فارم اکنامکس کی بدولت ہے۔ جبکہ یوریا کی مقامی پیداوار گزشتہ سال کے تقریباً برابر رہی، جس میں KT 275 کی اوپننگ انونٹری سے، 2021 میں طلب میں اضافے کے باوجود مارکیٹ پوزیشن متوازن رہنے کی امید تھی۔ البتہ 2021 کی آخری سہ ماہی کے دوران مقامی مارکیٹ میں کہیں کہیں یوریا کی کمی واقع ہوئی کیونکہ 2021 کی تیسری سہ ماہی میں ضرورت سے زیادہ خریداری کا رجحان دیکھا گیا۔ حکومت پاکستان نے پروڈیوسرز کے ساتھ یوریا کی ترسیل اور ڈسٹری بیوشن کو روزانہ کی بنیاد پر زبردست نگرانی کی۔ حکومت اور انڈسٹری کے درمیان اس موثر شراکت داری کے نتیجے میں جنوری 2022 کے اختتام تک صورتحال میں بہتری آنا شروع ہوئی۔

اینگرو میں، تحفظ کا قیام ہماری اولین ترجیح ہے اور ہماری یہ قدر پورے سسٹم میں پیوست ہے۔ الحمدللہ ٹرن اراؤنڈز کے باوجود، ہم نے اپنے پلانٹس پر صفر ٹوٹل ریکارڈ ایبل انسیڈنٹ ریٹ (TRIR) کو قائم رکھا۔ ہماری کمرشل ٹیمیں جو ملک بھر میں پھیلے ہمارے صارفین کی خدمت کے لیے سرگرم ہیں انہوں نے بھی دوران سال زیرو TRIR کو قائم رکھا۔ ہماری ٹیموں کی جانب سے یہ ایک بہادرانہ اقدام ہے جنہوں نے ان مشکل حالات میں بھی تحفظ کے اپنے عزم کو ہر قیمت پر پورا کیا۔ Covid کے حوالے سے، کمپنی نے سال بھر تمام SOPs کی سختی سے عمل درآمد کو یقینی بنایا۔

پیداواری اعتبار سے، ہم نے گزشتہ سال کی ریکارڈ پیداوار KT 2,264 کے مقابلے میں KT 2,105 یوریا پیداوار حاصل کی۔ کمی کی اہم وجہ دوران سال ہمارے دونوں یوریا پلانٹس پر ٹرن اراؤنڈ تھے۔

ہماری سیلز ٹیم نے شاندار کارکردگی دکھاتے ہوئے 2021 میں KT 2,295 یوریا کی اب تک سب سے زیادہ سیلز کا تاریخی سنگ میل عبور کیا جو گزشتہ سال کے مقابلے میں 12 فیصد اضافے کی نوید بھی ثابت ہوا۔ نتیجتاً اب تک کی سب سے آمدنی یعنی 131 بلین روپے حاصل کرنے میں کامیابی کے ساتھ گزشتہ سال کے

مقابلے میں 21 فیصد زائد آمدنی حاصل ہوئی۔

فاسفیٹس کے حوالے سے، سال بھر عالمی قیمتوں میں 2.4 گنا اضافہ دیکھا گیا، البتہ مقامی مارکیٹ میں بہتر ہوتی فارم اکنامکس اور کسان کی گنجائش کے سبب طلب میں معمولی کمی کا رجحان دیکھا گیا۔ ہمارے فاسفیٹ بزنس نے گزشتہ سال کی سیلز KT 465 کے مقابلے میں اس سال KT 366 سیلز حاصل کی، کیونکہ سال کے آغاز میں عالمی طور پر سپلائی چین میں خلل رہا۔

اسپیشلٹی فرٹیلائزرز بزنس نے سب سے زیادہ آمدنی حاصل کرتے ہوئے سال کے لیے مقدار کے اعتبار سے 40 فیصد ترقی کی جس میں ہماری جدید پروڈکٹ "زبردست یوریا" کی سیلز بھی شامل ہے۔ یہ ایک بائیو ایکٹیو کوٹڈ زنک ہے جو زمین کی غذائیت سے بھرپور ہوتا ہے۔ اس کامیابی میں کسانوں کے ساتھ براہ راست رابطے اور فرٹیلائزرز کے متوازن استعمال سے متعلق بھرپور آگہی نے کردار ادا کیا۔

کمپنی نے بیجوں اور جراثیم کش ادویات کے کاروبار میں اپنی پیش قدمی جاری رکھی جس میں ملٹی نیشنل برانڈز کے ساتھ کاروباری شراکت داری سے ترقی حاصل کرنے کے ساتھ اپنے صارفین کے لیے زیادہ پیداوار کی حامل نئی پروڈکٹس متعارف کرانے کا سلسلہ جاری رکھا۔

کمپنی کے ایکسپورٹس بزنس نے اپنے آپریشنز کی توسیع، پاکستان میں حفاظتی معیارات میں بہتری اور آپریشنل صلاحیتوں میں اضافے کو ترجیح دینے کا سلسلہ جاری رکھا۔ اس نئے بزنس میں ہمارا سیفٹی ریکارڈ بھی انڈسٹری سے اوسطاً 10 گنا بہتر ہے۔

پچھلے سال کمپنی نے پوری انڈسٹری میں پہلی موبائل اور ویب کی حامل ایپلی کیشن "اینگرو بصیرت" شروع کی۔ سال کے دوران کمپنی کی موبائل ایپ نے فرٹیلائزرز ڈیلرز کو اینگرو فرٹیلائزرز کے ساتھ چوبیس گھنٹے لین دین کے قابل بنایا۔ یہ اپنی نوعیت کا B2B ڈیجیٹل پلیٹ فارم ہے جس نے کسٹمرز کو بااختیار بنانے میں اہم کردار ادا کرتے ہوئے براہ راست آرڈرز دینے کی سہولت فراہم کی اور وباء کے دوران جسمانی قربت کے خطرے سے محفوظ رکھا۔ میں یہ بیان کرتے ہوئے بے حد خوش ہوں کہ اس ایپ کے ذریعے ہم نے 100 بلین روپے سے زائد کی سیلز حاصل کرنے میں کامیابی حاصل کی اور اینگرو فرٹیلائزرز کو پاکستان کی سب سے بڑی آن لائن سیلز کمپنی بنانے میں کامیاب رہے۔

کمپنی نے دوران سال record ایفائی کارکردگی فراہم کی اور 2021 میں اب تک کا سب سے زیادہ منافع 21.1 بلین روپے کمانے میں کامیاب رہی۔ نتیجتاً سالانہ اعتبار سے 16 فیصد ترقی کی۔ میں یہ بتاتے ہوئے خوشی محسوس کرتا ہوں کہ عبوری ڈیویڈنڈ فی شیئر 11.5 روپے کے ساتھ 31 دسمبر 2021 کو ختم شدہ سال کے لیے حتمی ڈیویڈنڈ 5 روپے فی شیئر تجویز کیا گیا جس کی منظوری سالانہ اجلاس عام کے موقع پر ممبران کی منظوری سے مشروط ہے۔ اس طرح سال 2021 کے لیے فی شیئر کل ڈیویڈنڈ 16.5 روپے بنتا ہے۔ منظوری کے بعد، کمپنی کی تاریخ کا یہ سب سے زیادہ منافع منقسمہ ہوگا۔

اینگرو فرٹیلائزرز کی جانب سے عالمی معیار کی کارپوریٹ مہارت حاصل کرنے کی انتھک کوششیں رائیگاں نہیں گئیں کیونکہ ہم نے حفاظت، مینوفیکچرنگ، کارپوریٹ

گورننس، مالی کارکردگی، ماحولیاتی تحفظ، جنسی برابری اور سماج کے ہر طبقے کی شمولیت کے کارناموں پر انعامات حاصل کئے۔ یہ بات آپ کو بیان کرتے ہوئے میں بیحد خوش ہوں کہ دوران سال کمپنی نے ریکارڈ 40 ایوارڈز حاصل کئے ہیں۔ کمپنی کارکردگی کی اس عالمی پذیرائی کو برانڈ سے متعلق رائے عامہ کے ششماہی سروے میں بھی دیکھا گیا جس میں کمپنی کو پاکستان کی فرٹیلائزر انڈسٹری کے نمبر 1 برانڈ کے طور پر توثیق ہوئی۔

کمپنی معاشرے کی بہتری کے لیے کوشاں رہتی ہے اور ہم اپنا کام بہتر انداز میں انجام دیتے ہوئے فلاحی کاموں کے لیے بھی تیار رہتے ہیں۔ تعلیم کے حوالے سے، سال 2021 کے اختتام تک ہمارے حکومتی اسکولوں میں داخلہ 1600+ طلبا تک جا پہنچا اور ہمارا کچے اسکول نیٹ ورک نے منصوبہ بندی کے تحت 1700 طلباء کو تعلیمی سہولت جاری رکھی۔ ہمارے پہلے کچے گرلز مڈل اسکول غازی چاچڑ نے اپنے آپریشنز کا آغاز کردیا ہے جس میں گرلز اسٹوڈنٹس کی تعداد 99 ہوچکی ہے۔ ضلع کے دور دراز کچے کے علاقے میں ہماری کوششیں زندگیوں میں بہتری کا سبب بن رہی ہیں اور پسماندہ علاقے میں رہائش پذیر بچوں کو زبردست تعلیمی مواقع فراہم ہورہے ہیں۔

سال 2021 میں سہارا کلینک کے ذریعے 7,827 مریضوں کو علاج معالجے کی سہولت فراہم کی گئی جبکہ سانپ کے ڈسنے کے علاج کی سہولت سے 6,039 مریضوں کا علاج کیا گیا۔ دوران سال، ہم نے کتے کے کاٹنے کے مفت علاج کے لیے سینٹر قائم کیا۔ آغاز کے پہلے سال میں 533 مریضوں کو علاج معالجے کی سہولت فراہم کی گئی۔ میں یہ بتاتے ہوئے خوش ہوں کہ مختلف کامیاب کیمپس کی بنیاد پر، ہم نے NRSP کے ساتھ شراکت داری میں مصنوعی اعضا لگانے کے لیے علاقے کی پہلی مستقل سہولت شروع کر رکھی ہے۔ مستقل سہولت کے قیام سے 313 مریضوں کا علاج کیا جس میں گزشتہ سال کے مقابلے میں 20 فیصد دیکھا جارہا ہے۔

اینگرو والنٹیئر پروگرام کے تحت، سہارا کلینک نے ڈہرکی میں سماعت سے محروم افراد کے مفت طبی کیمپ کا اہتمام کیا۔ پانچ دن پر مشتمل اس کیمپ میں مستحق افراد کو چیک اپ، سماعت کے ٹیسٹ، ادویات اور سماعت میں معاون ڈیجیٹل آلات مفت فراہم کئے گئے۔ اس کیمپ میں 566 افراد کو دیکھا گیا اور 126 مستحق افراد کو آلات سماعت مفت میں فراہم کئے گئے۔

سسٹین ایبلٹی کے اعتبار سے، گرین پاکستان کی سوچ کے تحت، ہم نے سندھ کے محکمہ جنگلات سے سینکڑوں ایکڑ خالی زمین کو استعمال کرنے سے متعلق ایک معاہدے پر دستخط کئے ہیں تاکہ ہم ضلع گھوٹکی میں موجود اس زمین پر درخت کاشت کرسکیں۔ ضلع گھوٹکی کے مختلف علاقوں میں تقریباً 300,000 درخت کاشت کئے جاچکے ہیں۔

مزید براں، اینگرو فاؤنڈیشن کے تحت، ڈبلیو ڈبلیو ایف پاکستان کے ساتھ شراکت داری میں، سندھ اور بلوچستان میں مینگروز کی کاشت اور دیکھ بھال پر مبنی ایک طویل مدتی پروجیکٹ شروع کیا گیا ہے۔ پہلے مرحلے میں 300 سے 500 ایکڑ پر مینگروز کاشت کئے جائیں گے، جس کا مقصد آئندہ دس سال دور میں ہماری کمرشل ڈویژن کے کاربن اثرات کی مکمل طور پر تلافی کرنی ہے۔ دوسرے مرحلے میں ہم سپلائی چین ڈویژن کے کاربن اثرات کو برابر کرنے کی منصوبہ بندی رکھتے ہیں۔

ہمارے تمام ملازمین کا عزم اور لگن ہماری کامیابی کا اہم جز ہیں۔ یہ انہی کی کوششوں کا نتیجہ ہے کہ ہم اپنی قوم کو ضروری سروس فراہم کرنے میں کامیابی کے ساتھ پورے ادارے میں غیر معمولی نتائج حاصل کررہے ہیں۔

دوران سال اقدار، لیڈرشپ اور صلاحیتوں میں اضافے سے متعلق مختلف تقاریب منعقد کی گئی۔ صلاحیتوں میں اضافہ کے حوالے سے، دوران سال ہمارے ملازمین کو 35,000 مین آورز پر مشتمل تربیت فراہم کی گئی۔ اس کے علاوہ، ایکشن لرننگ پروگراموں کے ذریعے مختلف نقطہ نظر کے مباحثے منعقد کئے گئے تاکہ خودمختاری، ملینیلز کی جستجو اور پہچان کی ضروریات کو پورا کیا جاسکے۔ مجموعی طور پر مذکورہ بالا اقدامات سے ہم سب سے زیادہ ایمپلائی انگیجمنٹ اسکور حاصل کرنے میں کامیاب رہے۔

تنوع اور شمولیت ٹیلنٹ کی بھرتی، ترقی اور انتظام میں مرکزی حیثیت کے حامل رہے۔ ہماری مختلف کوششوں کو گلوبل ڈائیورسٹی، ایکوئٹی اور انکلوژن بینچ مارکس (GDEIB) ایوارڈز میں سراہا گیا جہاں اینگرو فرٹیلائزرز کو پاکستان کا سب سے زیادہ اہمیت کا حامل ادارہ قرار دیا گیا۔

مزید براں، پاکستان کے زرعی شعبے میں ترقی کا رجحان جاری رہنے کی امید ہے کیونکہ حکومت کی جانب سے مسلسل تعاون اور کاروباری ماحول کا سازگار رہنا، فارم اکنامکس میں بہتری اور عالمی سطح کے مقابلے میں زبردست رعایتی قیمت پر یوریا کی فراہمی اس میں اہم کردار ادا کررہے ہیں۔ ہم انڈسٹری اور حکومت پاکستان کے ساتھ ایک نئی فرٹیلائزر پالیسی تشکیل دینے کے لیے کام کرتے رہیں گے تاکہ مقامی فرٹیلائزرز کی فراہمی میں بہتری لائی جائے اور پاکستان کے غذائی تحفظ (Food Security) کو یقینی بنایا جائے۔

میں ایک بار پھر اپنے ملازمین، ویلیو چین پارٹنرز کا اس سال کو ایک شاندار سال بنانے پر شکریہ ادا کرتا ہوں۔ یہ صرف ہماری غیر معمولی طور پر باصلاحیت ٹیم کی انتھک محنت اور ہمارے باوقار کسٹمرز کی مجموعی کوششوں کا نتیجہ ہے کہ ہم 2021 میں غیر معمولی نتائج حاصل کرنے میں کامیاب رہے۔ میں خاص طور پر اپنے چیئرمین اور بورڈ ممبران کا شکر گزار ہوں کہ ایک مشکل ترین سال کے دوران ان کی مسلسل رہنمائی، تعاون اور تحمل کی بدولت ہم نے مایہ ناز کامیابی حاصل کی۔ ان کے اور ہمارے قابل قدر شیئر ہولڈرز کے تعاون کی بدولت، میں پر عزم ہوں کہ ہم ترقی کرنے کے اپنے وعدے کو وفا کرنے کا سلسلہ جاری رکھیں گے۔

نادر سالار قریشی
چیف ایگزیکٹو آفیسر

corporate strategy & resource allocation

strategy

EFERT sets short, medium and long term strategic objectives, defines priorities and actionable strategy thereagainst which not only allows the Company to make efficient use of its resources but also provides focus and motivation to the teams giving them a sense of purpose and direction. With an overall plan in place, the Company monitors its progress which ultimately drives long term success and creates value for its stakeholders.

Measurable KPIs in achieving strategic excellence and their relevance

EFERT takes pride in efficiently identifying and designing relevant and tangible performance indicators. The indicators are designed keeping in mind the Company's forecasts on indicative industry dynamics, as well as the macro factors which could impact its profitability. The determination of measurable KPIs fosters critical conversations between stakeholders which facilitate clear communication of the meaning and purpose of the KPI process and highlight its strategic importance to the larger plan and vision. Accordingly, a KPI planning, implementation and monitoring process is in place to ensure achievement of strategic aims and objectives.

significant changes in objectives and strategies

EFERT has an articulate and structural paradigm of business objectives and strategies which are assessed based on developments in the macro and micro environment.

The outbreak of COVID-19 greatly affected the lives of people globally. Recognizing the gravity of the situation and the unprecedented, rapidly evolving challenge due to the pandemic, the Company devised a comprehensive COVID-19 strategy identifying the risks, immediate responses, possible interruptions and levers for business continuity.

resource allocation plans

The Company aims to achieve strategic objectives by optimizing the use of available resources. This is primarily done by leveraging the Engro brand with efficient utilization of the financial capital, competent human resource, manufacturing excellence and strong HSE standards etc.

Optimal allocation of resources is vital for business growth, supports the delivery of measurable KPIs and eliminates existing risks. The Company deploys a combination of the following resources to reach the targets and offer value for the stakeholders.

An efficient allocation of these resources allows the Company to facilitate farmers needs, improve agri yields, articulate trade and distribution network with Engro's integral image, enhance the presence and visibility of the brand, facilitate the implementation of CSR projects and adopt best sustainable practices.

Financial Capital

Social and Relationship Capital

Human Capital

Manufactured Capital

Natural Capital

Intellectual Capital

The relationship between EFERT's objective, strategy, priority and financial & non-financial performance indicators used to gauge results are as follows:

01. Enhance farmer productivity — Long-term Objective

Strategic Actions →	• Increase interaction at farmer level to pilot various initiatives of improving farmer productivity • Liaison with relevant stakeholders to support use of balanced nutrients
Resource Allocation →	
Measurable KPI & its Relevance →	• Yield per acre • Will continue to be relevant in the foreseeable future

02. Optimize on manufacturing excellence — Long-term Objective

Strategic Actions →	• Make efficient use of available gas to improve capacity utilization of manufacturing facility
Resource Allocation →	
Measurable KPI & its Relevance →	• Capacity utilization of Plant 1 and Plant 2 • Will continue to be relevant in the foreseeable future

03. Leverage brand name to increase top-line — Medium-term objective

Strategic Actions →	• Use EFERT's strong brand name to improve presence across all regions in the country • Introduce wide range of products and services
Resource Allocation →	
Measurable KPI & its Relevance →	• Market share • Growth in revenue • Will continue to be relevant in the foreseeable future

04. Become the farmer's preferred partner by offering complete Agri-solutions — Long-term Objective

Strategic Actions →	• Enter new areas within the agri-value chain to offer seed to harvest solutions
Resource Allocation →	
Measurable KPI & its Relevance →	• Growth in revenue • Enhanced profitability • Will continue to be relevant in the foreseeable future

05. Achieving operational efficiency — Medium-term objective

Strategic Actions →	• Work on improving plant utilization and energy efficiency • International benchmarking
Resource Allocation →	
Measurable KPI & its Relevance →	• Plant energy index • Less outage days • Will continue to be relevant in the foreseeable future

06. Providing agri-inputs at optimal prices — Medium-term objective

Strategic Actions →	• Facilitate the local farmers by providing inputs at affordable prices
Resource Allocation →	
Measurable KPI & its Relevance →	• Local vs International Urea prices • Will continue to be relevant in the foreseeable future

07. Corporate social responsibility — Long-term objective

Strategic Actions	→	• Focusing on improving quality of life of people in communities in which we operate.
Resource Allocation	→	
Measurable KPI & its Relevance	→	• Number of lives impacted through our livelihood projects • Number of students at school • Number of patients treated • Will continue to be relevant in the foreseeable future

08. Ensure health and safety of employees & community during COVID-19 — Medium-term objective

Strategic Actions	→	• Promoting Work From Home & employee engagement & Well being • Focus on disease prevention, protect healthcare practitioners and frontline workers & enable patient care and facilities
Resource Allocation	→	
Measurable KPI & its Relevance	→	• Number of COVID-19 cases reported across the Company • Increase in COVID-19 testing • Number of beds available in quarantine facility • Will continue to be relevant in the foreseeable future

09. Making a positive impact by adopting best sustainable practices — Long-term objective

Strategic Actions	→	• Minimising the environmental impacts of our operations • Responsible consumption & Clean water and sanitation • People development and engagement • Sustainable cities and communities
Resource Allocation	→	
Measurable KPI & its Relevance	→	• Contribution towards social causes • Reduction in GHG emissions • Reduction contamination of underground water • Reduction in paper consumption • Will continue to be relevant in the foreseeable future

liquidity and cash flow management

Treasury Management and Strategy to Overcome Liquidity Problems

To manage its working capital in the most efficient manner, the Company has a proactive Treasury Management System in place. Cash generated through sales and borrowings from banks are used to meet liquidity requirements of the Company. Effective controls on credit sales and securing advance payment against sales ensure liquidity is maintained.

The Company invests additional funds in government securities, money market funds, TDRs and other investment schemes at the most competitive rates earning investment income and duly provides the Company with additional funds to meet its working capital requirements.

The Company has been able to successfully maintain its long-term and short-term credit rating of AA and A1 respectively.
Key objectives of the Treasury Management System are as follow:

- Based on cashflow projections, surplus funds are identified for investment by matching maturity dates of investments with working capital / other funding requirements of the Company, to ensure sufficient liquidity to meet operational needs of the Company.
- Such investments are placed in short term securities to ensure optimal returns with highly credible institutions to curtail credit risk.
- Investment portfolio is adequately diversified to earn maximum returns while maintaining prudent level of risk and exposure.

effect of demographic change; climate change

The Country's demographic landscape of a rapidly increasing population will result in higher food demand requiring a consistent supply of fertilizer to increase agri- productivity in order to secure the nation's food supply. Additionally, the impact of climate change may result in unpredictable weather patterns which may positively or negatively impact the Country's area under irrigation.

Debt management and capital structure

Emphasis is placed on value maximization leading to higher shareholder return. The Company does this by minimizing its financing cost and maximizing its interest income. Working capital requirements are met through internal cash generation and short term borrowing whereas long-term borrowing is availed to meet capex requirements, when required. External financing includes both local and foreign financing.

During the year, the Company continued to concentrate its efforts on reducing the costs of financing through better capital management as well as exploring low-cost financing schemes. Improved industry dynamics and resultant cash generation and efforts to raise financing through State Bank's Temporary Economic Refinancing Facility (TERF) has resulted in savings of finance cost. All debt repayments maturing this year were repaid by their due dates and there have been no defaults during the year. As at December 31, 2021, Long term borrowings stand at PKR 17 Billion (December 31, 2020: PKR 23.8 Billion). As at December 31, 2021, total equity stands at PKR 47 Billion (December 31, 2020: PKR 46.7 Billion).

significant plans and decisions

With the Company having achieved significant success in the fertilizer arena, the Company has built on its momentum of expanding its portfolio in the agriculture industry by introducing various new products in the specialty fertilizer and seeds & pesticides businesses. During the year, the Company has also expanded its logistics business by entering into new contracts and developing warehouse solutions while ensuring world class safety standards.

EFERT plans to escalate the business going forward by enriching its portfolio with increased focus on products which could better assist in enhancing farmer productivity and profitability. The Company also aims to identify and evaluate new investment projects to enable the Company to diversify its portfolio.

adoption of United Nations Sustainable Development Goals (UNSDGs)

Journey to UNSDGS: EFERT's contributions

The Agenda for the 2030 Sustainable Development Goals was adopted by UN Member States at the Sustainable Development Summit in 2015. The new 17 SDGs were built on the Millennium Development Goals (MDGs) which included new fronts such as sustainable consumption, climate change, peace and justice, economic inequality among other significant areas. The aim for these SDGs is to ensure sustainable development in the 4 P's i.e. People (human development), Planet (our environment), Prosperity (economic development) and Peace (peaceful/tolerant societies) by 2030. Pakistan enthusiastically adopted the SDGs, by being one of the first few countries to embrace them and integrate the SDGs in its development agenda by February 2016.

The UN SDGs cover broad challenges the world is currently facing concerning economic, environmental, and social issues. Businesses across the world play an integral role in meeting these goals effectively.

Embracing a sustainable approach in all our business activities is embedded into EFERT's values. To ensure we are up to date with all the latest developments concerning these goals, EFERT regularly engages in talks and sessions to further strengthen its knowledge and skills concerning these goals.

EFERT is committed towards generating value for its stakeholders while focusing on creating sustainable ways to do so. Engro believes in collective efforts of all stakeholders across the value chain, national and international forums as well as governmental organizations. In its journey towards achieving the United Nations sustainable goals. At group level, EFERT is a member of UN Global Compact and is committed to making the Global Compact and its ten principles part of the strategy, culture and day-to-day operations of the Group. Thus, EFERT has taken the United Nations Global Development Goals as a baseline to make valuable contributions to society and the surrounding environment. In pursuance of this, EFERT strives to build long lasting partnerships that can positively impact the environment, communities, and the economy.

EFERT aspires to take a lead in adopting sustainable practices in line with the United Nations SDGs. We understand the significance of the prevailing environmental challenges therefore strive to promote sustainable activities within the organization and beyond it. In this section, UNSDG icons appear on top of relevant sustainability projects and activities. Sustainability projects are executed after a thorough assessment of all our stakeholders' concerns, our sustainability strategy and their overall impact on the micro and macro environment of the Company.

EFERT understands its pivotal role in providing food security in Pakistan and takes great pride in serving farmers through its indigenous fertilizer product portfolio which represents 35% of the Pakistani fertilizer market. With Pakistan's ever-increasing population that is completely dependent on local crops for sustenance and agriculture sector being the driving force of its economy, the Company continues to play a crucial role in ensuring supply of fertilizers at affordable prices to the farmers and serves a complete portfolio of quality products/services which improves crop yield and feed the growing population.

The Company's recently established Crops Science Division (CSD) is continuously working on research and development of cutting-edge seeds that, together with the Company's fertilizer portfolio, will help enhance nutrient-efficient soil resulting in larger harvest and promote sustainable farming practices. In tandem with this, EFERT believes that training and education of its farmers in agricultural sciences is paramount to achieving good results, and as a result it has set up innovative farmer advisory systems on different farms. EFERT has a structured and well-designed Agri Services Program for the farming community where its agronomists arrange seminars, farmer meetings, group discussions and agri-workshops. We also do farm visits to educate the farmers regarding crop management practices and 4R nutrient stewardship and provide soil /water testing services to farmers through labs established at various locations. Moreover, various initiatives have been launched over the years including Hamqadam Program, Agriculture Internship Program and Khandaan-Kissan program, aimed at the development and growth of farmers through training, advisory programs, in-kind interest-free loans and on-spot best farming practice recommendations.

EFERT has always classified the safety and well-being of employees as our top priority and strives to provide a positive and healthy environment, with safety culture embedded in all its operations. In achieving this, we believe it is conducive to provide trainings to our workers, consistently monitor the safety protocols, and have feed-back loops to detect any variation from the norm. This whole process keeps us on our toes and consistently push ourselves to achieve globally acceptable safety standards.

For Health and Safety to be the top priority for our company, EFERT finds it crucial to cultivate HSE-First behavior in its employees. To achieve this, various programs have been recently held including the 'Inherent Safety Program', 'Pause For Safety', 'Sense of EHS', 'Hazardous Waste Segregation', and 'WRAP – Waste Reduction Always Pays' programs. These projects aim to change the mindsets and behaviors of our employees, both on personal and professional front in the way they approach HSE. EFERT has also historically been involved in legislation with Government of Pakistan on National Disaster Management, National Environmental Quality standards, Environment Protection agency and Fire and safety advisory body.

Additionally, during the new remote working routine due to the global pandemic, the Company implemented medical support services for its employees including COVID testing centers and online help desk services. Further, it also constantly looked out for the emotional and mental well-being of the employees throughout the pandemic. As a result, we have been recognized on various national and internal forums for our efforts throughout the pandemic.

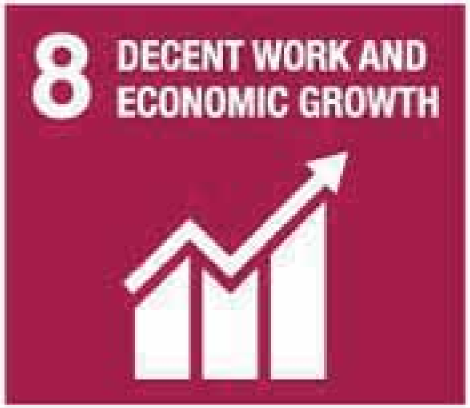
EFERT aims to go beyond the health and safety of its employees and focus on good health and well-being of the surrounding communities. Multiple initiatives are targeted at ensuring sustainable operations that protect the value chain and contribute to all stakeholders' interests. Our Grace Elite Centers have treated over 100,000 patients since 2006. The Artificial Limb Programs have benefit 100+ people. Lastly, to support the Country during the global pandemic, the Chairman of Engro Corporation (the "Parent Company") and Dawood Hercules Corporation, Mr. Hussain Dawood announced a Rs. 1 Billion pledge.

EFERT strives to uplift communities and to strengthen the financial circumstances of underprivileged factions of society. It maintains its stance on UNSDG 1: "No Poverty" and UNSDG 4 "Quality Education" and understands the only way to achieve this is to empower people financially, that can only be achieved by improving the accessibility and quality of education. As such, Sahara Welfare School continues to deliver quality education in the vicinity of our manufacturing facility in Daharki throughout the year and currently have 500 students enrolled. The Company also has also established a blended learning model for primary school children at 10 government adopted schools in district Ghotki. Furthermore, our Katcha School Network, with enrollment of over 1500 students, continues to operate including the operations of first girls' middle school in Ghari Chachar with support from CDP (Government of Sindh), private donors and EFERT. Throughout the year, we have invested in various teachers' trainings, including building capacity of teachers to adopt better pedagogies and integration of technology.

Furthermore, our company understands that providing quality education may not prove enough to break the poverty barrier and ensure economic growth. As a result, skills training programs like at the Technical Training College (TTC) at Daharki have been established which offer a 3-year Diploma in Associated Engineering (DAE) in Chemical, Electrical and Mechanical technologies, as well as a short term vocational training programs for the youth living in the district. The college is a proud institution with over **3,500+ alumni**. The TTC is also implementing a skills training project with the support of German development agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) to train 160 young men and women in 4 different trades (welding, fabrication, machinery, and web design) from the district.

These initiatives aim to not only lift communities out of poverty by providing quality education, but also strives to provide decent work and the opportunity for economic growth.

The Company played its part in curtailing the current account deficit of the Country in terms of forex savings, amounting to Rs. 1,240 million through import substitution of 2,290 KT of urea.



At EFERT we take pride in providing everyone an equal opportunity of employment and growth and take steps in reducing the gender inequality and pay scale gap between men and women. We strive to turn the tides and to utilize our resources in creating opportunities for women. To encourage gender diversity at all levels within the Company, the Board has defined measurable KPIs which it uses to monitor the Company performance and updates under this UNSDG. To proactively infuse the concept of diversity and promote an encouraging environment, a 3 point framework for gender diversity and various gender sensitization session have been conducted. Furthermore, during the year EFERT led the industry in its gender diversity drive by opening avenues to women from various socio-economic backgrounds to work with the Company in different unconventional roles such as Trade Apprentices, GTEs, Workshop Supervisors, Warehouse In-Charges and in field oriented roles.

During the year EFERT inducted Shanza Afzal, the first ever woman Shift Engineer at Base Plant. Shanza joined as a graduate trainee engineer in Production Department and after an extensive plant training, took over an independent shift at Ammonia II unit.

Shanza has managed to break through barriers and proved her mettle with exceptional performance, opening up avenues for women employees in this field and have a positive impact on workplace diversity.

Further initiatives taken in this respect are detailed in the social capital and human capital performance section of this report.

Operating in the chemical sector, and given that water is a scarce resource, we are obligated to keep our water sources clean and ensure responsible disposal of waste from our manufacturing activities. For this purpose, a multi-layered approach is followed to ensure high standards of quality and control in managing our effluent generation, quality and disposal at site. A dedicated effluent treatment facility is installed to treat effluent generated at residential colonies to ensure that quality controls are met before disposal. Furthermore, when it comes to water consumption, EFERT has been focusing on reusing the water in our manufacturing processes to keep our water footprint to a minimum, thereby reducing the need from fresh water sources. In this regard, the manufacturing site is designed in a manner to recycle water used in manufacturing process. This water is reused after extensive chemical treatment. In this spirit, Cooling Water System installed at manufacturing facility that cools process streams is then recycled in a closed loop after extensive chemical treatment allowing for reuse. This inherent design feature has led to reusability of 615 Mn Tons/Annum of water which can irrigate **250,000 acres** of wheat area. Moreover, effluent generated at site is also being reused for horticultural purposes reflecting high standards of quality control.

The Company recently undertook geo-membrane lining of its 10 evaporation ponds at the Daharki Site to prevent soil and underground water contamination. These ponds store water when canal discharge facility is unavailable. To date around 90% of the ponds have been lined easing underground water contamination.

The Company has 9 Reverse Osmosis (RO) plants installed at various CAER villages and at the Daharki site, ensuring availability of clean water along with energy conservation. The Reverse Osmosis Plant at CAER and Daharki Village provides 13 Mn Liter/annum of clean water to over 300 households. Infrastructural improvements have been made to the sewerage system including maintenance and repair of the main line connection and pumping station at Jung village and upgradation of drainage system at Jan Muhammad Baghio village. Further details on these initiatives can be found in the social performance section of this report.

7 AFFORDABLE AND CLEAN ENERGY

Responsible energy consumption and emphasis on renewable and clean energy is a top priority given the energy-intensive nature of our manufacturing activities.

We undertake activities to mitigate our energy consumption and explore renewable energy resources. In this regard, our warehousing department has led the way in the fertilizer industry by switching 60 warehouses to solar power.

Furthermore, from the community's respect, enhancements such as installation of solar lights in educational facilities in Daharki and Ghotki have also been carried out to keep our promise to providing clean and affordable energy to our stakeholders. Initiatives taken in this regard are documented in Social Performance section of the report.

During the year, EFERT proudly represented South Asian Companies to present a technical paper in the domain of "Greening Existing Production Assets" at the CRU Sustainable Fertilizer Production Technology Forum 2021 Virtual Conference. The paper, titled 'Optimization of steam generation network of a fertilizer complex to reduce emissions and enhance energy index of the steam generators' was based on the project executed at Daharki site (URUT-4).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

It is paramount that we keep up with the changing circumstances that the world is facing by innovating and building a resilient infrastructure to ensure responsible consumption and production.

Innovative engineering solutions were adopted to overcome load limitation (furnace sway) at Base plant, thereby, enabling plant operations at maximum possible load (100%) and efficiency. Making use of latest technology an advance process controller was commissioned at Enven plant enhancing Ammonia production by approximately 9 metric Tons/day.

As per our resolve towards engineering excellence & self-reliance, we adapted with changing circumstances / crisis, bringing innovation to execute critical and complex field projects to ensure business sustainability.

During 2021, EFERT also led the industry towards digitization and automation with various initiatives such as introduction of electronic bank-guarantees for the first time in Pakistan and the launch of the first ever customer relationship management application in the industry that enables customers to book orders efficiently.

The Company also celebrated World Environment Day taking a pledge to:

- Save the environment
- Participating in tree plantation drive
- Counselling employees on understanding their carbon footprints

13 CLIMATE ACTION

15 LIFE ON LAND

EFERT realizes the urgency of tackling the climate change issue. In this regard, a carbon footprint reduction plan was developed in 2017 in accordance with global standards with the aim of bringing the Company performance in line with globally acceptable levels for fertilizer industry. Through increased urea production using more environment friendly gas inputs than RLNG, the Company managed to significantly reduce carbon footprint. The Company took a number of efficiency initiatives to improve its plant efficiencies including the Feed Gas Enrichment program that recycles the Flue gases back into the production process.

In pursuit of continuous improvement, EFERT manufacturing Daharki site did extensive exercises for measurement of air shed quality for 6 long months in 2020 to evaluate its operational impacts on ambient air. Flare system is provided at our state of the art environmentally friendly EnVen plant where all gaseous streams are burnt before venting directly into atmosphere making it the only facility in Pakistan operating with this feature.

To pursue Green Pakistan Vision, our flagship project 'million trees' is converting hundreds of acres of barren land held by Sindh Forest Department into forest by virtue of a signed MoU. During the year 10,000 trees were planted under this drive.
To date, approximately 210,000 trees have been planted at 200 acre land, whereas Phase 2 for another 240 acres has been proposed to forest department to meet our target to implement five-year plan for sustainable development and plantation. The plantation is ongoing under the One Million Tree project and 200-acre land has been converted into forest landscape with 200,000 sustainable trees which offset around 11ktoff of CO2 per year.

During the year our team at Zarkhez, joined hands with WWF Pakistan in protecting the Mangrove forest of Pakistan by initiating a Mangrove Plantation drive. The team visited the Wetland Center in Karachi where they were briefed about the importance of mangroves and the work put up by WWF for their conservation. Later, 100 saplings were planted by the team in the wetland center.

performance analysis

financial capital & performance

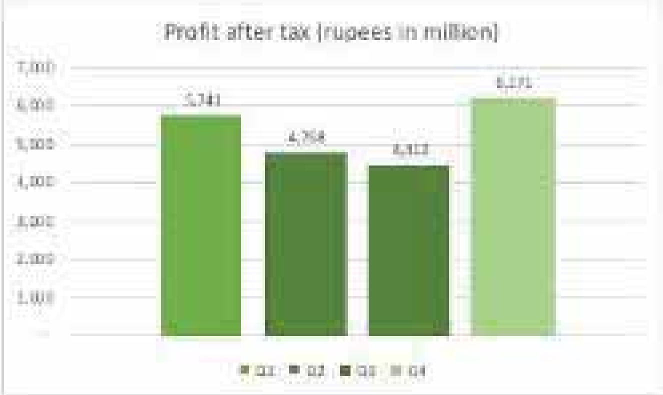
EFERT successfully delivered record earnings of Rs. 21 bn for FY 2021, setting a year full of exemplary performance and achievements.

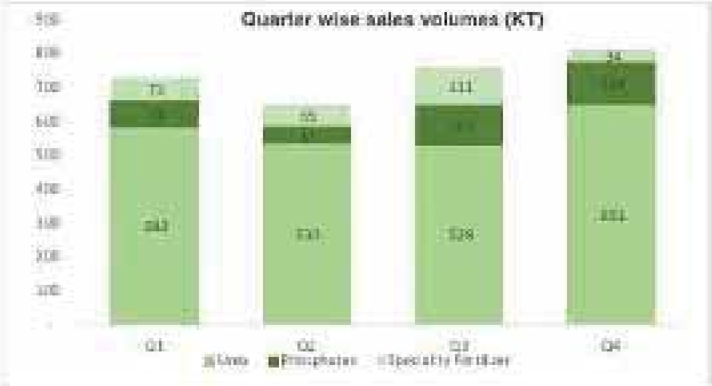
Total Wealth Generated | 2021 - Rs. 49,028 Mn | 2020 - Rs. 39,473 Mn
Net Profit After Tax | 2021 - Rs. 21,093 Mn | 2020 - Rs. 18,139 Mn
Economic Value Added | 2021 - Rs. 17,986 Mn | 2020 - Rs. 11,111 Mn
ROE | 2021 - 44.6% | 2020 - 40.29%
Dividend Distributed Per Share | 2021 - Rs. 18.5 | 2020 - Rs. 11

detailed financial performance review

Quarterly Analysis

(Rupees in million)					
Description	Q1	Q2	Q3	Q4	FY 2021
Net sales	29,944	24,916	37,383	39,821	132,365
Cost of sales	(17,285)	(16,086)	(27,768)	(25,870)	(88,290)
Gross profit	11,660	8,061	8,616	13,061	44,074
Selling and distribution expenses	(1,857)	(2,030)	(2,103)	(2,834)	(8,601)
Administrative expenses	(412)	(496)	(463)	(410)	(1,961)
Other income	479	402	463	351	1,790
Other operating expenses	(512)	(462)	(461)	(966)	(2,641)
Finance cost	(133)	(670)	(409)	(337)	(1,602)
Remeasurement loss on provision for GIDC	(287)	(219)	(158)	42	(743)
Loss allowance on subsidy receivable from GoP	100	84	193	(930)	(613)
Profit before tax	8,659	6,006	6,339	8,267	29,890
Tax	(2,919)	(1,298)	(1,927)	(2,086)	(8,798)
Profit after tax	5,741	4,708	4,412	6,171	21,033
Production (KT)	623	647	480	945	2,195
Urea sales (KT)	692	600	629	981	2,390
EPS	4.30	3.47	3.30	4.62	15.80





*Final dividend for the year ended December 31, 2020 recommended for approval of members at the Annual General Meeting

quarterly Analysis

first quarter

Period	Production	Sales	Net Profit
Q1 2021	623 KT	682 KT	5,741 Mn
Q1 2020	672 KT	169 KT	671 Mn

production

The Company's urea production in 1Q 2021 stood at 623KT compared to 672KT in the corresponding period last year, a decrease of 8%, mainly because of a turnaround in one of the plants.

sales revenue

Urea Sales clocked in at 592 KT compared to 104KT in 1Q 2020, reflecting an increase of around 364%. This is primarily due to an increase of 33% in local urea demand which stood at 1,377 KT vs 1,021 KT in 1Q 2020. In 1Q 2020, significantly lower urea volumes were sold owing to sales price disparity prevalent in the market; however, in 1Q 2021, EFERT has regained its market share. Furthermore, domestic urea prices were at a discount of approximately 60% to international prices, as they hovered around Rs. 1,717/bag which was significantly lower than Rs. 2,240/bag at the start of 2020. EFERT phosphates (DAP, Zarkhez and NP) sales during 1Q 2021 stood at 74 KT vs 35 KT last year, up by over 100% YoY.

The Company's Specialty Fertilizer sales clocked in at 72 KT in 1Q 2021 vs 23KT during the same period last year, an increase of 3x.

Net Sales Revenue for the quarter recorded an increase of approximately 1.7 times primarily due to an increase in volume Urea, Phosphates and Blended fertilizer volumes.

cost of sales and other operational costs

Gross Profit was recorded at Rs. 11.5 Bn for 1Q 2021, compared to Rs. 0.6 Bn in the same period last year, an increase of 12x on the back of higher offtakes, lower gas costs and higher phosphate profitability.

profit

Company's consolidated profit stood at Rs. 5.7 Bn vs. Rs. 0.6 Bn in the prior year, resulting in EPS of Rs. 4.30 vs last year's EPS of Rs. 0.43.

second quarter

Period	Production	Sales	Net Profit
Q2 2021	547 KT	633 KT	4,758 Mn
Q2 2020	654 KT	873 KT	3,896 Mn

Production

The Company's Urea production in 2Q 2021 stood at 547 KT compared to 654 KT in the corresponding period last year because of a turnaround in one of the plants.

sales revenue

Urea sales during the period clocked in at 533 KT compared to 873 KT in 2Q 2020, a decrease of 39% YoY. EFERT phosphates sales during 2Q 2021 stood at 51 KT vs 86 KT last year, down 40% YoY, owing to an increase in local DAP prices from Rs. 3,966/bag at start of 1Q 2021 to Rs. 5,650/bag by the end of 1H 2021. This increase in DAP prices was triggered by significant increase in international prices during the period with offers being quoted as high as USD 600/T by the end of 1H 2021 amidst seasonal demand resurgence.

The Company's Specialty Fertilizer sales clocked in at 66 KT in 2Q 2021 vs 55 KT during the same period last year, an increase of 18%.

Net Sales Revenue was 10% lower in 2Q 2021 compared to 2Q 2020 mainly due to decrease in volumes sold.

cost of sales and other operational costs

Gross Profit of the Company was recorded at Rs. 9.8 Bn for 2Q 2021, compared to Rs. 10.4 Bn in the same period last year, a decrease of 6% owing to decline in topline compared to same period last year.

profit

Company's consolidated profit stood at Rs. 4.8 Bn vs. Rs. 3.9 Bn in the corresponding period last year resulting in EPS of Rs. 3.57 vs. last year's EPS of Rs. 2.92.

third quarter

Period	Production	Sales	Net Profit
Q3 2021	490 KT	629 KT	4,412 Mn
Q3 2020	663 KT	803 KT	7,004 Mn

production

The Company's urea production in 3Q 2021 clocked in at 490 KT compared to 663 KT in the corresponding period last year on the back of outages in both plants.

sales revenue

Urea sales during the period clocked in at 629 KT compared to 803 KT in 3Q 2020, a decrease of 12% YoY.

The Company's phosphates (DAP, Zorawar and NP) sales during the period stood at 117 KT vs 388 KT last year, reflecting a decrease of 69% YoY. The fall in demand is primarily due to unprecedented increase in DAP prices witnessed during the year on the back of continuously rising international prices.

The Company's Specialty Fertilizer sales clocked in at 111 KT in 3Q 2021 vs 91 KT during the same period last year, a decrease of 66%.

Net sales revenue almost remained at par with last year and clocked in at Rs. 37.2bn compared to Rs. 37.4bn in 3Q 2020.

cost of sales and other operational costs

Gross Profit of the Company was recorded at Rs. 9.6bn for 3Q 2021, compared to Rs. 10.8bn in the same period last year, a decline of 11%. The decline in margin is a result of lower gas cost, GIDC cost and discount offset by higher index pricing due to turnaround of base plant.

profit

Company's consolidated profit stood at Rs. 4.4bn vs Rs. 7.0bn in the corresponding period last year. The reduction is because of increase in cost of sales, provision for tax disallowance for sales to unregistered persons and significant increase in tax expense which stood at Rs. 1.9bn compared to 169mn in 3Q 2021 as the Company's trading arm moved into the NTR regime on the back of high sales revenue and profit margin.

forth quarter

Period	Production	Sales	Net Profit
Q4 2021	646 KT	661 KT	5,171 Mn
Q4 2020	679 KT	666 KT	6,642 Mn

Production

The Company's urea production in 4Q 2021 clocked in at 646 KT compared to 679 KT in the corresponding period last year on the back of turnarounds and outages at both plants.

sales revenue

The Company was able to sell 661 KT of Urea in 4Q 2021 as compared to 666 KT in 4Q 2020. The Company achieved a historic milestone of highest ever domestic urea sales of 2,296 KT as compared to 2,067 KT in 2020. As a result, market share improved to 35% for the year as compared to 34% in 2020.

The Company's phosphates (DAP, Zorawar and NP) sales during the period stood at 124 KT vs 99 KT last year, reflecting an increase of 25% YoY. In a declining market, the Company's market share was 17% compared to 12% last year.

cost of sales and other operational costs

Gross Profit of the Company was recorded at Rs. 13bn for 4Q 2021, compared to Rs. 9.3bn in the same period last year, an increase of 40%. This was majorly due to increase of 17% in Urea volumes. This increase is attributable to increase in local urea demand.

The Company engaged an external Pakistan Banks' Association (PBA) approved expert to reassess the useful lives and scrap values of gas pipelines, plant and machinery, and buildings. This resulted in a pre-tax reduction in depreciation charge of Rs. 2.5bn.

profit

Company's consolidated profit stood at Rs. 5.1bn vs Rs. 6.6bn in the corresponding period last year. Profitability was led by higher Phosphates margins due to higher selling prices and significant one-offs including reduction in post-tax depreciation charge of Rs. 1.7bn due to reassessment of useful lives and scrap values of gas pipelines, plant and machinery, and buildings.

analysis of variation in interim accounts with final accounts

Net sales grew from Rs. 66bn in HY 2021 to Rs. 132bn for FY 2021. The highest quarterly sales were recorded in the last quarter due to seasonality effect despite increase in Urea and Phosphate prices showing the inelasticity of fertilizer products in the Pakistani agri landscape.

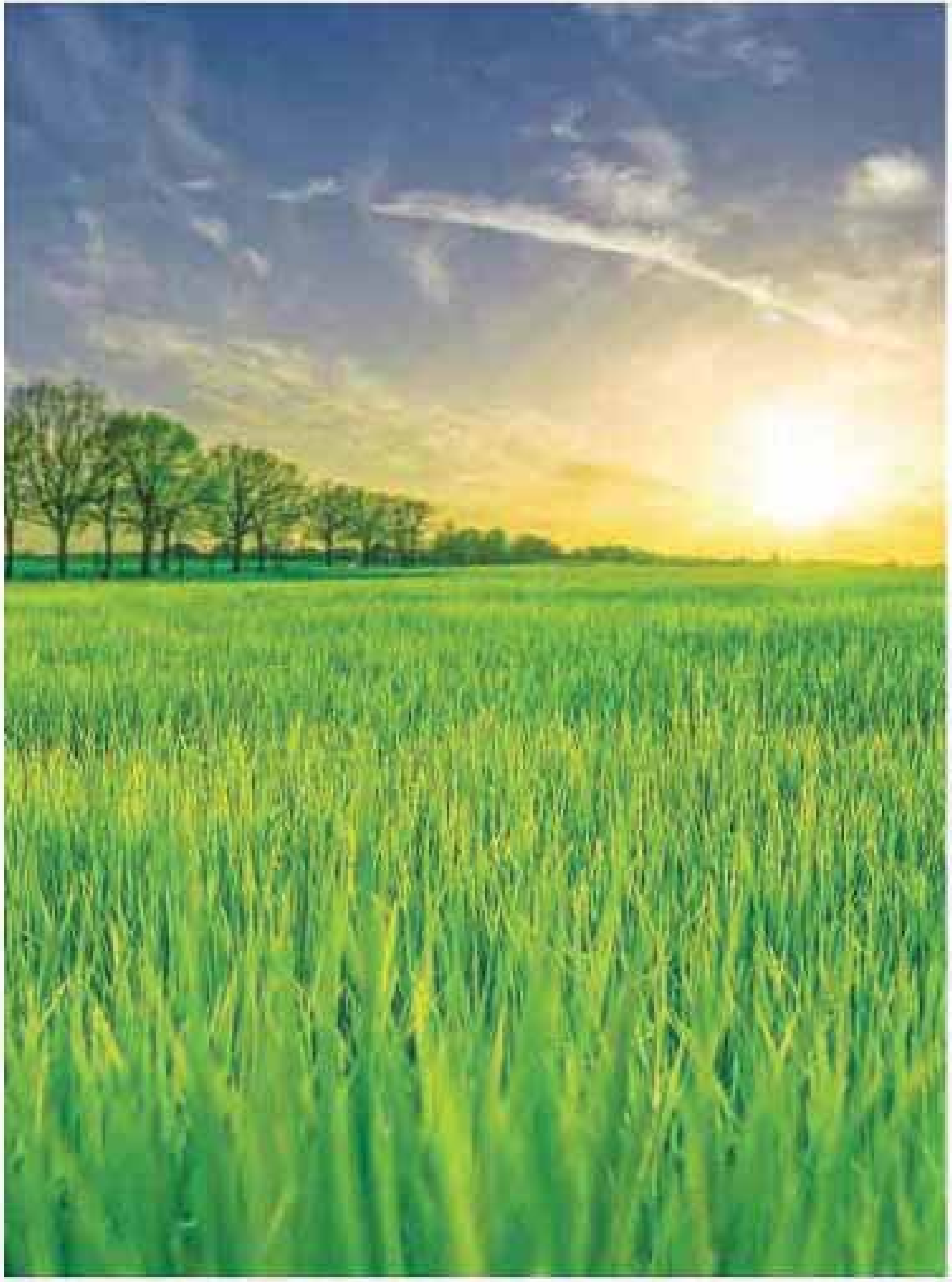
Gross profit increased from Rs. 21bn in HY 2021 to Rs. 44bn for FY 2021. Gross profit was positively impacted by the reassessment of certain property, plant and equipment useful lives and scrap values – the impact of which was recorded in quarter 4. Gross profit margin decreased from 39% in HY 2021 to 33% for FY 2021 as following the principles of prudence the Company has not been accruing the benefit of its rightful concessionary gas pricing since July 1, 2021 given that the matter remains sub judice.

Net profit increased from Rs. 11bn in HY 2021 to Rs. 21bn for FY 2021 on back of increased revenue resulting from higher urea and phosphatic prices, higher inventory holding gains and positive impact of reduced post tax depreciation charge of Rs. 1.7bn due to reassessment of useful lives and scrap values of gas pipelines, plant and machinery and buildings.

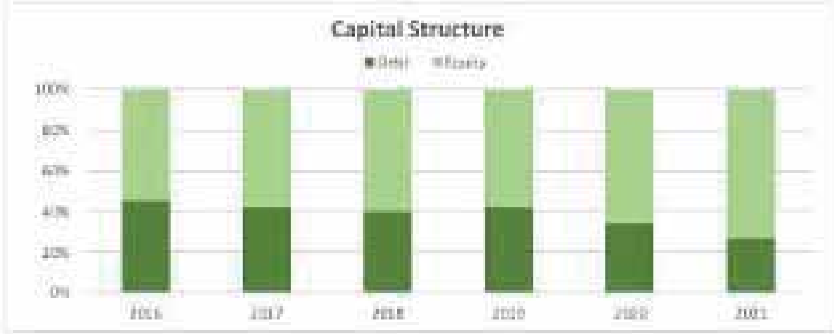
Overall, the net profit margin decreased from 19% in HY 2021 to 16% for FY 2021 as the Company did not accrue the benefit of its rightful concessionary gas pricing since July 1, 2021. Additionally, effective tax rate decreased from HY 2021 to FY 2021 due to positive tax adjustments.

horizontal analysis of consolidated statement of financial position

	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.	19 Vs. 18 %	2018 Rs.	18 Vs. 17 %	2017 Rs.	17 Vs. 16 %	2016 Rs.
EQUITY AND LIABILITIES											
EQUITY											
Share Capital	13,352	-	13,353	-	13,353	-	13,353	-	13,353	0.3	13,309
Share Premium	3,385	-	3,385	-	3,385	-	3,385	-	3,385	8.1	3,132
Exchange revaluation reserves	-	-	-				409		83	664.5	11
Hedging reserve	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of post employment benefits	(90)	(78.3)	(50)	(11.6)	(57)	26.7	(46)	(4.3)	(47)	74.1	(27)
Unappropriated Profits	30,439	1.3	30,043	13.0	26,598	(6.4)	28,421	10.6	25,696	1.9	25,223
	47,087	0.8	46,731	8.0	43,279	(4.9)	45,523	7.2	42,470	2.0	41,648
NON-CURRENT LIABILITIES											
Borrowing	11,461	(15.2)	13,514	(39.1)	22,192	(13.7)	25,715	12.9	22,784	(22.5)	29,380
Deferred taxation	11,943	2.3	11,678	(4.2)	12,183	71.6	7,099	(24.4)	9,388	25.3	7,492
Deferred liabilities	232	(15.0)	273	6.2	257	1.2	254	5.8	240	6.2	226
Provision for GIDC	6,364	(39.5)	10,510	100.0	-	-	-	-	-	-	-
Deferred income - Government grant	925	100	-	-	-	-	-	-	-	-	-
	30,924	(14.0)	35,975	3.9	34,632	4.7	33,068	2.0	32,412	(12.6)	37,098
CURRENT LIABILITIES											
Trade and other payables	26,027	(13.9)	30,219	65.8	18,228	(37.4)	29,095	32.5	21,958	46.7	14,969
Accrued interest / mark-up	262	(0.6)	263	(55.3)	588	36.0	426	(28.4)	595	1.9	584
Taxation - net	1,361	100	-	-	-	(100.0)	3,408	273.3	913	(17.3)	1,104
Current portion of											
- Borrowings	5,756	(42.8)	10,062	14.9	8,760	71.9	5,096	(37.2)	8,120	57.0	5,172
- deferred income - government grant	154	100	-	-	-	-	-	-	-	-	-
- Retirement and other service benefits obligations	64	17.2	54	(2.8)	56	9.9	51	2.0	50	2.0	49
- provision for GIDC	11,816	70.6	6,927	64.4	18,458	-	-	-	-	-	-
Short-term borrowings	4,118	868.6	425	(78.6)	1,986	96.6	1,010	(80.8)	5,264	175.6	1,910
Unclaimed dividend	49	(13.7)	57	(4.5)	60	(9.0)	66	164.0	25	25.0	20
Loan from Holding Company	5,200	420.0	1,000	100.0	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	(100.0)	250
	54,807	11.8	49,007	(0.3)	49,136	25.5	39,152	6.0	36,933	53.5	24,058
TOTAL EQUITY AND LIABILITIES	132,818	0.8	131,713	3.7	127,047	7.9	117,743	5.3	111,815	8.8	102,804
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	73,031	11.1	65,734	(0.3)	65,940	(3.3)	68,203	(1.0)	68,923	(1.8)	70,168
Intangible assets	5,302	2.7	5,165	1.9	5,071	13.0	4,488	0.3	4,475	0.5	4,451
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Long term loans and advances	61	(25.7)	82	(50.0)	164	14.9	143	5.8	135	11.6	121
	78,394	10.4	70,981	(0.3)	71,175	(2.3)	72,834	(1.0)	73,533	(1.6)	74,740
CURRENT ASSETS											
Store, spares and loose tools	6,427	0.3	6,411	21.3	5,285	(0.8)	5,325	0.9	5,280	8.0	4,887
Stock-in-trade	13,490	79.1	7,533	(39.6)	12,478	8.1	11,538	51.1	7,636	12.3	6,799
Trade debts	3,070	5.6	2,906	(79.5)	14,175	55.6	9,110	68.1	5,419	(28.6)	7,585
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Loans, advances, deposits and prepayments	2,237	2.2	2,189	(25.8)	2,949	116.3	1,363	17.8	1,157	69.4	683
Other receivables	12,677	52.7	8,304	(11.8)	9,412	3.8	9,067	3.0	8,807	26.1	6,986
Taxation - net	-	(100.0)	2,858	12.4	2,542	100.0	-	-	-	-	-
Accrued income	19	(87.8)	158	49.0	106	96.1	54	116.0	25	100.0	-
Short-term investments	15,238	(43.1)	26,763	385.6	5,512	(28.6)	7,722	(5.4)	8,163	684.8	1,040
Cash and bank balances	1,266	(64.9)	3,610	5.8	3,413	367.9	730	(59.4)	1,795	2,037.6	84
	54,424	(10.4)	60,732	8.9	55,872	24.4	44,909	17.3	38,282	36.4	28,064
TOTAL ASSETS	132,818	0.8	131,713	3.7	127,047	7.9	117,743	5.3	111,815	8.8	102,804



six yearly analysis
horizontal analysis of consolidated statement of financial position



Shareholders' Equity

Share capital has increased from Rs. 13,309 million to Rs. 13,363 million during the last six years. This increase in share capital and share premium is due to conversion option amounting to USD [illegible] exercised by International Finance Corporation consequent to which [illegible] million ordinary shares were issued in 2017. Further, reserves have been increased significantly due to better profitability and effective reserves retention and payout policies.

Non-current Liabilities

Non-current liabilities mainly comprise of Long-Term Borrowings from financial institutions, Deferred Taxation and Provision for GIDC. Borrowings have decreased from Rs. 20,390 million in 2016 to Rs. 11,469 in 2021, in line with the Company's capital structure strategy. During the year, additional long-term loans amounting to Rs. [illegible] bn were repaid. Other than Long term loans, Sukuk Certificates have been completely redeemed and repaid in previous years. Deferred tax liability has increased from Rs. 7,490 million in 2016 to Rs. 11,643 million in 2021. Deferred tax liability as at December 31, 2021 is mainly represented by temporary differences due to accelerated depreciation allowance.

As per SCP's judgement dated Aug 13, 2020, ordered the GIDC provision to be settled in prescribed number of installments. Therefore, the long-term and current portion of GIDC provision has been presented in current year's financial statement. As at December 31, 2021, long term portion for GIDC provision is Rs. 8,284 million.

Current Liabilities

Current liabilities mainly comprise of Trade and other payables, current portion of Long-term Borrowings, taxes payable and provision for GIDC. Trade and other payables have increased to Rs. 36,027 million in 2021 from Rs. 14,369 million in 2016 representing an increase of 145%. This increase is mainly due to increase in advances from customers from Rs. 460 million in 2016 to Rs. 4,204 million in 2021 on account of increasing market share and consequently revenue and increase in accrued liabilities from 4,865 million in 2016 to 14,033 million in 2021 representing increasing procurement of coal and capital expenditure to sustain operations.

Non-current Assets

Non-Current assets mainly comprise of Property, Plant & Equipment and intangible assets. Property, plant, and equipment have increased by 4% in comparison with 2016. This is mainly due to the major capital investments in debottlenecking and optimization of Base and Enven Plant netted off by depreciation charge for each financial year. During 2021, property, plant, and equipment increased due to investment in aircraft and other plant related capital projects.

Current Assets

Over the past six years, current assets have been increased by Rs. 26,051 million. Major contributors are short term investments, Other receivables and bank balances. Short term investments increased to due to purchase of Pakistan Investment Bonds. Other Receivables have shown an increase of Rs. 6,681 million due to increasing sales tax receivable and subsidy receivable from GoP.

vertical analysis of consolidated statement of financial position

	2021 Rs.	2021 %	2020 Rs.	2020 %	2019 Rs.	2019 %	2018 Rs.	2018 %	2017 Rs.	2017 %	2016 Rs.	2016 %
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	13,353	10.1	13,353	10.1	13,353	10.5	13,353	11.3	13,353	11.9	13,309	12.9
Share premium	3,385	2.6	3,385	2.6	3,385	2.7	3,385	2.9	3,385	3.0	3,132	3.0
Exchange revaluation reserves	-	-	-	-	-	-	409	0.3	83	0.1	11	0.0
Hedging reserve	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of post employment benefits	(90)	(0.1)	(50)	(0.0)	(57)	(0.0)	(45)	(0.0)	(47)	(0.0)	(27)	(0.0)
Unappropriated Profits	30,439	22.9	30,043	22.8	26,598	20.9	28,421	24.1	25,696	23.0	25,223	24.5
	47,087	35.5	46,731	35.5	43,279	34.1	45,323	38.7	42,470	38.0	41,648	40.5
NON-CURRENT LIABILITIES												
Borrowing	11,408	8.6	13,514	10.3	22,192	17.5	25,715	21.8	22,784	20.4	29,380	28.6
Deferred taxation	11,943	9.0	11,678	8.9	12,183	9.6	7,099	6.0	9,388	8.4	7,492	7.3
Deferred liabilities	232	0.2	273	0.2	257	0.2	254	0.2	240	0.2	226	0.2
Provision for GIDC	6,364	4.8	10,510	8.0	-	-	-	-	-	-	-	-
Deferred income - Government grant	925	0.7	-	-	-	-	-	-	-	-	-	-
	30,924	23.3	35,975	27.3	34,632	27.3	33,068	28.1	32,412	29.0	37,098	36.1
CURRENT LIABILITIES												
Trade and other payables	26,027	19.60	30,219	22.9	18,228	14.3	29,066	24.7	21,966	19.6	14,969	14.6
Accrued interest / mark-up	262	0.20	283	0.2	588	0.5	426	0.4	596	0.5	584	0.6
Taxation - net	1,361	1.02	-	-	-	-	3,408	2.9	913	0.8	1,104	1.1
Current portion of												
- Borrowings	5,756	4.33	10,062	7.6	8,760	6.9	5,096	4.3	8,120	7.3	5,172	5.0
- deferred income - government grant	154	0.12	-	-	-	-	-	-	-	-	-	-
- deferred liabilities	84	0.06	54	0.0	56	0.0	51	0.0	50	0.0	49	0.0
- provision for GIDC	11,816	8.90	6,927	5.3	1,9458	15.3	-	-	-	-	-	-
Short-term borrowings	4,118	3.10	425	0.3	1,986	1.6	1,010	0.9	5,264	4.7	1,910	1.9
Unclaimed dividend	49	0.04	57	0.0	60	0.0	68	0.1	25	0.0	20	0.0
Loan from Holding Company	5,200	3.92	1,000	0.8	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	250	0.2
	54,807	41.26	49,007	37.2	49,136	38.7	39,152	33.3	36,933	33.0	24,058	23.4
TOTAL EQUITY AND LIABILITIES	132,818	100.00	131,713	100.0	127,047	100.0	117,743	100.0	111,815	100.0	102,804	100.0
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	73,031	55.0	65,734	49.9	65,940	51.9	68,203	57.9	68,923	61.6	70,168	68.3
Intangible assets	5,302	4.0	5,165	3.9	5,071	4.0	4,488	3.8	4,475	4.0	4,451	4.3
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-
Long term loans and advances	61	0.0	82	0.1	164	0.1	143	0.1	135	0.1	121	0.1
	78,394	59.0	70,981	53.9	71,175	56.8	72,834	61.9	73,533	65.8	74,740	72.7
CURRENT ASSETS												
Store, spares and loose tools	6,427	4.8	6,411	4.9	5,285	4.2	5,325	4.5	5,280	4.7	4,887	4.8
Stock-in-trade	13,490	10.2	7,533	5.7	12,479	9.8	11,538	9.8	7,636	6.8	6,799	6.6
Trade debts	3,070	2.3	2,906	2.2	14,175	11.2	9,110	7.7	5,419	4.8	7,585	7.4
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Loans, advances, deposits and prepayments	2,237	1.7	2,189	1.7	2,949	2.3	1,363	1.2	1,157	1.0	683	0.7
Other receivables	12,677	9.5	8,304	6.3	9,412	7.4	9,067	7.7	8,807	7.9	6,986	6.8
Taxes recoverable	-	-	2,858	2.2	2,542	2.0	-	-	-	-	-	-
Accrued income	19	0.0	158	0.1	106	0.1	54	0.0	25	0.0	-	-
Short-term investments	15,238	11.5	26,763	20.3	5,512	4.3	7,722	6.6	8,163	7.3	1,040	1.0
Cash and bank balances	1,266	1.0	3,610	2.7	3,413	2.7	730	0.6	1,798	1.6	84	0.1
	54,424	41.0	60,732	46.2	55,872	44.0	44,909	38.1	38,282	34.2	28,064	27.3
TOTAL ASSETS	132,818	100.0	131,713	100.0	127,047	100.0	117,743	100.0	111,815	100.0	102,804	100.0

vertical analysis of consolidated statement of financial position

shareholders' equity

Shareholders' equity stands at 36.6% of total equity and liabilities compared to 40.6% in 2016. This is mainly attributable to increased unappropriated profits of the Group representing increased profitability with a healthy and consistent dividend payout strategy netted off by a 6% increase in current and non-current liabilities.

non-current liabilities

Long-term borrowings (including current portion) have significantly reduced from 65.4% of Total Liabilities in 2016 to 20.1% during the current year. This is in line with EFERT's long-term debt structure strategy. Deferred liabilities as a percentage of non-current liabilities have increased from 21% in 2016 to 30% during the current year mainly due to temporary differences due to accelerated depreciation allowance as computed by change in future applicable tax rates promulgated via the Finance Act 2019. Long-term portion of GIDC provision has contributed 21% to the non-current liabilities in current year.

current liabilities

Trade and other payables as a percentage of total current liabilities stood at 47.6% as at the year end as against 21% in 2016. This decrease is partially a result of current portion of GIDC shown separately in the statement of financial position which constituted 22% of total current liabilities.

non-current assets

Property plant and equipment as a percentage of total non-current assets stood at 93% vs 94% in 2016. This is mainly due to steady depreciation charge over the years of our Base and Enven production facilities partially offset by major capital expenditures during the time primarily on plant efficiency, gas compression facilities and implementation of new ERP software in the past couple of years.

current assets

Stock-in-trade has remained at par from 24% of total current assets in 2016 to 20% in 2021 due to consistently efficient inventory management. Short term investments have grown to 28% in 2020 as compared to 4% of the total current assets in 2016 due to attractive returns available over the six year period. Other receivables have remained at par and constitute 23% of total current assets in 2021 in comparison to 26% in 2016. Cash & Bank Balances have also increased from 0.[illegible]% to 2.[illegible]% over the period due to increasing sales.

horizontal & vertical analysis of consolidated statement of profit or loss

	2021 Rs.	21 Vs 20 %	2020 Rs.	20 Vs 19 %	2019 Rs.	19 Vs 18 %	2018 Rs.	18 Vs 17 %	2017 Rs.	17 Vs 16 %	2016 Rs.	16 Vs 15 %
Sales	132,363	25.1	105,846	(12.8)	121,355	11.1	109,197	41.6	77,129	10.9	69,537	(18.8)
Cost of Sales	88,289	23.3	71,592	(12.5)	81,816	10.7	73,880	37.0	53,911	3.5	52,098	(6.5)
Gross profit	44,074	28.7	34,254	(13.4)	39,540	12.0	35,317	52.1	23,218	33.1	17,439	(41.3)
Selling and distribution expenses	8,530	0.9	8,457	(3.2)	8,736	9.1	8,006	10.5	7,245	8.1	6,705	22.7
Administrative expenses	1,900	(1.0)	1,919	53.8	1,248	(16.0)	1,486	14.8	1,293	42.6	907	1.2
Other income	1,790	7.4	1,667	(61.7)	4,352	111.1	2,062	(64.8)	5,866	(28.0)	8,143	85.4
Other expenses	2,641	39.4	1,894	(27.8)	2,623	71.2	1,532	24.1	1,234	7.4	1,149	(43.5)
Operating profit	32,793	38.7	23,661	(24.4)	31,285	18.7	26,354	36.5	19,312	14.8	16,821	(34.5)
Finance cost	1,602	(50.5)	3,236	(16.7)	3,887	87.7	2,071	(21.8)	2,648	(16.9)	3,187	(31.1)
Remeasurement loss / (gain) on provision for GIDC	743	(135.0)	(2,121)	100.0	-	-	-	-	-	-	-	-
Loss allowance on subsidy receivable from GoP	558	(55.0)	1,239	(100.0)	-	-	-	-	-	-	-	-
Net profit before taxation	29,890	40.3	21,298	(22.3)	27,398	12.8	24,283	45.7	16,664	22.2	13,634	(35.3)
Provision for taxation	8,797	177.9	3,165	(69.9)	10,526	53.3	6,869	24.7	5,509	26.6	4,351	(30.4)
Net profit after taxation	21,093	16.3	18,133	7.5	16,872	(3.1)	17,414	56.1	11,156	20.2	9,283	(37.4)

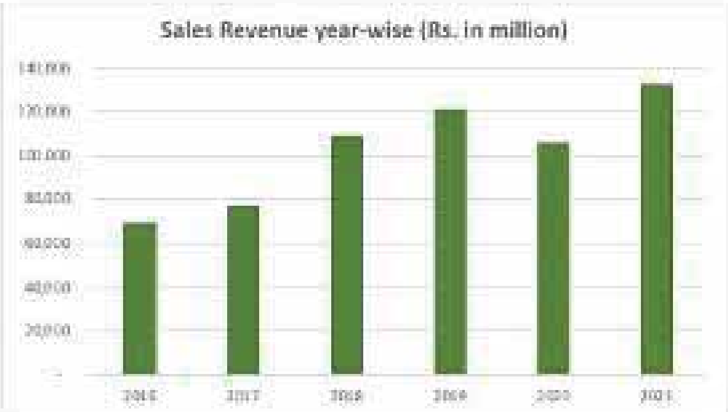
Vertical Analysis

	2021 Rs.	2021 %	2020 Rs.	2020 %	2019 Rs.	2019 %	2018 Rs.	2018 %	2017 Rs.	2017 %	2016 Rs.	2016 %
Sales	132,363	100	105,846	100	121,355	100	109,197	100	77,129	100	69,537	100
Cost of sales	88,289	66.7	71,592	67.6	81,816	67.4	73,880	67.7	53,911	69.9	52,098	74.9
Gross profit	44,074	33.3	34,254	32.4	39,539	32.6	35,317	32.3	23,218	30.1	17,439	25.1
Distribution and marketing expenses	8,530	6.4	8,457	7.99	8,736	7.20	8,006	7.33	7,245	9.4	6,705	9.6
Administrative expenses	1,900	1.4	1,919	1.8	1,248	1.0	1,486	1.4	1,293	1.7	907	1.3
Other income	1,790	1.4	1,667	1.6	4,352	3.6	2,062	1.9	5,866	7.6	8,143	11.7
Other expenses	2,641	2.0	1,894	1.8	2,623	2.2	1,532	1.4	1,234	1.6	1,149	1.7
Operating profit	32,793	24.8	23,661	22.3	31,285	25.8	26,354	24.1	19,312	25.0	16,821	24.2
Finance cost	1,602	1.2	3,236	3.1	3,887	3.2	2,071	1.9	2,648	3.4	3,187	4.6
Remeasurement loss / (gain) on provision for GIDC	743	0.6	(2,121)	2.0	-	-	-	-	-	-	-	-
Loss allowance on subsidy receivable from GoP	558	0.4	1,239	1.2	-	-	-	-	-	-	-	-
Net profit before taxation	29,890	22.6	21,298	20.1	27,397	22.6	24,283	22.2	16,664	21.6	13,634	19.6
Provision for taxation	8,797	6.6	3,165	3.0	10,525	8.7	6,869	6.3	5,509	7.1	4,351	6.3
Net profit after taxation	21,093	15.9	18,133	17.1	16,872	13.9	17,414	15.9	11,156	14.5	9,283	13.4

Sales

The Group's major sales comprise of Urea and Phosphates. In 2016, the Group was able to sell 1,922 KT urea respectively. However, revised strategy and aggressive approach to increase market share of the Group was able to increase the sales of urea and phosphates to 2,460 KT in 2017. In 2018, the Group was able to achieve its highest ever consolidated revenue of over PKR 100 billion. Increase versus last year was due to increase in phosphates sales by 126 KT and urea sales by 24 KT. Continuation of the same approach by the Group, accentuated by record urea production by the Company resulted in further increase in sales by 11% in 2019, resultantly reaching the highest ever sales revenue mark of Rs. 121 billion. In 2020, the Company achieved a historic milestone of highest ever urea production of 2,284 KT and urea sales clocked in at 2,006 KT.

During the year 2021, the Company has achieved a historic milestone of highest ever urea sales of 2,296 KT as compared to 2,006 KT sold in 2020, an increase of 14% primarily due to increase in local urea demand. As a result, the Company's market share improved to 25% for the year compared to 24% in 2020. The Company managed to deliver sales revenue of PKR 133.0 bn, an increase of 25% compared to PKR 106.5 bn in 2020 on account of higher urea volumes sold and significant increase in imported Phosphate prices.



cost of sales

The variation in cost of sales is almost in line with the variation of sales over the last six years. Production from Urea and NP plant increased from 1,978 KT in 2016 to 2,249 KT during the current year. In 2020, the Company achieved a historic milestone with the highest ever production of 2,284 KT. Gradual increase in gas prices, inflationary effect, currency devaluation and higher consumption to meet local demand have contributed to the increase by Rs. 35,191 million over the period of six years.

gross profit

Gross profit of the Group has increased to Rs. 44,074 million in 2021 as compared to Rs. 17,409 million in 2016. Significant downfall in profitability was witnessed in 2016 due to depressed market conditions for the fertilizer industry. Increased sales in subsequent years on the back of concentrated commercial strategy and better agronomic demand helped EFERT recuperate and clock in an increase of 153% over the period of six years. Higher phosphates margins has increased the overall gross margin.

operating profit

Operating profit of the Group has increased by Rs. 16,972 million over the last six years which is mainly due to increased urea and phosphates volumes over the last six years combined with recent increase in international DAP prices. Rising international freight and logistic prices over the period resulted in adverse impact on operating profit. This is mainly due to resurgence of demand for products as the pandemic related lock-downs of FY 2020 are eased off.

finance costs

Finance cost have reduced significantly from Rs. 3,167 million to Rs. 1,200 million over the period of six years. This is mainly due to gradual repayments of long-term borrowings that were contracted at the time investment in new production facility. Improved liquidity position on the back of increased sales over the years have reduced the need for short term debt.

taxation

Taxation has increased significantly by Rs. 4,447 million in 2021 as compared to 2016. The increase is also due to the change in income tax regime of EFERT's trading arm which is now taxed under normal tax regime owing to higher margins earned the year.

finance costs

Finance cost have reduced significantly from Rs. 3,187 million to Rs. 1,802 million over the period of six years. This is mainly due to gradual repayments of long-term borrowings that were contracted at the time investment in new production facility. Improved liquidity position on the back of increased sales over the years have reduced the need for short term debt.

Taxation has increased significantly by Rs. 4,447 million in 2021 as compared to 2016. The increase is also due to the change in income tax regime of EFERT's trading arm which is now taxed under normal tax regime owing to higher margins earned the year.

net profit

The Group's net profit has increased to Rs. 21,093 million from Rs. 9,293 million in 2016. The financial year end 2016 was not a fruitful year as the net profit decline to Rs. 9,293 million from Rs. 14,219 million in 2015 for the fertilizer industry. However, the Company was able to significantly improve its profitability in subsequent financial years through capturing better market share, increased production levels and increased in sales volume.

Further, considering the recent events and developments on GIDC legal case in 2020, EFERT continued to remeasure its previously discounted provisioning and recognized remeasurement loss on GIDC provision of Rs. 792 million in 2021. In addition, EFERT also recognized accounting loss on its subsidy receivable from the Government of Pakistan of Rs. 668 million.

vertical analysis of consolidated statement of profit or loss

gross profit

Gross profit has increased to Rs. 44,074 million in 2021 as compared to Rs. 17,430 million in 2016. Significant downfall in profitability was witnessed in 2016 due to depressed market conditions for the fertilizer industry. However, increased sales in subsequent years on the back of concentrated commercial strategy and better agronomic demand helped the Group achieve an overall increase of 1.5 times over the last six years.

taxation

Tax charge as a percentage of turnover increased from 6.3% in 2016 to 6.6% in 2021. During the year, owing to higher profit margins, the trading subsidiary of the Group entered the NTR regime, as against to MTR regime in prior years, resulting in a tax charge of Rs. 1,966 million. The tax charge is consistent with the increase in net profits.

net profit

Net profit as a percentage of sales stood at 13.4% in 2016 compared to 15.2% in 2021. Net profit margin increased to 16% during 2019 mainly due one off reversal of deferred tax liability post introduction of gradual reduction of corporate tax rates made via Finance Act 2015.

financial information summary

	2021	2020	2019	2018	2017	2016
Summary of Consolidated Statement of Financial Position						
Share capital	13,353	13,353	13,353	13,353	13,353	13,353
Reserves	33,734	35,378	29,926	32,170	29,117	28,293
Shareholders' funds / Equity	47,087	48,731	43,279	45,523	42,470	41,646
Borrowings	17,215	23,576	30,952	30,811	33,904	34,551
Capital employed	64,302	72,306	74,232	76,334	76,374	76,280
Deferred liabilities	12,176	11,961	12,440	7,363	8,626	7,718
Property,plant & equipment	78,081	66,848	65,040	68,204	68,823	70,186
Long term assets	76,894	79,982	71,176	72,884	73,568	74,760
Current assets	64,485	60,821	55,672	44,910	38,083	28,084
Summary of Consolidated Statement of Profit or Loss						
Sales	138,383	105,646	101,365	109,197	77,129	69,537
Gross profit	44,074	34,055	33,540	35,918	25,219	17,480
Operating profit	33,844	23,679	33,353	25,894	14,661	9,877
Profit / (loss) before tax	28,880	21,288	27,598	24,292	16,563	15,694
Profit / (loss) after tax	21,093	18,133	16,871	17,414	11,158	9,293
EBITDA	34,622	28,876	36,962	31,848	24,404	21,867
Summary of Consolidated Statement of Cashflows						
Net cash flow from operating activities	14,612	61,470	21,369	25,405	25,496	4,478
Net cash flow from investing activities	16,096	(25,744)	4,503	(6,885)	(8,109)	(1,678)
Net cash flow from financing activities	(23,396)	(24,628)	(22,367)	(18,861)	(17,714)	(14,254)
Changes in cash & cash equivalents	7,251	1,098	3,844	(211)	(367)	(11,452)
Cash & cash equivalents – Year end	12,377	5,126	4,030	(190)	(304)	14
Summary of Actual Production (units in MT)						
Urea	2,104,722	2,259,806	2,003,006	1,926,080	1,806,877	1,881,016
NPK	144,664	127,062	134,784	132,790	106,069	94,610

analysis of consolidated statement of cashflows

cashflows from operating activities

In 2016, cashflows from operating activities were Rs. 4,[illegible] million which has been increased to Rs. 14,[illegible] million in 2021. This increase is mainly due to the increase in working capital changes amounting to Rs. 11,[illegible] million and mainly attributable to the decrease in trade receivables and increase in trade payables. This has been slightly set off by lower increased profitability coupled with import stage tax payments by its trading subsidiary.

cashflows from investing activities

Cash flows from investing activities majorly comprise of purchase and disposal of property plant and equipment and short term investments. These cashflows have increased from negative position of Rs. 1,376 million in 2016 to a positive cashflows of Rs. 16,[illegible] million in 2021. This is because the Group disposed off its short term investments in 2021 amounting to Rs. 2[illegible] million in the current year. This was offset by additions to property plant and equipment of Rs. 10,[illegible] million.

cashflows from financing activities

Net cash utilized in financing activities have decreased significantly from Rs. [illegible] million to Rs. 23,388 million in 2021. While the repayment of borrowings have been lower as compared to 2016, the drawdowns during the year are also lower totaling Rs. 3,206 million compared to Rs. 25,[illegible] million in 2016. The reduction is furthered by substantial dividend payments amounting to Rs. 20,[illegible] million in the current year compared to Rs. 9,[illegible] million in 2016. Finance costs, on the other hand have been reduced due to lower portion of borrowings in current year as compared to previous years.

business rationale of major capital expenditure and projects

EFERT strongly believes that continuous improvement is essential for delivering sustainable value to our shareholders. In addition, the nature of the business in which the company operates is such that we experience an ever-changing paradigm of manufacturing and technological environments. As a result, disciplined capital allocation acts as an important tool for the company to achieve its strategic objectives. The Company has a comprehensive set of policies and procedures to plan and execute capital expenditure projects keeping in view long-term objectives of the Company. Our robust Capital governance framework ensures that safety critical and business continuity expenditures are prioritized, thus ensuring growth and safe operations. All the expenditure is spent with utmost transparency and strict Board oversight.

During the year, the company continued making significant capital expenditure in line with our focus to improve efficiency and reliability of the Company's manufacturing facilities. In this regard we spent nearly PKR ~1.4 Bn on various projects like offsite compression unit, cooling tower structure rehabilitation and other long term reliability projects that were initiated by the company in previous years. The Company continues its streak for producing +2.0MT Urea for third consecutive year on the back of improved plant efficiency and reliability and is a testament of continuous investments in our Plant. Plant reliability and efficiency projects are done on basis of a detailed evaluation including business rationale, cash flow requirements, payback periods etc. to ensure that we have end to end picture of the benefits and associated costs of the project.

The Company plans to continue making significant capital expenditure in long term reliability and efficiency projects in the coming years to ensure sustainable plant operations.

financial ratios

Profitability Ratios		2021	2020	2019	2018	2017	2016
Return on Equity (Profit after tax)	%	44.97	40.29	38.00	39.6	26.5	22.1
Return on Equity (Profit before tax)	%	63.7	47.3	61.7	65.2	39.6	32.5
Return on Capital Employed	%	31.3	25.1	22.4	23.3	14.9	12.0
Return on Shareholders' Funds	%	44.8	38.8	39.0	38.3	26.3	22.3
Shareholders' Funds Ratio	%	35.5	35.5	34.1	38.7	38.0	40.5
Pre tax margin	%	22.8	20.1	22.8	22.2	21.8	19.8
Pre tax margin (including Subsidy)	%	22.8	20.1	22.8	22.0	20.3	17.8
Profit markup	%	49.9	47.8	48.3	47.8	43.1	33.5
Profit markup (including subsidy)	%	49.9	47.8	48.3	45.5	52.3	48.6
Gross Profit ratio	%	33.3	32.4	32.6	32.3	30.1	25.1
Gross Profit ratio (including subsidy)	%	33.3	32.4	32.6	33.1	34.3	32.7
Net Profit to Sales	%	15.9	17.1	13.9	15.9	14.5	13.4
Net Profit to Sales (including subsidy)	%	15.9	17.1	13.9	15.8	15.8	12.0
EBITDA	Rs. in million	34,522	29,878	36,982	31,548	24,404	21,867
EBTDA	Rs. in million	32,919	26,642	33,075	29,477	21,757	18,670
Growth in EBITDA	%	15.5	(19.2)	17.2	29.3	11.7	(28.2)
Growth in EBTDA	%	23.6	(19.4)	12.2	35.5	16.5	(27.7)
EBITDA Margin to Sales	%	26.1	28.2	30.5	28.9	31.8	31.4
EBITDA Margin to Sales (including subsidy)	%	26.1	28.2	30.5	28.6	29.7	28.2
Operating leverage ratio	Times	1.1	1.7	1.7	0.9	1.4	1.9
Return on assets	%	15.9	14.0	13.6	15.2	10.4	8.9
Growth in Operating revenue	%	25.1	(12.8)	11.10	41.58	10.92	(18.59)
Growth in Operating revenue (including Subsidy)	%	25.1	(12.8)	6.88	34.54	6.06	(12.06)
Capital Expenditure to total Assets	%	7.94	3.90	3.02	3.68	3.49	3.01

Liquidity Ratios		2021	2020	2019	2018	2017	2016
Current ratio	Times	1.0	1.2	1.1	1.1	1.0	1.2
Quick / Acid test ratio	Times	0.6	1.0	0.8	0.7	0.7	0.7
Cash and cash equivalents to Current Liabilities	Times	0.2	0.1	0.1	0.0	(0.0)	0.0
Cash flow from Operations to Sales	Times	0.1	0.5	0.2	0.2	0.3	0.1
Cash flow from Operations to Sales (including Subsidy)	Times	0.1	0.5	0.2	0.2	0.3	0.1
Cash flow to capital expenditure	Times	1.4	9.8	5.5	5.2	6.5	1.5
Cash flow coverage ratio	Times	0.7	2.1	0.7	0.7	0.7	0.1
Long term liabilities / current liabilities	%	56.0	73.0	70.0	84.0	88.0	154.0

Activity / Turnover Ratios		2021	2020	2019	2018	2017	2016
No. of days inventory	Days	43	51	54	47	49	48
Inventory turnover	Times	8.4	7.2	6.8	7.7	7.5	7.5
Debtors turnover ratio	Times	44.3	12.4	10.4	15.0	11.9	14.1
Debtors turnover ratio (including Subsidy)	Times	14.1	7.1	6.7	7.8	6.2	8.1
No. of days in receivables	Days	8	29	35	24	31	26
No. of days in receivables (including Subsidy)	Days	26	51	54	47	59	40
Trade payables turnover ratio	Times	3.1	3	3.5	2.9	2.9	3.2
Trade payables turnover ratio (excluding GIDC)	Times	3.1	5.0	11.5	4.8	3.9	3.7
No. of days in payables	Days	116	123	106	126	125	114
No. of days in payables (excluding GIDC)	Days	116	73	32	76	93	100
Operating cycle	Days	(47)	(21)	2	(32)	(17)	(26)
Operating cycle (excluding subsidy and GIDC)	Days	(65)	7	57	(4)	(13)	(25)
Total Assets turnover ratio	Times	1.00	0.82	0.89	0.95	0.72	0.67
Total assets turnover ratio (including Subsidy)	Times	1.00	0.82	0.89	0.96	0.77	0.74

Activity / Turnover Ratios (continued)		2021	2020	2019	2018	2017	2016
Fixed Assets turnover ratio	Times	1.8	1.6	1.8	1.6	1.1	1.0
Fixed Assets turnover ratio (including Subsidy)	Times	1.8	1.6	1.8	1.6	1.2	1.1
Current Assets Turnover (including Subsidy)	Times	2.30	1.82	2.41	2.66	2.48	2.70
Current Assets Turnover	Times	2.30	1.82	2.41	2.60	2.33	2.63
Operating working capital turnover	Times	23	11	19	31	29	170
Capital employed turnover	Times	1.97	1.46	1.51	1.46	1.03	0.90
Production per employee	Units (KT)	1,828	1,765	1,897	1,646	1,595	1,669
Revenue per employee	Rs.	95,777	77,714	96,313	87,218	64,221	58,731
Net income per employee	Rs.	15,292	13,314	13,390	13,909	9,289	7,841

Investment /Market Ratios		2021	2020	2019	2018	2017	2016
Earnings per Share - basic	Rs./ share	15.8	13.58	12.6	13.0	8.4	6.96
Earnings per Share - diluted	Rs./ share	15.8	13.58	12.6	13.0	8.4	6.9
Earnings growth (diluted)	%	16.32	7.44	(3.1)	56.0	21.0	(37.8)
Earnings growth (basic)	%	16.32	7.44	(3.1)	56.0	19.8	(37.9)
Market value per share							
- Year end	Rs./ share	76.1	63.2	73.4	69.1	67.7	60.0
- High during the year	Rs./ share	79.1	76.0	79.0	83.5	74.4	66.3
- Low during the year	Rs./ share	61.5	49.0	60.4	66.5	51.6	61.0
Cash dividend per share	Rs./ share	15.5	11.0	14.0	11.0	8.5	7.0
Breakup value per share	Rs./ share	35.26	35.0	32.4	34.1	31.8	31.3
Breakup value per share - including surplus on revaluation	Rs./ share	35.26	35.0	32.4	34.1	31.8	31.3
Breakup value per share - including investment in related party at market value and surplus on revaluation	Rs./ share	35.26	35.0	32.4	34.1	31.8	31.3
Price earning ratio	Times	4.8	4.7	5.8	5.3	8.1	8.7
Change in market value added	%	44.6	(31.2)	17.3	(2.7)	(2.1)	(29.9)
Price to book ratio	Times	2.2	1.8	2.3	2.0	2.1	2.2
Dividend yield ratio	%	20.4	17.4	19.1	15.9	12.6	10.3
Dividend payout ratio	%	98.1	81.0	110.8	84.4	101.7	100.3
Dividend cover ratio	%	101.9	123.5	90.3	118.5	98.4	99.7
Retention (after interim & proposed cash)	%	1.9	19.0	(10.8)	15.6	(1.7)	(0.3)

Capital Structure Ratios		2021	2020	2019	2018	2017	2016
Financial leverage ratio	Times	0.4	0.5	0.7	0.7	0.7	0.8
Earning assets to total assets	%	11.7	20.8	8.5	8.6	7.8	1.0
Weighted average cost of deposit	%	7.6	8.1	21.5	6.2	2.3	2.4
Weighted average cost of debt	%	7.9	10.8	10.9	6.2	6.7	7.4
Debt to Equity ratio (as per book)	%	36.6	50.5	71.5	67.7	72.8	83.0
Debt to Equity ratio (as per market value)	%	18.9	27.9	31.8	33.4	34.2	38.2
Interest Cover ratio	Times	20.5	7.3	8.0	12.7	7.3	5.3

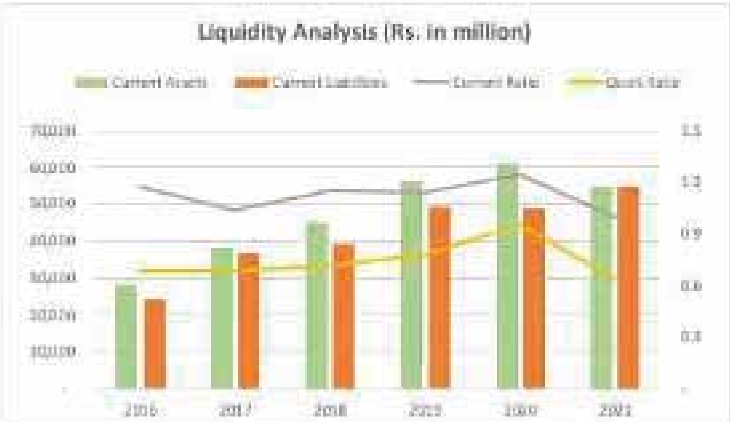
Others		2021	2020	2019	2018	2017	2016
Spares inventory over total assets	%	5	5	4	5	5	5
Maintenance cost over operating expenses	%	2.7	1.8	2.1	1.3	1.7	3.1

Profitability Ratios

The Company's gross profit margin has increased to [illegible] in comparison with 26.1% in 2016 due to rising volumes, increased DAP prices, better inventory management and reassessment of useful lives and scrap values of operating assets which was offset by substantial currency devaluation and increase in prices of services. Net profit has improved to 16.8% in comparison with 10.4% in 2016; however, this depicts a decrease from 2020 when the net profit margin was 17.1%. This is due to increased tax charge from last year due to higher phosphate margins.

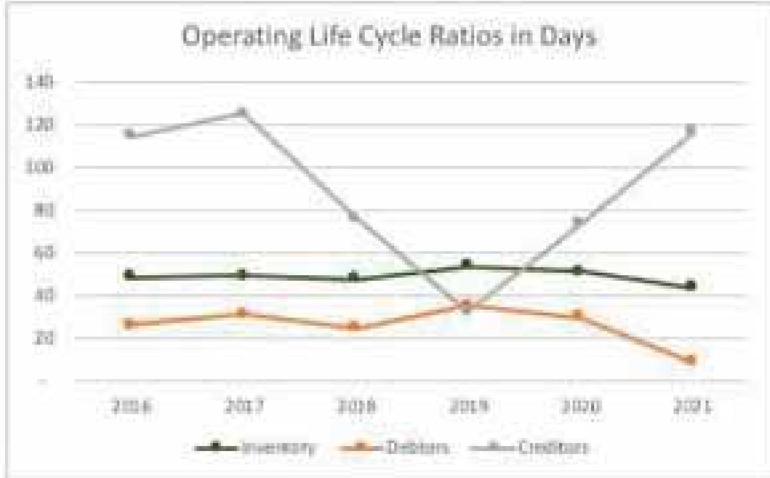
Liquidity Ratios

The Company's current ratio changed slightly to 1.0 times compared to the high of 1.2 times from 2020. Cash flow from operations to sales have been improved to 0.11 times in 2021 in comparison with the ratio of 2016 on account of better working capital management.



Activity / turnover ratios

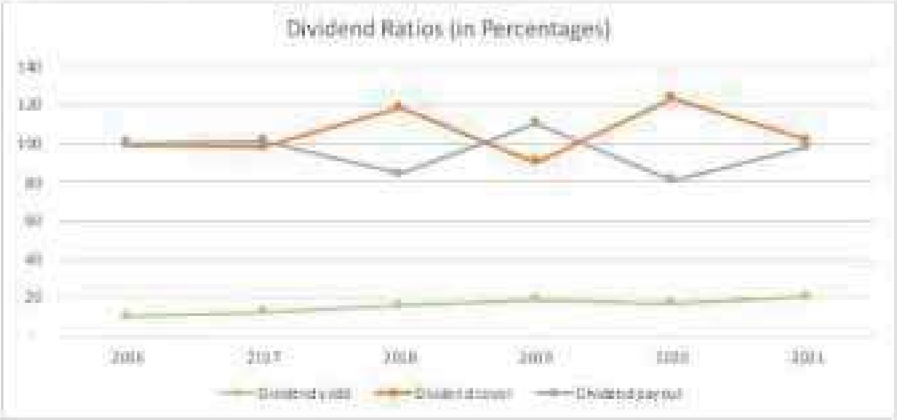
Greater sale against advance payment in 2021 results in debtor turnover of [illegible] days compared to six years' average of 26 days since 2016. Inventory turnover has increased to 8.4 times in comparison with 7.2 times in 2020 due to more DAP at the end of 2021 and 2020. Creditor turnover days have decreased to 126 days compared to six years' average of 105 days. The Company's operating cycle was thus recorded as negative 43 days compared to negative 24 days on six-year average.



Investment / Market Ratios

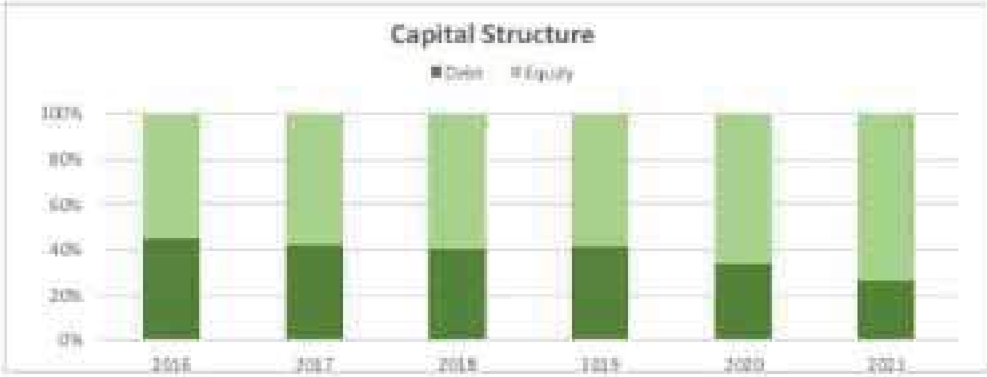
Earnings per share has been increased to Rs 15.80 in comparison with 6.98 in 2016 due to higher PAT margins due to lower discounts, lower GIDC and gas costs, lower finance charges and higher margins on phosphates due to higher selling prices and one offs including reduced depreciation charge due to reassessment of useful lives and scrap values of plant and machinery, gas pipelines and buildings. Despite mixed trends witnessed at the Stock Exchange, the Company's shares was traded on PSX between a range of Rs 61.61 and Rs 79.11, closing at Rs 76.09 at the year-end, relatively higher by Rs 12.89 compared to last year. The price to earnings as at December 31, 2021 is 4.8 compared to 9.7 times in 2016. The break-up value per share of the Company was logged in at Rs 35.26/share in 2021 increasing from Rs 31.29/share in 2016.

Dividend payout ratio during 2021 was 98%, against six years' average total payout of 96%.



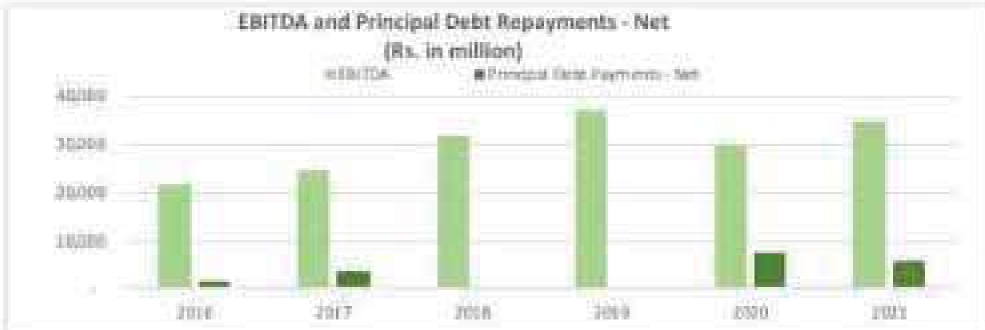
Capital Structure Ratios

Financial leverage ratio has decreased to 0.4 times compared to six years average ratio of 0.6 times. Debt to equity ratio also changed to 27:73 compared to 34:66 recorded in 2020. In contrast, significant repayments of long-term loans were made over the course of the year. All debt repayments maturing this year were paid by their due dates. Interest cover ratio was 20.6 times in 2021 vs 7.3 in 2020.



Market share information

EFERT has consistently been a key player in the fertilizer industry, providing nutritional support to the agricultural landscape of Pakistan. Contributing to sustainable growth and improvement in the economy's crop yield, EFERT's steady market share reflects the same.
*Market Share is in line with the available share
** Market share was maintained in a depleting industry



sensitivity analysis of share price

EFERT share price is affected by internal and external factors. Furthermore, the Company's performance directly impacts its share price. Certain external factors that impact the share price include the economic and political environment of the Country, as well as Governmental regulations, macro-economic indicators as well as stakeholder sentiments. The Company regularly monitors these ever-changing factors and remains wary of their impacts.

shareholder relations and share price

The company has continued engagement with shareholders as well as potential investors over the last year. The Company has regularly held Security Analysts briefings during the year where extensive information over the operating performance of the Company as well as market outlook and strategy has been shared.

While the company's share price increased from Rs. 60.25 at 1 January 2021 to Rs. 75.09 on 31 December 2021, the maximum share price achieved during the year was Rs. 79.11. Our shareholder base comprises of companies, individuals, pension and provident funds, insurance companies, banks and investment companies, and other corporate bodies. The shareholding of Engro Corporation Limited as at 31 December 2021 was 56.27%.

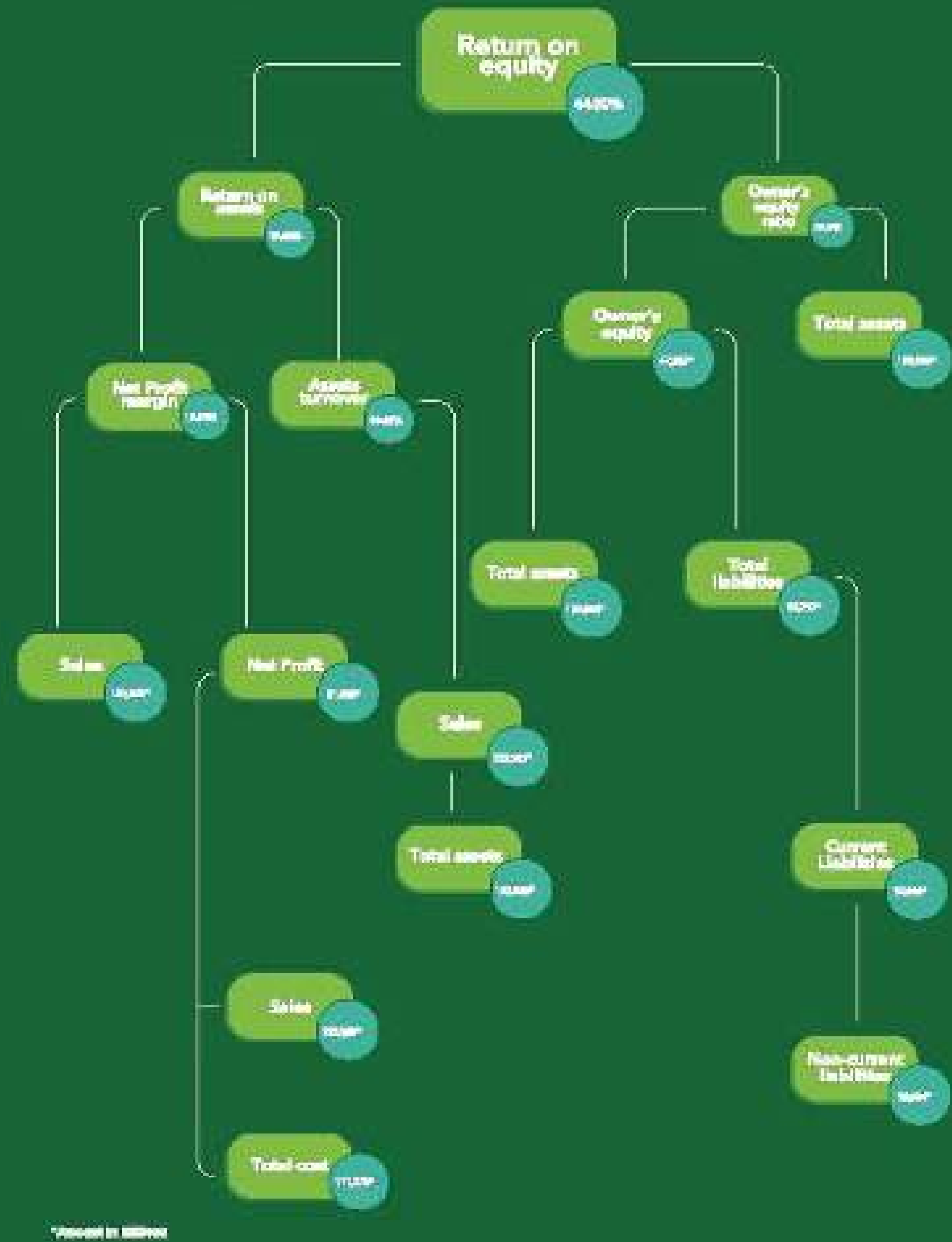
market capitalization sensitivity

As at December 31, 2021, EFERT's market capitalization stood at Rs. 101,503 million. A consequent change of 5% in the market price of EFERT's share would result in a change of Rs. 5,050 million in the market capitalization.

statement of value addition and distribution

(Rupees in Million)	2021	2020
Wealth Generated		
Total revenue inclusive of sales tax and other income	136,304	109,734
Bought-in-materials and services	[illegible]	(70,261)
	[illegible]	39,473
Wealth Distributed		
Taxes, duties and development surcharge to Govt. of Pakistan	18,041	6,996
Salaries, benefits and other costs of employees	9,222	6,430
Dividend to Shareholders	20,069	14,688
Mark-up / Interest expense on borrowed money	1,007	3,216
Donation towards education, health, environment and natural disaster	220	335
Retained for reinvestment & future growth, depreciation, amortisation and retained profit	[illegible]	8,723
	[illegible]	39,473

dupont analysis



economic value added

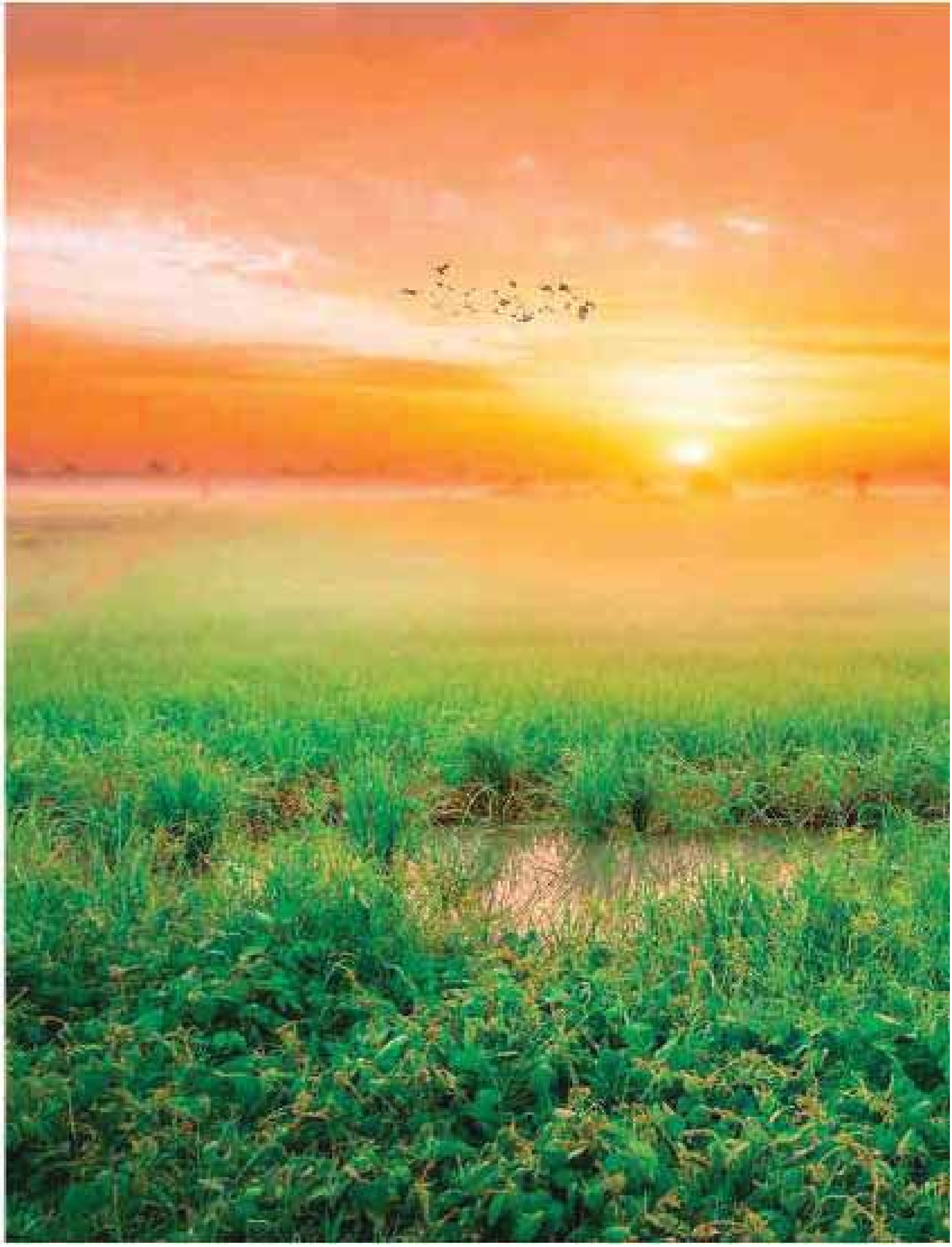
Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on cash basis (NOPAT).

(Rupees in thousand)	2021	2020
NOPAT	[illegible]	20,888
Less: cost of capital	[illegible]	(9,677)
Economic value added	[illegible]	11,111

free cash flows

(Rupees in thousand)	2021	2020
Net cash generated from operating activities	[illegible]	61,339
Capital expenditures - net	[illegible]	(6,129)
Free cash flows	[illegible]	46,281
Net repayment of borrowings	[illegible]	(7,448)
Free cash flow available to equity shareholders	[illegible]	38,833

Free cash flows to equity shareholders represent the cash a company can generate after required investment to maintain or expand its asset base and net repayment of debt. It is a measurement of a company's financial performance and health.



foreign currency sensitivity analysis

The company has significant exposure to foreign currency sensitivity due to substantial raw material and trading products the Company procures. Based on the Company's results for 2021 and the proportion of foreign materials procured during the year, a 10% variation in exchange rate would have led to an impact of Rs. 63 on cost of goods sold. Currency risk sensitivity over financial instruments is disclosed in note 41 of the Consolidated Financial statements and note 43 of the Standalone financial statements.

composition of local vs imported materials

Since the primary business of the company is still Urea, a substantial chunk of the Company's raw material is sourced locally. However, a sizeable chunk of its raw materials used for production of specialty fertilizers has to be imported. At the same time, the Company's traded portfolio, primarily Phosphate based and Crop Sciences Division products, largely depends on foreign sources for their requirements. The imported content accounts for close to 72% of its total raw materials/import of materials cost. The decrease in imported raw material proportion compared to 2020, is mainly attributable to lower DAP procurement in 2021.

cashflow statement - direct method

(Rupees in thousand)	2021	2020
Cash flows from operating activities		
Cash receipt from customer - net	120,210	120,162
Cash paid to supplier / services providers and employees - net	(106,339)	(66,936)
Payment to workers' welfare fund - net	-	(150)
Payment to workers' profit participation fund - net	(1,458)	(1,111)
Income tax paid	(4,227)	(3,648)
Net cash generated from operating activities	14,511	51,331
Cash flows from investing activities		
Purchases of property, plant and equipment and intangibles	(10,237)	(5,176)
Proceeds from disposal of property, plant and equipment	11,207	46,286
Purchase of short term investments	-	(70,105)
Proceeds from sale of short term investments	24,210	1,220
Income on deposits / other financial assets	1,752	1,097
Net cash generated from / (utilised) investing activities	15,521	(26,686)
Cash flows from financing activities		
Proceeds from long term borrowings	1,051	1,051
Repayments of long term borrowings	(3,352)	(3,730)
Loan from Holding Company	4,270	1,000
Finance cost paid	(1,468)	(2,430)
Dividends paid	(23,789)	(14,239)
Net cash utilised in financing activities	(23,389)	(24,623)
Net increase in cash and cash equivalents	4,250	1,036
Cash and cash equivalents at beginning of the year	6,128	5,092
Cash and cash equivalents at end of the year	10,377	6,128

methods and assumptions used in compiling the indicators

The Company prepares its financial information in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable on the Company comprise of:

- International Financial Reporting Standards (IFRS) 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 IFRS, the provisions of and directives issued under the Act have been followed.

The preparation of financial information 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in note 3 of the consolidated financial statements.

Additional disclosures in compliance with the International Financial Reporting Standards (IFRS) and Best Corporate Reporting disclosures issued by the Institute of Chartered Accountants of Pakistan (ICAP) (section 8 annex II)

- The Company has not adopted the Islamic Financial Accounting Standards (IFAS) issued by the ICAP therefore specific disclosures arising from the same have not been incorporated.
- During 2021, there were no receivable balances arising out of export sales.
- During 2021, there were no properties or assets acquired with the funds of the Company which are not held in the name, possession or control of the Company.

social and relationship capital

[illegible] collaboration with [illegible] Foundation that will create positive value for both the Company and its communities. We take ownership of the welfare and development of the communities that we engage with and invest in sustainable initiatives that impact the lives of the people around us by inspiring positive change through social and economic growth of our communities. This commitment is [illegible] our employees and we are proud of their direct association with these [illegible].

corporate social responsibility (csr) initiatives

Our CSR initiatives can be broadly categorized in the following areas, that have been chosen with the intention of maximizing the impact of our investment in the communities.

community investment and infrastructure development - One of the most critical parts of our CSR strategy. Under this ambit, the Company invests in developing infrastructure in surrounding communities to enhance the general standard of living in these areas and to provide income generation and community [illegible] opportunities to the residents of these communities.

education - We strongly believe that education is one of the most important catalysts for change and as a result education has always been amongst the top priorities of our CSR strategy. We have worked endlessly to provide quality education to the underprivileged communities around our manufacturing facility, while consistently improving quality and learning outcomes at these institutions.

agri-value chain projects - PAVE Pakistan is a 2.6-year business inclusive project jointly funded by DFAT (Department of Foreign Affairs and Trade Australia) and EFERT, which aims to develop the food value chain in Pakistan and make it more inclusive for small holder farmers.

livelihood – The Company focuses on sustaining the livelihood of its employees and their surrounding communities through continuing professional development. The Company launched the Technical Training Centre (TTC), Daharki, offering a three-year Diploma in Associate Engineering in Chemical, Electrical and Mechanical technologies, with a total strength of 300 students. Out of these, [illegible] students were now in [illegible] industries, while we were privileged to witness the graduation of 101 students and their joining of alumni ranks, bringing the total Alumni network to [illegible] individuals. TTC students secured Top 11 Electrical & 14 chemical positions in 2019-20.

energy conservation & protecting the environment - The Company has developed a carbon footprint reduction plan in accordance with international standards in 2017 which aims to bring the Company performance in line with globally acceptable levels for a fertilizer complex. Additionally, in pursuit of our Green Pakistan Vision, we are utilizing hundreds of acres of barren land held by Sindh Forest Department by virtue of an MoU, to grow trees on their land in District Ghotki.

[illegible] Hussain Dawood (HD) pledge to combat COVID-19 - In line with our Group's strong belief that we must always be helping those around us, the Chairman of Engro Corporation and Dawood Hercules Corporation, Mr. Hussain Dawood, announced a PKR 1 Bn pledge to help the Country in its time of need.

statement of charity account

Rs in million	2021	2020	2019
Community & Welfare & Infrastructure (including COVID-19 related contribution)	192	134	87
Education	77	44	34
General	44	19	16
Healthcare	116	47	105
Environment	24	7	18
Grand Total	452	239	265

local communities

Building on the philosophy of holistic growth, our Company has continued to work on engaging communities through initiatives of sustainable growth.

Community engagement and infrastructural development are the key components of our social investment strategy which endeavor to improve the standard of living as well as play its part in revamping the agri-landscape of Pakistan.

We take pride in designing and implementing community investment initiatives that lead to the greater and widest [illegible] of our target communities. [illegible] assessment and [illegible] key to our sustainable social interventions.

We aspire to positively impact Pakistan and our communities with key focus on:

community investment & infrastructure development | education | agri-value chain projects | health-care services | energy conservation | protecting the environment | sports promotion and development | livelihood

Some of our key initiatives:

mangrove plantation drive

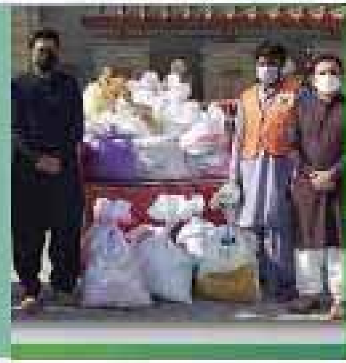
"If there are no mangrove forests, then the sea will have no meaning. It's like having a tree with no roots, for the mangroves are the roots of the sea."

We joined hands with WWF Pakistan in protecting the Mangrove forests of Pakistan. The team visited the Wetland Centre in Karachi where they were briefed about the importance of mangroves and the work put up by WWF for their conservation. Later, [illegible] saplings were planted by the team in the wetland center.

Kalalat program

The Kalalat Program was launched under the [illegible] CSR Volunteer Program. Under this the [illegible] Company:

1. Provided education support for underprivileged children. The program started in May 2021 and till date full educational sponsorship has been initiated for 20 deserving children.
2. Distributed food packs to those families in need around the Ghotki area.
3. Launched Character Development Sessions for underprivileged children and their mothers on the topic of Decision Making.



blood donation drives

livelihood program

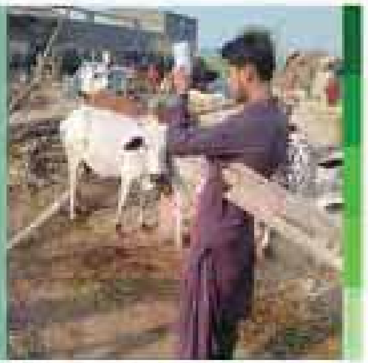
Livelihood Program
CSR initiative

Under the ambit of the Engro Volunteer Program, EFERT community members & CSR Team took an initiative to establish sustainable small-scale livelihood projects for deserving females in surrounding communities.

The team took this project forward by financing 25 stitching & sewing-related setups, 03 setups for homemade ice creams and 02 setups for small grocery stores. These were provided within the homes of female villagers so that they can earn their livelihood.

+50 Community Service Hours

+30 Beneficiary Families



livestock vaccination in katcha area

health

shifa ... health camp

engro ... facility

breast cancer screening campaign

anti rabies facility

- Operational in the first quarter of 2021
- patients are promptly attended
- continued its operations despite COVID-19 crisis

dog bite treatment facility

[illegible] patients attended to at the Dog bite facility during the year.

snake bite facility

- Continued its operation despite COVID-19 crisis
- 125K + patients treated since 1977
- Saved 900 lives in COVID-19

sahara clinic

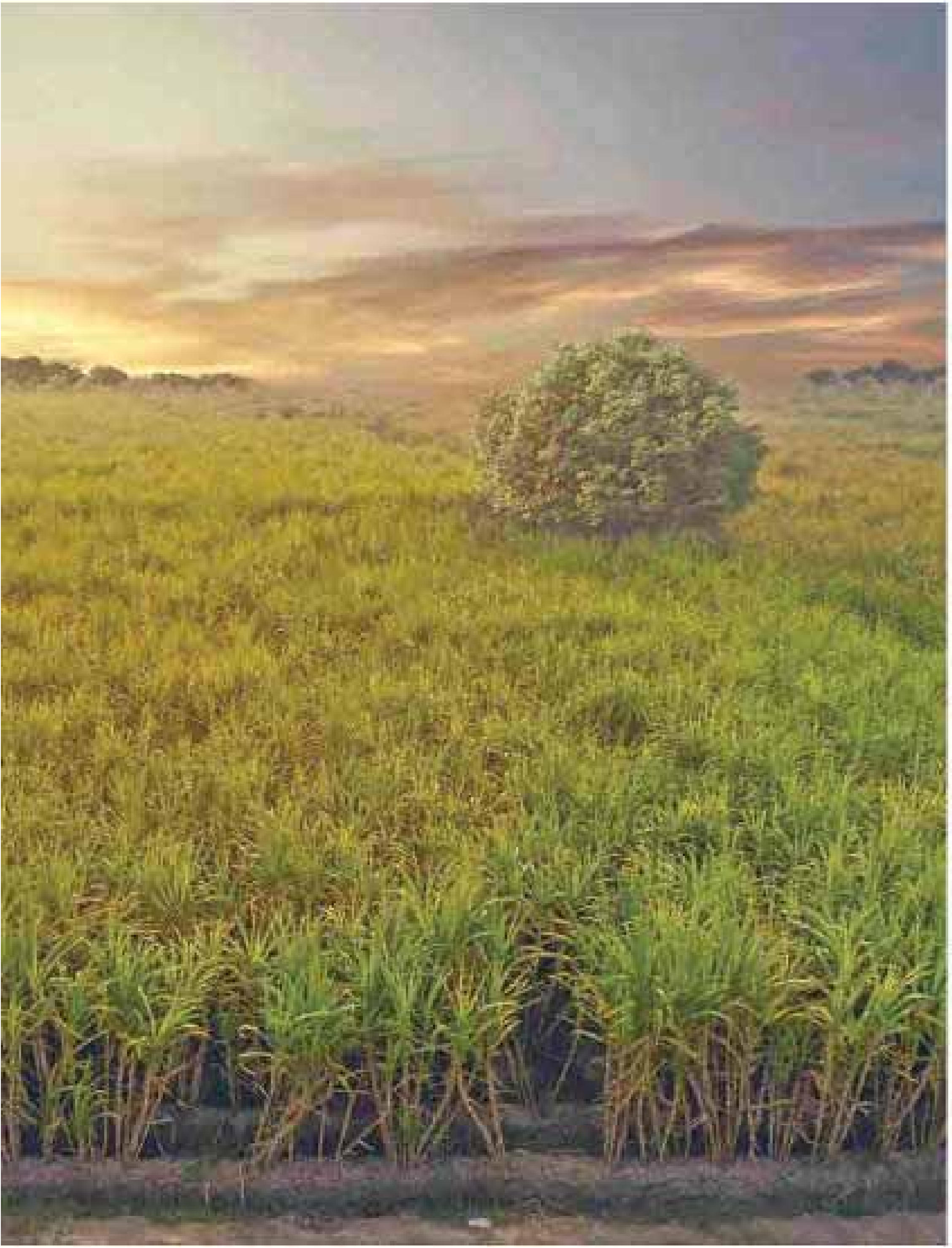
- Revamp of SAHARA clinic
- Clinic provides OPD service (free of cost) to local community
- 6,000 + patients attended

focused group session

Engro organized Non-communicable Chronic diseases (Diabetes) focused group sessions were held in February 2021 with the objective to control Chronic diseases & prevent its complications.

hearing aid camp

Under the ambit of Engro Volunteer program, Sahara clinic organized free of cost Hearing Aid camp in Daharki. In this 6-day camp, free consultation, Audiometry testing, medication and digital hearing Aids were provided to deserving members. Total 365 individuals were screened, and 128 deserving individuals were fitted with hearing aid devices.



education

EFERT strongly believes that education is one of the most important catalyst for change and as a result, education has always been amongst the top priority of our CSR strategy.

Sahara

- [illegible] students currently enrolled
- Established computer lab in 2020
- 20 Computers provided
- Upgraded science lab and added new playing area for young students in EFERT adopted schools

engro adopted schools

- [illegible] Government schools adopted by EFERT
- PPEs & necessary material provided to schools during COVID-19
- [illegible] ([illegible] boys & [illegible] girls) students currently enrolled

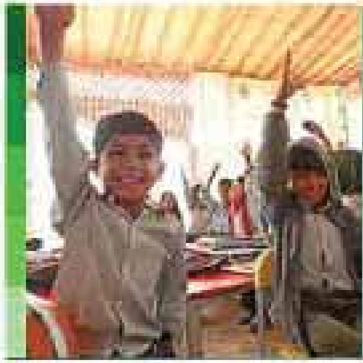
Technical training college

The Vocational Technical Training Centre (TTC) was established by EFERT to provide vocational courses to local communities to empower and facilitate them. A 3 year diploma is also being offered in the Associated Engineering (DAE) in Chemical and Mechanical technologies.

- 400+ Diploma students
- 2,600+ alumni
- Vocational courses in [illegible] trades

KATCHA school

- 01 Katcha Girls school upgraded from Primary to Middle education
- 01 Katcha Boys school upgraded from Middle to High School Education
- More than [illegible] boys & Girls are studying in these schools
- Total [illegible] schools operational



manufactured and intellectual capital

[illegible]

[illegible]

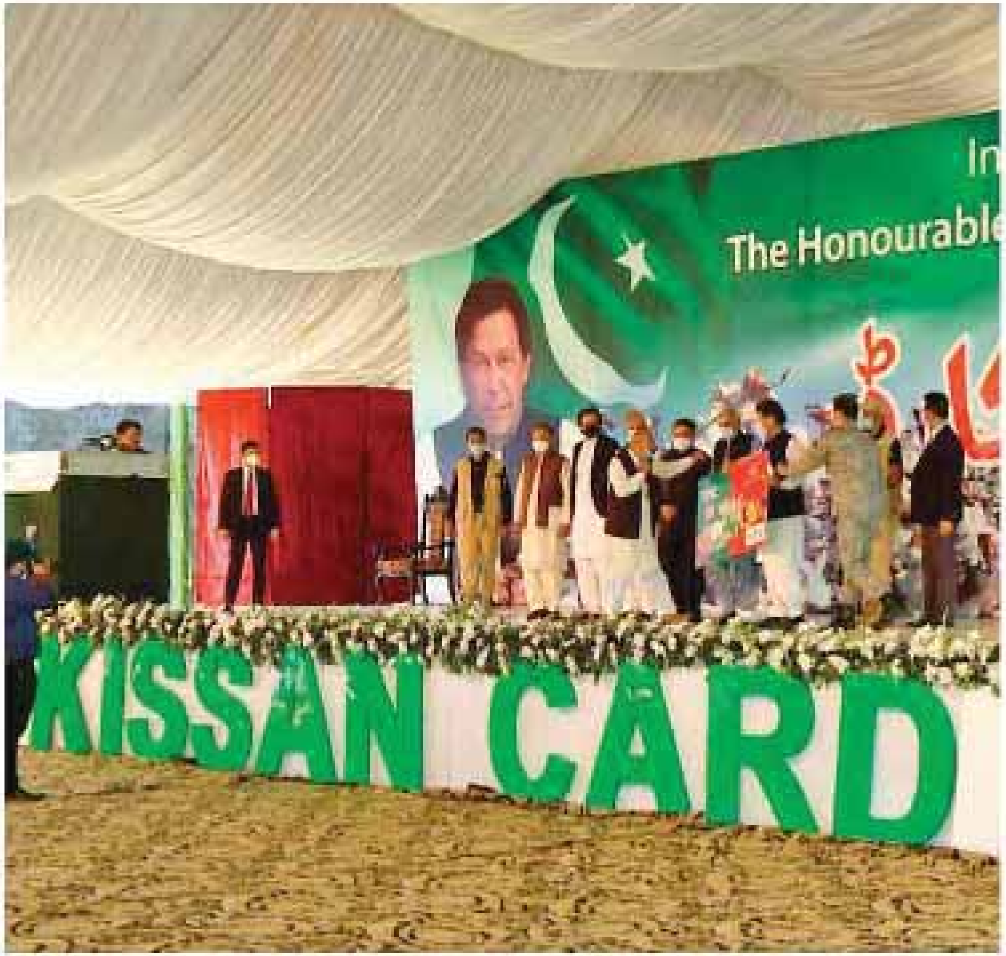
[illegible]

enabling growth of our farmer through innovation

Helping our farmers grow	2021	2020
Farmer Sessions	1,024	1,368
Farm visits	36,016	40,305
Group Discussions	1,740	817
Soil sampling	30,730	40,345
Farmers educated (with videos / IT solutions)	94,012	91,374

mobile soil labs

[illegible]



EFERT sponsored Kissan Card – launched by the Honourable Prime Minister

[illegible]

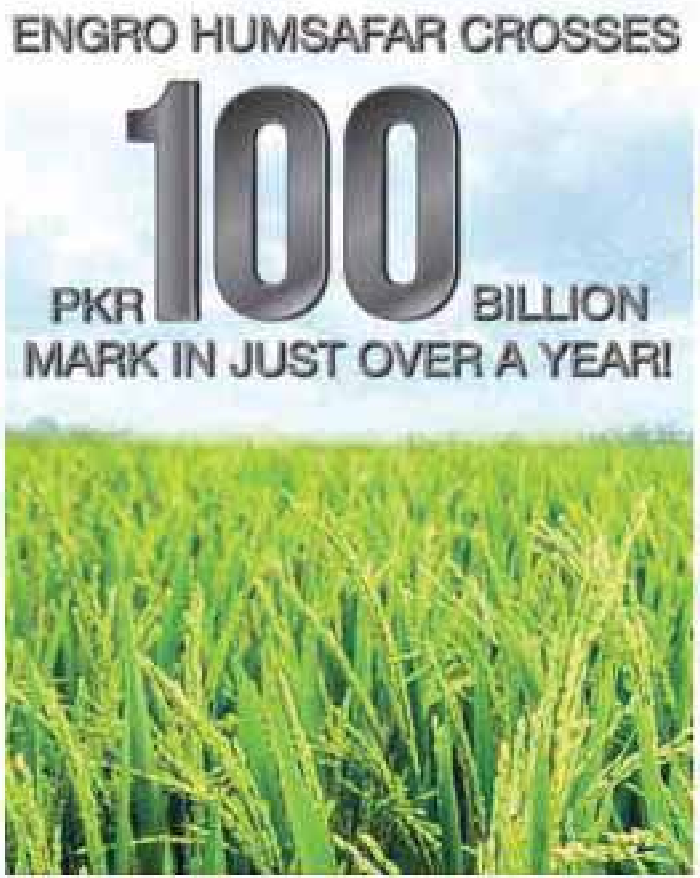
- Targeted subsidies to small farmers
- Reducing inefficiencies and corruption in subsidy disbursement
- Improved financial inclusion and bankability of millions of farmers
- Crop insurance for protection against losses
- Digitization and documentation of rural economy

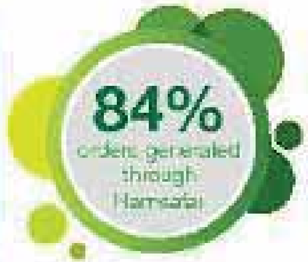
empowering our customers through digital innovation

EFERT is proud to be the top online sales company in Pakistan with over PKR 100 bn in sales

hamsafar application

The Engro Humsafar mobile application, an industry first, is the first step towards digitizing the agricultural value chain of Pakistan, allowing farmers to transact round the clock from the comfort of their homes or workplace. During 2021, the application accomplished the 100 billion rupee milestone in sales making it the largest e-sales application in Pakistan - a farmer's favorite. Further, with the launch of Humsafar 2.0, our valued customers can now obtain their electronic tax certificates and electronic authority letters through the app directly.





enabling Pakistan's agri-value chain with technology

electronic bank guarantees

the company strives to provide innovative customer service and product offerings. Leveraging technology has been at the core of our strategy to enable operational excellence and efficiency. The advent of COVID-19 catapulted our efforts in the digitization journey as we launched Electronic Bank Guarantee (E-BG), with an aim to eliminate the need for physical interaction and the hassle of arranging documentary prerequisites such as legal stamp papers especially in far flung rural areas of Pakistan. At the same time, it led to significant time and cost savings for our employees and customers.

the vehement success of the product was evidenced by the fast-paced adoption by banks. Within six months, E-BG penetration for Engro Fertilizers sky-rocketed from 0 to 93% of the share of total BGs based business. During the year, electronic bank guarantee option was launched across all major banks in the Country.

warehouse receipt financing for small farmers

Typically, farmers face immense pressure at harvest time to sell their crop at unfavorable prices due to limited quality storage options and urgent need for cash to invest in the next crop cycle. Traditional grain storage methods expose the product to quality degradation and potential infestations, which severely deplete or completely erode the crop's value. As a result, farmers are unable to reach full potential. The Company, cognizant of its role to play in Pakistan's agriculture sector and food security, entered a collaboration with Bank of Punjab to deliver accessible warehouse receipt financing where farmers are able to store their inventory in international standard storage facilities and obtain commodity-based financing against this inventory.

soil mapping

A revolutionary idea in making, soil mapping involves collecting soil samples across Pakistan to provide an accurate visualization of georeferenced soil database, along with spatial distribution of soil type and soil properties. As soil maps form, Pakistani farmers will be equipped with the ability to view their soil acreages, cropped lands, as well as metrics on soil health virtually at their fingertips, limiting the repetitive activity of soil sampling.

shandar kissan program

EFERT registered 2500+ selected farmers and provided them Seed to Harvest solutions to improve their farm productivity. The concept was to use these farmers as change agents in their respective communities and guide neighboring farmers on best crop management practices.

improving lives of smallholder farmers – PAVE project

PAVE Pakistan is a business inclusive project operational since 2017, jointly funded by DFAT (Department of Foreign Affairs and Trade) Australia and EFERT, which aims to develop the seed value chain of rice, wheat, and vegetables in Pakistan, making it more inclusive for smallholder farmers by building on their capacities and creating market linkages for them. Under the PAVE project, EFERT has trained 4,400+ smallholder farmers, registered 300+ of them as EFERT seed suppliers and procured 360+ tons of seed from them and established 24 village-based seed enterprises to help other smallholders. The project has been recognized on various international forums including a recent win in the category of Sustainable Agriculture, Forestry & Biodiversity from Rushlight Awards, UK.

EFERT and BASF joined hands to bring high quality products to Pakistani farmers

Sefina is not only effective in protecting cotton crop from Whitefly, Jassids and Aphid attacks, it is made from a natural fungus which improves plant health and increases cotton crop yields as well. EFERT & BASF proudly announced their alliance and commitment to helping the farmers grow in Pakistan with the launch of Sefina.

Hamqadam Program – support subsistence level farmers

EFERT continues to invest in its Hamqadam initiative, introduced in FY 2018, aimed to support subsistence level farmers by providing them with interest-free in-kind loans and low market value. NGOs affiliated with Pakistan Poverty Alleviation Fund (PPAF) have been engaged to aid EFERT in field execution and to facilitate recoveries as well. The project has now grown to over thousand farmers.

occupation health and safety

As the Company continues to grow, it continues to increase its focus on health, safety and the environment. We strive in empowering our businesses to deliver the best-in-class HSE performance based on international standards and foster a culture of safety-first. Our investment decisions retain adequate provisions for the implementation of inherent safety features since inception because we are the custodians of people coming to our workplaces.

EFERT's safety management system at Daharki Plants and its marketing operations are accredited with DuPont Level 4 rating, recognizing its adoption of global best practices on employee health and safety.

The Corporate Health and Safety (HSE) Committee is responsible for bringing in excellence in the sectors of Health, Safety and Environment. The HSE Committee is chaired by the CEO of the Company, thus highlighting the focus and importance placed on HSE initiatives, actions and learnings for the Company. EFERT has implemented an internationally accredited system of occupational health and safety at all material locations including the two Plant sites and the Head Office operations. The system has been implemented based on regulatory requirements of Environmental Protection Act 1997, industrial relations Act, National Environmental Quality standards and OHSA guidelines for health and safety. Furthermore, the system also addresses the risk management plans of the Company in relation to health and safety of its employees and workers. The system covers all workers including workers who are not employees but their work / workplace is controlled by the Company.

The Company follows DuPont PSM / OHIH management system. Multiple process risk management studies like PHA / QRA / LOPA / FMEA are followed along with high standards of design to make plant inherently safe for workers. For OHIH hazards, HRA and human factor analysis are performed to make sure people are protected and all hazards identified are well addressed. The Company uses CREFA to manage its risk recommendations.

the HSE committee, in its objective to achieve and set the highest standards of HSE has laid out the following action plan and policies:

health

- Identify and evaluate health risks related to its operations that potentially affect its employees, contractors or the public.
- Implement programs and appropriate protective measures to control such risks, including appropriate monitoring of its potentially affected employees. Carry out pre-employment and periodic medical check-up of its employees.
- Provide or arrange for medical services necessary for the treatment of employees' occupational illnesses or injuries and for handling medical emergencies.

safety

- Institutionalize process and behavioural safety practices using Process Safety Management (PSM) system.
- Keep abreast of the latest international codes, standards and practices and adopting the same where applicable.

environment

- Implement Environment Management System to identify aspects and impacts of our operations on Environment.
- Engage with stakeholders to maintain positive relationship and better understanding of environment related matters and grievances.
- Comply with all applicable environmental laws, regulations and apply responsible standards where laws and regulations do not exist.
- Conserve natural resources & energy by continuously improving our processes and measuring performance.
- Continuously improve our processes to minimize pollution and waste.

cultivating the HSE-First Mindset

Innovations were introduced under the umbrella of a revitalized "Inherent Safety Program", involving the entire employee and manpower base making our routine gadgets and practices inherently safer. The HSE Department at EFERT likewise made remarkable traction by organizing a drive under the banner of "Pause For Safety" and "STOP" for all employees involved in plant operations at our manufacturing facilities. Their focus was developed on specific HSE hazards, emergency operations and safe work practices. The outlined efforts by the HSE Community of EFERT are to be accredited for achieving an all-time low injury rate in our history.

EFERT has also established a dedicated CAER (Community Awareness Emergency Response) Committee whose primary role is to provide guidance and training to all communities (present within 5kms) regarding the Emergency Response of their village in accordance with the established HSE procedures and along with ensuring social development of these villages.

In addition, our Occupational Health Program places significance on industrial hygiene and occupational medicine. In accordance with this strategy, various "Health Awareness Programs" were launched in the current and previous years. These programs were accustomed to train employees, keeping them abreast of the numerous technological changes evolving in the current paradigm and enlightening them with various Safety & Health related aspects of their jobs.

worker trainings

Regular trainings are conducted covering aspects related to health and safety of product and product quality. The training calendar included:

- Process safety and risk management
- Incident investigation and communication
- Health Safety & Environment Fundamentals
- Process Hazards analysis

first ever zero TRIR with two mega plant turn arounds

For the first time ever, Base Plant TA was successfully executed in Mar/April 21 amid COVID crisis with new protocols (~2600+ daily peak manpower). The meticulous planning resulted in zero injury and zero COVID cases. It also became a benchmark for the Engro Subsidiaries & neighbouring industries.

Additionally during mid 2021, EnVEN Plant showed potential for improvements, posing risk of imminent plant shutdown. The EnVEN Plant turnaround was successfully carried out in September 2021 with Zero TRIR & Zero COVID Cases in what was to be one of the largest EnVEN projects ever.

zero Injury

zero COVID Case

zero Fire Incident

0.5 million Safe manhours

human capital

developing our people

The Company is proud of having a motivated, diverse and efficient team that personifies the Company's values, ensuring continued excellence over the years. Major structural changes were introduced and new initiatives were implemented for greater efficiency, increased employee satisfaction and improved employee performance revolving around the areas of talent acquisition, service level agreements, proactive sourcing strategies, refined on-boarding programs, gender diversity, rewards transformation and capability development.

The Company also worked towards improving customer centricity, business ethics and anti-corruption measures and consumer protection measures.

employee data by location in 2021

total employees
1,382

male **1,308** | female **74**
by gender

factory **733** | non-factory **649**
by category

<30 **298** | 30-50 **913** | >50 **171**
by age

Head Office **182** | Daharki **731** | Zarkhez Plant **52**
by location

Hyderabad **103** | Lahore **76** | Multan **128**
by location

Sukkur **45** | Faisalabad **65**
by location

management **913** | non-management **469**
by employment type

HR governance process

EFERT recognizes its "People" to be its most valuable asset and therefore People development has always been our priority. We understand that satisfied and highly motivated employees personify the Company's values, ensuring continued excellence is the foundation for a sustainable and growing company. We recognize the importance of human capital and its critical role in creating value creation potential for our businesses and a successful corporate ethos system.

Therefore, EFERT's Board places great importance on people development and related policies and procedures which are at the heart of our core values and our People leadership competencies model. To ensure dedicated focus on HR matters, the Board has established the Board People Committee (BPC) that exercises oversight over HR policies and systems and is responsible for the review of performance evaluation, development and succession plans of its People.

There is also a management committee called Board People Committee (BPC) for review and stewardship of all HR matters including compensation, organization, training and development of people.

The Company has a clearly documented Human Resource management policy which aims to attract, induct, develop, retain, and motivate high caliber talent who are qualified, capable, and willing to contribute their best towards accomplishment of Company objectives. To complement this policy several other policies have been developed for recruitment, compensation, and organizational development.

EFERT's HR policies encompass the following principles:

equal opportunity

- provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards.
- create a work environment where every employee has an equal opportunity to develop their skills and talents.

training and development

- To meet employee and organizational needs, provide opportunities to employees for acquisition of knowledge for technical and managerial skills through classroom and on-the-job learning.

performance management

- Have a transparent and merit-based performance management system in place.
- Have a transparent and well-defined career development and succession planning system.
- Clearly defined system for career progression based on merit and potential.

compensation and benefits

- Rewards policies aligned with best companies in the market that compete for high quality talent.
- Clear linkage of reward policies with performance and potential.

diversity and non-discrimination

- Provide an environment free from all forms of discrimination and harassment at workplace.
- Foster gender diversity at all levels within the Company.
- Policies aimed at creating flexible and conducive working arrangements.

EFERT's HR policies are approved by the BPC, Board and are stewarded by HC and Board periodically. The most senior management position that is responsible for HR matters is Head of Human Resources at company level, who directly reports to the Company's CEO and indirectly reports to Chief People Officer (CPO). Certain People related policies are also managed at group level by Engro's People division based at the holding company. Furthermore, industrial relations at plant sites is managed by respective Admin Department at the plant.

The HR function was recently re-modelled to improve HR functional services by including HR Business Partners in 3 major divisions to enable HR function to serve better and be "Fit for Purpose" in line with its shared vision.

employee remuneration policies and processes

The Company's HR policies ensure competitive and appropriate compensation and remuneration for its employees based on their role, experience, and performance. Employee remuneration for management employees is determined by relevant competitive markets and guided by Company policies.

The Company maintains separate funded pension and gratuity schemes for its employees. Employees are eligible for these schemes based on completion of vesting period. Trustees of the Fund are responsible to administer these funds. The annual contributions to gratuity and management staff pension funds are based on actuarial valuation. The benefits are provided to full time employees including management and staff. These benefits are not offered to contractual employees. The Company contributes to the defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of the basic salary. Additionally, a service incentive plan is also maintained for certain category of employees to reward them for their service of at least 10 years with the company.

The Company strives to maintain a well-balanced program of employee benefits. Various programs mentioned below are currently in place for our employees on retirement:

- contributory pension fund
- defined benefit gratuity fund
- EFERT pension fund
- contributory provident fund
- contributory gratuity fund

other benefits to permanent employees include:

- Health care and life insurance
- Annual Incentive Bonus and Performance Bonus
- Service incentive plans
- Compensation cars
- Hajj policy
- Home ownership assistance
- Medical and dental benefits
- Employee's education assistance including Children's Education Assistance, E-Fert Scholars Program, Employee's education assistance, Executive MBA Assistance, Engro Foundation Scholarship and ACCA Annual Subscription fee reimbursement.
- Loans and advances
- Paternity/Maternity leaves and sabbatical leaves
- Long service awards
- Club memberships
- Travel and Transport benefits
- Part-Time Work Policy

streamlining of performance pay structure

EFERT successfully implemented its Talent Strategy Paradigm focused on Pay for Performance and efficiently ran its yearly promotion, increments and appraisal cycles based on the revised structure updated structure designed and formalized along with McKinsey & Company. Through the revised structure the following areas have been aligned:
- Employees Grading structure has been restructured and transformed by the inclusion of broader bands and career streams.
- Salary structures have been harmonized across the group aligning the rewards into.
- Variable Pay has been redesigned, effectively rewarding high performance.

employee well being

The Finance division launched a weekly tracker for its employees' work-life balance (WLB). Regular monitoring of WLB resulted in a 93% satisfaction score within Finance.

policy roadshow

To create awareness about HR policies, the Rewards team introduced 'Our Effort for you: Policy awareness campaign'. As part of this initiative, a series of sessions have been conducted to educate and remind employees about all the benefits that they can avail. Each session has been designed and curated for the specific audience entailing all the benefits they are entitled to. The awareness session not only enables employees to be cognizant of HR policies but also provides a platform where they can voice their opinions and provide feedback.

employee central

Employee Central, which is a centralized Employee Benefit System, has been launched successfully. Its functionality makes it simpler for employees to access, learn, and apply for benefits through the system. It allows for quicker and more efficient processing of Employees requests.

engro fertilizers scholars program

EFERT lately launched a "Scholars Program" for children of its non-management employees enabling them to secure education assistance for university education of their children in top ranked universities of Pakistan. This initiative provides access to a life changing opportunity for children of our non-management employees. Highlighting the Company's unwavering commitment towards supporting its employees.

employee engagement

EFERT recognizes that employee engagement is critical for retaining valuable talent and is an important piece of overall satisfaction puzzle. EFERT's Board and HR management therefore takes results of employee engagement survey very seriously. These results are also stewarded at group level by the group People division.

In view of the overwhelming pandemic situation and the new remote work from home operating model, the Company conducted four pulse surveys to check on its employees' emotional and mental health being. The results of these surveys were also stewarded at group level and the remediation plans to address employee concerns were immediately implemented. Employee feelings between first and second lockdown showed improvement. Themes addressed included ease of managing work from home, confidence in the management during the pandemic, increase in productivity, satisfaction with the support provided from the immediate line manager.

Moreover, the Company also conducts independent annual employee experience survey via a third party. Thus, consistent with last year, the Engro Experience Survey was successfully rolled out across the group this year capturing a healthy response rate. The survey entailed questions focusing on 4 dimensions which include pride, recommendation, job satisfaction and retention.

Results of the annual employee engagement

91%	84%
2021	2020

people / talent development

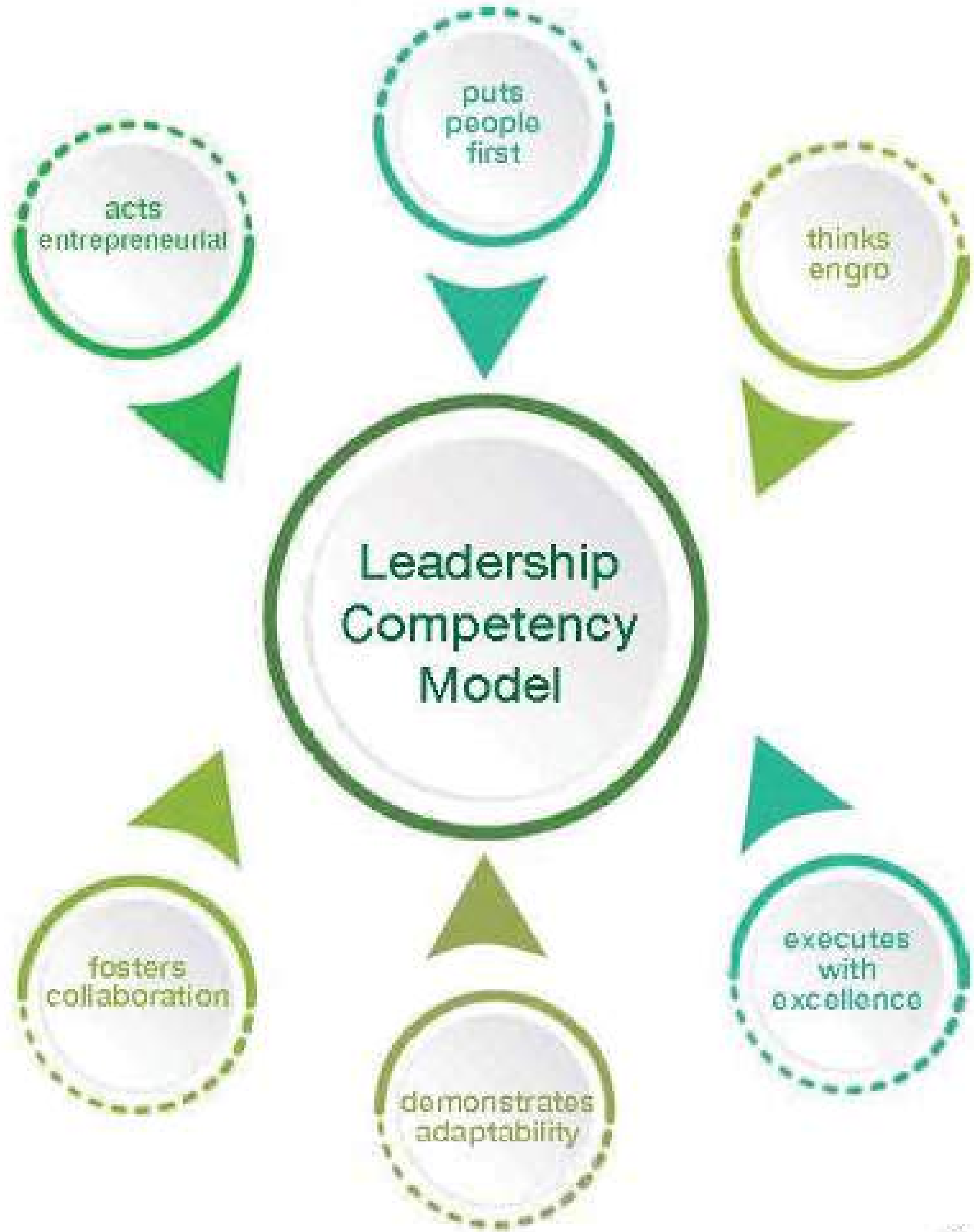
People development is at the core of EFERT's people philosophy and is guided by the group's central idea and leadership competencies framework. EFERT recognizes the importance of talent management in organizational sustainability and continuity. The Company demonstrates its persistent commitment towards harnessing the human capital potential by continuing to invest in its most valuable asset, its people.

succession planning

EFERT has a clear succession planning policy and strategy, aimed at ensuring seamless business continuity by building a talent pipeline for future leadership positions. Keeping People Development at the core and recognizing that change is imminent, the focus is on skill enhancement through an indigenous learning architecture called Transitional Training Model (TTM) for all current and future business needs to ensure readiness in times of dynamicity.

Career growth for employees has also been mapped keeping in view their individual's potential, experience, display of Engro competencies along with other factors. Each employee is provided training and development opportunities and is equipped with the necessary tools and resources to perform at their job.

Leadership Competency model



training and education

The Management Committee is responsible for the Compensation, Organization, Training and Development of employees. The committee is chaired by the CEO.

Striving to achieve excellence and continuing the process of learnings, the Company ensured that the focus on training and development was not lost.

learning & development with accenture: Upon receiving strong interest from employees on the need for training and development, EFERT organized opportunities for colleagues to enhance their skill set. Teaming up with Accenture, an online training and learning platform, followed by Face-to-Face workshops, a newly formed Learning & Development (L&D) workstream arranged learning opportunities for employees. Having invested time in their learning and development, Engro colleagues provided overwhelmingly positive feedback and reaped the rewards of investing time in acquiring the skills needed to excel in their work.

first time managers – developing future leaders: EFERT introduced a unique training program specialized for the professional development needs of its first-time managers. This was an end-to-end solution that uses technology to build fundamentals, reinforce critical concepts and facilitate learning through experiences of peers and senior leaders. The program is used by top quartile organizations around the world and achieved an 86% satisfaction score.

'skill lab' facility for young engineers and technicians: I&E department of the Company displayed its commitment towards core skill enhancement, by developing a hands-on skill lab facility. The facility is furnished with cut-models of equipment such as motor, transformer, control-valve, circuit breakers etc. Hands-on training on these models and simulators will enable young professionals to enhance their technical expertise and has yielded positive results.

engro learning center: The Company has entered into partnership with University of Agriculture Faisalabad (UAF) to establish "Engro Learning Center" including a Model Farm at UAF campus. This is a first of its kind initiative by any industry player in Pakistan where Academia-Industry linkage will be leveraged for research, innovation and demonstration of 'Specific Harvest Solutions' for the capacity building of young agrarians and farmers. This Academia-Industry partnership will bring UAF expertise and EFERT experience together to test and leverage new technologies and effectively showcase EFERT's products to the farming community through model farms.

These initiatives align with our vision to transform the agricultural landscape of Pakistan while also building capacity of our young and upcoming agrarians.

agricultural internship program: EFERT's first ever internship program for agri-based interns was introduced. The program targeted a potential candidate base of around 150 students, who went through recruitment testing pipeline. Of these 150 applications, 18 candidates were awarded the opportunity to experience field-based internship at EFERT.
Maintaining diversity and promoting equal gender opportunities, 2 female interns were also inducted as part of this field-based agri internship program.

During the year, one of our valued engineers, who had availed EFERT's Executive MBA Assistance Program successfully completed their Executive MBA becoming the first engineer from Daharki to accomplish this milestone!

average hours of training per year per employee

15,260	1,863	total 17,123

executives

501	64	total 565

management employees

13,439	1,703	total 15,142

non-management employees

1,320	96	total 1,416

diversity and equal opportunity

At EFERT, we take pride in providing everyone an equal opportunity at employment and growth.

breaking stereotypes & embracing diversity at daharki base plant

Sharza Afzal has been inducted as first ever women Shift Engineer at Base Plant.

She joined EFERT as Graduate Trainee Engineer in Production Department in 2020. After a year of extensive plant training, Sharza has taken over independent shift at Ammonia-2 unit.

Sharza has managed to break the barriers and proved her mettle with exceptional performance. It is indeed a proud moment for us to have such a cultural shift in Production Department. It will definitely open new avenues for women employees in the field to have a positive impact on workplace diversity.

Other key date points in 2021:

- **15% WOMEN** as % of new joiners
- **96 WOMEN** currently employed at EFERT
- **11 WOMEN** additionally hired as a Trade Apprentices, which is an exponential increase of 83% from last year
- **2 WOMEN** hired as Market Development Support Officers at Zonal Offices – a first in the history of EFERT
- **3 WOMEN** hired through Break Ke Baad program (2 in Commercial & 1 in Human Resources)
- **33% WOMEN** as a % of new Graduate Trainee Engineers (GTEs)
- **9 WOMEN** additionally hired as warehouse in-charges

forward looking statement

Source Of Information And Assumptions Used For Projections / Forecasts

EFERT believes that in order to deliver sustainable growth, we need to think ahead so that the Company is always ready to meet upcoming challenges and opportunities. In line with this, the Company places strong emphasis on generation and analysis of information to better understand historic and current trends so that we can accurately forecast future events. Economic indicators, market compositions, global projections, regulatory framework, political outlay and internal developments are a few crucial contributors to our annual and future forecasting processes.

The Company has developed comprehensive systems and models to analyze current trends and develop future projections. The granular level of information we add in our projections helps us attain visibility over the future with reasonable accuracy. However, in an ever evolving macro environment, we continue to re-evaluate and adjust operational strategy of the Company according to the market dynamics.

The Company's internal organizational framework encompasses various functional divisions such as Manufacturing, Commercial, Supply Chain, Finance & Accounting, and Human Resources which contribute to the compilation of information and data for financial projections.

Internal data and expertise coupled with secondary market information are the main sources of information compilation and assessment.

analysis of last year's forward looking statement / status of projects

The year 2021 came with its own set of challenges, as multiple waves of COVID-19 and other related issues meant that the Company had to be adaptive to new ways of working. The management, with the oversight of our Board, was able to rapidly adapt to the new normal and developed a comprehensive set of policies which helped us deliver continuous operations while setting many records and delivering excellence across all facets of business.

The Company's sustained focus on operational excellence continued to reap rewards as we continued our journey of growth and achieved several new milestones during the year. These records are a testament of the mammoth efforts that we put in as a company to ensure high returns for our shareholders. During the year, the Company recorded its highest ever profit after tax of Rs. 21.1 bn depicting a growth of 16% over last year.

On the manufacturing front, we made significant headway in efficiency improvement and long term reliability projects pertaining to our manufacturing facilities. This was enabled by the turnarounds we took at both our urea plants during the year. The resulting efficiency will not only generate sustainable growth for the Company but also allowed us to play our role in ensuring food security for the nation. During 2021, the Company produced 2,105 KT of urea versus 2,264KT last year. The reduction in production is primarily due to the turnarounds we took in 2021.

During the year, we continued to expand our Agri footprint on the back of multiple competitive advantages that we have built over the years including a strong trade network, measures to comprehend farmer economics and a wide product portfolio that caters to an array of farmer demands. This year the Company managed to achieve record urea sales of 2,295 KT, compared to 2,057 KT in 2020 which was a record for that year. Whilst delivering on our promise to maximize farmer productivity and provide him with a comprehensive seed to harvest solution, our sales in Specialty Fertilizer Business and Crop Sciences Division also grew rapidly to attain record levels. Our Crop Sciences Division also entered into multiple strategic partnerships with MNCs to sell their products in Pakistan, thereby providing farmers access to the top pesticides and seeds internationally.

The record sales have also helped the Company in playing an invaluable role of curtailing the current account deficit by value addition in terms of savings in foreign exchange amounting to approximately US$ 1,240 million through import substitution of 2,295 KT of urea sold in the country by EFERT.

The outgoing year also marked improvement in crop economics and the farmers were able to generate higher earnings per acre across all major crops. However, the increasing cost of phosphate remained a major concern for farmers.

On the matter of end of concessionary gas period, the Company has obtained a stay order from the High Court of Sindh ("SHC"). The SHC has ordered that till the decision of the competent authority i.e., ECC, status quo should be maintained with regard to discontinuation of gas supply and price of gas. Concurrently, the Company is in discussion with the Federal Government and Sui Northern Gas Pipeline Limited ("SNGPL") to extend the concessionary gas period for the number of days for which prejudice to our rights, following the principles of prudence, the Company has not been accruing the benefit of our rightful concessionary gas pricing since July'21 as the matter remains sub judice.

With regards to GIDC, there has been no progress on the lawsuits filed with respect to GIDC on concessionary gas, non-concessionary gas, and rectification request to correct installment period to 60 months.

looking towards FY 2022

EFERT believes that the Fertilizer sector plays a strategic role in the national economy to ensure food security for the Country by enabling import substitution and that too at a significant discount to international prices. Currently, the urea prices in domestic market are at a discount of 84% compared to the international market. Through sustained efforts to increase efficiency and reliability of our plant, we are also creating the opportunity of exporting excess urea supply which can help the Country to earn valuable foreign currency and reduce its current account deficit.

The Company plans to play its part by delivering consistent growth through sustained focus on operational excellence and development of a sustainable business model. The Company continues to contribute to farmer education by employing technological and social capital, creating awareness by introducing comprehensive solutions, highlighting best practices, outlining the properties of soil, and enabling adequate use of scarce water supply.

Adverse changes in government policies and regulations remain a risk. Therefore, the Company will continue to engage with Government and other stakeholders at multiple fronts to share our view on business dynamics and issues impacting the industry. We believe this engagement is highly important as it allows us to play our role in sustainable and progressive Agri policy making in the country.

Overtime, the Company has developed a lean organizational structure, with efficient manufacturing capabilities, a strong trade network, robust measures to comprehend farmer economics and a broad product portfolio that caters to a wide array of the farmer's needs. The company also enjoys capacity to integrate synergies, accommodate new products and incorporate advanced technology. The company plans to leverage these factors to deliver sustainable long term growth and to keep introducing new products, provide value added solutions and enable import substitution for its ultimate beneficiaries.

The Company strongly believes in doing good while doing well and so we will continue to invest in CSR activities in hopes of achieving a brighter future for the communities that surround our manufacturing facilities and for Pakistan in general. The major CSR areas where the company plans to focus include infrastructure development, education, livelihood, health and environment.

The Company looks forward to continuing to play its part in improving Agri yields and farmers' living standards in the region.

response framework for future challenges and uncertainties

EFERT has a highly efficient response framework to cater to future challenges and uncertainties. One of the primary challenges include the depletion of allocated gas field which may affect the production of urea, in response to which the company is evaluating alternate sources of gas / energy along with continued effort to invest in new compression facilities and efficiency improvement projects. At the same time, the Company also boasts a strong investment pipeline which will enable diversification of product portfolio and enhancement in profitability.

To ensure that Company continues to maximize shareholder wealth, the Company has adopted a sustainable framework of resource allocation which is used to ensure efficient employment of capital resources such that the Company is able to achieve its strategic objectives.

On the external front, higher reliance of farmers on urea and their resistance on making balanced nutrient usage may eventually hurt the market for "P" and "K" variants. As a Company, we have been continuously highlighting the benefits of balanced fertilizer usage through engagements, product trials and pilots. As a long term strategy, EFERT plans on working with the government to implement subsidy plans to encourage farmers to invest in "P", "K" and other value added variants. The Company also plans to engage with the Government on smart subsidy mechanisms, as they are an effective way of change buying patterns to encourage balanced fertilizer usage.

Adverse movement in Foreign Exchange/Interest Rates harbors an unfavourable impact on the profitability of the Company, resulting in EFERT's treasury function to actively monitor FX movements in market rates and open positions.

Comprehensive and coherent strategic guidelines, along with active monitoring of changes in the operating, economic, political, and social environment, allow EFERT to grow organically, contributing to Company's Profitability growth and the country's economic success.

04
financial statements

report of the Board audit Committee

for the year ended december 31, 2021

composition

Category	Name
a. Independent directors	Mr. Asad Said Jafar - Chairman Mr. Asim Murtaza Khan - Member
b. Non-executive directors	Mr. Mazhar Abbas Hasnani - Member Mr. Javed Akbar - Member
c. Secretary	Mr. Umair Ali Bhatti - Head of Internal Audit

Two of the Committee members are qualified finance professionals and the committee, as a whole, possesses significant economic, financial and business acumen.

The detailed profile of the Audit Committee members are given on Director Profile section of the Annual Report 2021.

The Head of Internal Audit of the Company functions as the Secretary to the Committee. Chief Financial Officer of the Company attends the meetings by invitation. Internal auditors are present in all committee meetings whereas external auditors are invited to the meetings on requirement basis.

charter of the committee

The terms of reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- To recommend to the Board the appointment and removal of external auditors;
- To review quarterly, half-yearly and annual financial statements;
- To review the internal control systems and internal audit function;
- To monitor management's compliance with all Company's policies including complaints received through the Speak Out - Whistle Blower Policy; and
- To monitor compliance of statutory requirements.

role of the committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, internal and external audit functions of the Company.

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board which includes principally the items mentioned below and the actions taken by the Audit Committee in respect of each of those responsibilities. Evaluation of the Board performance, which also included members of the Audit Committee was carried out effectively and is detailed in the Annual Report.

The Committee has conducted its annual review of the operations of the Company for the year ended December 31, 2021 and reports that:

- The Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- The standalone and consolidated financial statements of the Company for the year ended December 31, 2021 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company and its subsidiaries for the year under review.
- Appropriate accounting policies have been consistently applied and all applicable accounting standards were followed in preparation of the financial statements for the year ended December 31, 2021.
- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the standalone and consolidated financial statements of the Company, while the Directors' Report is signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- Proper, accurate and adequate accounting records have been maintained by the Company.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- The Committee has reviewed all related party transactions and recommended them for approval of the Board.

- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding. The Annual Secretarial Compliance Certificate are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the directors, executives and all employees of all the group companies from dealing in the shares of the Company prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision which could materially affect the share price.
- Reviewed and investigated whistle blower complaints received during the year, details of which can be found in Internal Audit, Ethics & Compliance section of the Annual Report.

risk management and internal control

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Annual Report. The types and details of risks along with mitigating measures are disclosed therein.

internal audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets objectives of the Company.
- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

external audit

- The statutory auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's financial statements and the statement of compliance with the Code of Corporate Governance for the year ended December 31, 2021 and shall retire on the conclusion of the 13th Annual General Meeting.
- The Committee has reviewed and discussed audit observations with the external auditors. A meeting was also held with the external auditors in the absence of the management.
- The external auditors have direct access to the Committee and the Internal Audit Department, thereby ensuring the effectiveness, independence and objectivity of the audit process.
- A.F. Ferguson & Co., Chartered Accountants also provides taxation and assurance related services to the Company. The objectivity and independence of the auditor is safeguarded through separate engagement partners for the non audit services and the firm's internal process to ensure independence, as confirmed by them through their engagement letter. The firm has no financial or other relationship of any kind with the Company except that of External Auditor, Taxation Consultant, and other services as disclosed in the financial statements.
- The performance, cost and independence of the external auditors is reviewed annually by the Committee. The Audit Committee obtained confirmation from the external auditors in its meeting that the engagement team, other partners and staff in the firm, and the firm have complied with the applicable requirements regarding independence.
- The Committee is satisfied with the performance of the External Auditors. The engagement partner on the audit was Mr. Salman Hussain. Being eligible for reappointment under the Code of Corporate Governance, the Committee has recommended to the Board the reappointment A.F. Ferguson and Co., Chartered Accountants for the year 2022. A resolution to this effect has been proposed at the 13th Annual General Meeting.

annual report 2021

- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2021 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

Asad Said Jafar
Chairman, Audit Committee

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

EFERT

Year ended December 31, 2021

EFERT (hereinafter referred to as "the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are Eight as per the following:
a. Male*: 7
b. Female**: 1
* including the Chief Executive Officer

2. The composition of the Board is as follows:

Category	Name
i. Non-executive directors	Mr. Shaz Khan Mr. Javed Akbar Mr. Mazhar Abbas Hasnani Mr. Khawaja Iftikhar Hussain
ii. Executive director	Mr. Nadir Salar Qureshi
iii. Independent directors	Mr. Asim Murtaza Khan Mr. Asad Said Jafar
iv. Female director – independent**	Dr. Shamshad Akhtar

** The Company was in the process of appointing an independent female director on the Board to fill in the casual vacancy that occurred on September 24, 2020 upon resignation of the female director. On April 7, 2021, the requirement was complied with after the appointment of Dr. Shamshad Akhtar as a female director and an independent director after which the Board comprises of 1/3rd independent directors as required by regulation 6 of the Regulations.

3. The directors have confirmed that none of them is serving as a director on more than seven (7) 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 meeting 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 Board has arranged Directors' Training Program for Mr. Mazhar Hasnani, Non-Executive Director and Mr. Suhail Pervaiz, Company Secretary during the year 2021. Seven directors on the Board are certified as trained directors as of December 31, 2021;

10. There was no change in the position of Chief Financial Officer, Company Secretary and Head of Internal Audit;

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

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

a) Board Audit Committee

Mr. Asad Said Jafar – Chairman
Mr. Javed Akbar
Mr. Mazhar Abbas Hasnani
Mr. Asim Murtaza Khan

b) The Board People Committee (i.e. HR and Remuneration Committee)

Mr. Asim Murtaza Khan – Chairman
Mr. Javed Akbar
Mr. Shaz Khan

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

14. The frequency of meetings of the committee were as per following:
a) Board Audit Committee ([illegible] meetings held during the year); and
b) The Board People Committee ([illegible] meetings held during the year);

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and 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 a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with other than noted in paragraph 1 above.

Mr. Shaz Khan
Chairman

Mr. Nadir Salar Qureshi
CEO

Date: February 10, 2022

independent auditor's review report

To the members of Engro Fertilizers Limited

review report on the statement of compliance contained in listed companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Fertilizers Limited for the year ended December 31, 2021 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 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, 2021.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance.

Reference	Description
Paragraph 1 & 10	During the year ended December 31, 2021, the Board of Directors of the Company did not have representation of a female director till April 7, 2021 due to the casual vacancy arising upon resignation of female director on December 24, 2020.

Chartered Accountants
Karachi

Date: February 03, 2022

UDIN: CR202110113[illegible]

consolidated financial statements for the year ended december 31, 2021

Independent auditor's report

to the members of Engro Fertilizers Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Engro Fertilizers Limited (the Holding Company) and its subsidiary (together the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and of its consolidated financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for opinion

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

Key audit matters

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

Following are the key audit matters:

S.No	Key audit matters	How the matter was addressed in our audit
01	**Income tax and Sales tax provisions and contingencies** (Refer notes 24 and 33 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 laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group in respect of such provisions and contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of these matters and use of significant management judgements and estimates to assess the same including related financial impacts, we have considered provisions and contingent liabilities relating to income tax and sales tax matters involving the Group as a key audit matter.	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 Group's management; - circularised confirmations to the Group's external legal and tax advisors for their views on matters being handled by them; - involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors engaged by the Group; - checked correspondence of the Group with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - checked mathematical accuracy of the calculations underlying the provisions; and - assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the applicable accounting and reporting standards.

S.No	Key audit matters	
02	**Loss allowance on Subsidy receivable from the Government of Pakistan** (Refer notes 11 and 38 to the consolidated financial statements) As per the Expected Credit Losses (ECL) impairment model under IFRS 9 - "Financial Instruments", the management of the Group is required to assess changes in credit risk, by taking into account time value of money, reasonable and supportable information regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognise ECL, if any, at each reporting date. The Group's management, taking cognisance of the aforementioned requirements of IFRS 9, has made an assessment of ECL on 'Subsidy receivable from the Government of Pakistan' giving consideration to the time value of money based on expected recovery of subsidy receivable. The Group has determined loss allowance of Rs. 107,700 thousand in this respect, based on various assumptions. Due to the significance of the amount and judgements involved in estimation of ECL on subsidy receivable, we have considered this as a key audit matter.	Our audit procedures, amongst others, included the following: - obtained an understanding of the financial model used by the Group's management for the determination of ECL on subsidy receivable; - involved our internal specialist to independently evaluate the appropriateness of the Group's assumptions used to determine the time value of money; - assessed the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis; - checked the mathematical accuracy of the model by performing recalculations; and - assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the applicable accounting and reporting standards.
03	**Provision in respect of Gas Infrastructure Development Cess** (Refer note 20 to the financial statements) As at December 31, 2021, the Group carries a provision of Rs. 10,180,165 thousand in respect of Gas Infrastructure Development Cess (GIDC). The Group had obtained stay order from Sindh High Court (SHC) against the collection of GIDC, till the finalisation of matter by SHC. Furthermore, in pursuant to the decision of Supreme Court of Pakistan (SCP) dated November 2, 2020, the Group has, without prejudice to the suit filed in SHC, re-measured its previously undiscounted GIDC provision at its present value in 48 monthly instalments that are due from August 2020 but has not been paid as of December 31, 2021 which resulted in recognition of remeasurement loss amounting to Rs. 742,882 thousand in these consolidated financial statements. Due to significance of the amounts involved in the aforementioned matter and the legal forum at which the matter is currently pending, the ultimate outcome and the resultant accounting in the consolidated financial statements is subject to the exercise of significant judgement which may change over time as new facts emerge and the legal case progresses. Therefore, we have considered this to be a key audit matter.	Our audit procedures, amongst others, included the following: - obtained an understanding of the background facts pertaining to provision recorded in respect of GIDC through meetings with the management and review of the minutes of the meetings of those charged with governance; - read the detailed judgement of the SCP and judgement on review petition by the SCP; - read details of suit filed in the SHC and stay order granted by the SHC; - obtained and read the "Guidance on Accounting of GIDC" issued by ICAP and understood the management's process for applying judgements in relation to change in accounting estimate and held discussions with the management regarding accounting treatment and the related impact thereof, subsequent to judgements of SCP; - checked the requirements of GIDC Act, 2015; - obtained confirmation from external legal counsel in respect of the current developments in the case including their assessment of the potential outcome of the matter; - checked the mathematical accuracy of the management's working of current / non - current classification of GIDC provision, its present value and assessed its accuracy and reasonableness of key estimates used; and - checked the appropriateness of disclosures made in the consolidated financial statements in relation to the matter in accordance with the applicable accounting and reporting standards.

information other than the unconsolidated and consolidated financial statements and auditor's reports thereon

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

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

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

responsibilities of management and board of directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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.

Board of directors are responsible for overseeing the group's financial reporting process.

auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chartered Accountants
Karachi

Date: February 25, 2022

UDIN: AR202110113BPC1LA

consolidated statement of financial position
as at december 31, 2021

(Amounts in thousand)

	Note	2021	2020
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	73,031,480	66,734,124
Intangible assets	5	5,801,409	5,164,817
Long-term loans, advances and deposits	6	60,798	61,872
		78,893,687	71,960,813
Current assets			
Stores, spares and loose tools	7	6,425,876	5,410,786
Stock-in-trade	8	13,469,881	7,533,174
Trade debts	9	3,089,812	2,909,383
Loans, advances, deposits and prepayments	10	2,237,144	2,159,549
Other receivables	11	12,877,009	8,303,689
Accrued income		19,210	157,805
Taxation - net		-	3,957,887
Short-term investments	12	15,237,752	29,762,992
Cash and bank balances	13	1,966,732	3,811,441
		54,424,696	59,752,562
TOTAL ASSETS		132,818,383	131,713,375

(Amounts in thousand)

	Note	2021	2020
		Rupees	
EQUITY & LIABILITIES			
Equity			
Share capital	14	13,352,993	13,352,993
Reserves			
Share premium	15	3,384,904	3,384,904
Remeasurement of post employment benefits	15	(89,866)	(30,411)
Unappropriated profit	15	30,438,777	30,043,254
		33,733,815	33,397,747
TOTAL EQUITY		47,086,808	46,750,740
Liabilities			
Non-current liabilities			
Borrowings	16	11,453,584	13,514,090
Government grant	17	926,404	-
Deferred taxation	18	11,942,999	11,677,769
Deferred liabilities	19	232,187	273,034
Provision for Gas Infrastructure Development Cess (GIDC)	20	6,393,848	10,510,373
		30,924,012	35,975,276
Current liabilities			
Trade and other payables	21	28,028,519	30,218,868
Accrued interest / mark-up		282,871	283,064
Taxation - net		1,361,183	-
Current portion of:			
- borrowings	16	5,755,811	10,081,814
- government grant	17	154,269	-
- deferred liabilities	19	69,604	54,499
- provision for GIDC	20	11,816,387	6,926,824
Short-term borrowings	22	4,117,856	425,120
Loan from Parent Company	23	3,200,000	1,000,000
Unclaimed dividend		49,471	57,029
		54,807,563	48,987,359
TOTAL LIABILITIES		85,731,575	84,962,635
Contingencies and Commitments	24		
TOTAL EQUITY AND LIABILITIES		132,818,383	131,713,375

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Imran Ahmad	Nadir Salar Qureshi	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

consolidated statement of profit or loss
for the year ended december 31, 2021

(Amounts in thousand except for earnings per share)

	Note	2021	2020
		Rupees	
Net sales	25	132,353,158	105,846,314
Cost of sales	26	(88,278,978)	(71,591,828)
Gross profit		44,074,180	34,254,486
Selling and distribution expenses	27	(8,569,610)	(8,456,790)
Administrative expenses	28	(1,860,412)	(1,918,405)
		33,644,158	23,879,291
Other income	29	1,793,838	1,687,110
Other operating expenses	30	(2,641,419)	(1,694,116)
Finance cost	31	(1,602,197)	(3,236,269)
Other gains / (losses):			
- Remeasurement (loss) / gain on provision for GIDC	20	(746,535)	2,121,389
- Loss allowance on subsidy receivable from GoP	32	(567,700)	(1,458,912)
		(1,314,235)	662,477
Profit before taxation		29,880,145	21,298,477
Taxation	33	(8,797,588)	(3,165,130)
Profit for the year		21,082,557	18,133,347
Earnings per share - basic and diluted	34	15.80	13.58

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Imran Ahmad
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

consolidated statement of comprehensive income
for the year ended december 31, 2021

(Amounts in thousand)

	2021	2020
	Rupees	
Profit for the year	21,082,557	18,133,347
Other comprehensive (loss) / income:		
Items not potentially re-classifiable to profit or loss		
Remeasurement of post employment benefits obligations	(55,572)	6,772
Tax relating to remeasurement of post employment benefits obligations	18,117	(2,544)
	(37,455)	4,228
Total comprehensive income for the year	21,045,102	18,137,575

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Imran Ahmad
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

consolidated statement of changes in equity
for the year ended december 31, 2021

(Amounts in thousand)

	Share capital (CAPITAL)	Share premium (CAPITAL)	Remeasurement of post employment benefits (RESERVES – REVENUE)	Unappropriated profit (RESERVES – REVENUE)	Total
	Rupees				
Balance as at January 1, 2021	13,352,993	3,384,904	(60,411)	30,043,254	46,720,740
Transactions with owners					
Dividends:					
- Final 2020: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 1st interim 2021: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 2nd interim 2021 : Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 3rd interim 2021: Rs. 3.50 per share	-	-	-	(4,673,546)	(4,673,546)
	-	-	-	(20,697,134)	(20,697,134)
Total comprehensive income for the year ended December 31, 2021					
Profit for the year	-	-	-	21,092,657	21,092,657
Other comprehensive loss:					
- remeasurements, net of tax	-	-	(39,455)	-	(39,455)
	-	-	(39,455)	21,092,657	21,053,202
Balance as at December 31, 2021	13,352,993	3,384,904	(99,866)	30,438,777	47,076,808
Balance as at January 1, 2020	13,352,993	3,384,904	(66,639)	26,598,202	43,269,460
Transactions with owners					
Dividends:					
- Final 2019: Rs. 2.00 per share	-	-	-	(2,670,600)	(2,670,600)
- 1st interim 2020: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 2nd interim 2020: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
	-	-	-	(14,688,294)	(14,688,294)
Total comprehensive income for the year ended ended December 31, 2020					
Profit for the year	-	-	-	18,133,347	18,133,347
Other comprehensive income:					
- remeasurements, net of tax	-	-	6,228	-	6,228
	-	-	6,228	18,133,347	18,139,575
Balance as at December 31, 2020	13,352,993	3,384,904	(60,411)	30,043,254	46,720,740

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Imran Ahmed
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

consolidated statement of cash flows
for the year ended december 31, 2021

(Amounts in thousand)

	Note	2021	2020
		Rupees	
Cash Flows From Operating Activities			
Cash generated from operations	39	19,097,618	54,862,765
Retirement and other service benefits paid		(150,088)	(50,298)
Taxes paid		(4,297,176)	(3,644,995)
Long-term loans, advances and deposits		(28,288)	81,918
Net cash generated from operating activities		14,611,602	51,469,591
Cash Flows From Investing Activities			
Purchase of property, plant and equipment and intangibles		(10,567,288)	(8,283,764)
Proceeds from disposal of operating assets	4.4	11,987	45,645
Purchase of short-term investments		-	(24,813,334)
Proceeds from sale of short-term investments		24,813,334	2,899,590
Income on deposits / other financial assets		1,769,599	1,367,440
Net cash generated from / (utilised in) investing activities		16,027,644	(28,744,263)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	18.6	3,925,077	1,341,765
Loan from Parent Company	23	4,800,000	1,000,000
Repayments of long-term borrowings	18.6	(8,952,034)	(8,790,194)
Finance cost paid		(1,458,389)	(3,489,455)
Dividends paid		(20,704,963)	(14,891,091)
Net cash utilised in financing activities		(23,388,309)	(24,828,975)
Net increase in cash and cash equivalents		7,450,637	1,097,482
Cash and cash equivalents at beginning of the year		5,126,579	4,029,097
Cash and cash equivalents at end of the year	39	12,577,216	5,126,579

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Imran Ahmed
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

Engro Fertilizers Limited (the Holding Company) is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Parent Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Holding Company is listed on Pakistan Stock Exchange Limited (PSX).

The Holding Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The business units of the Holding Company include the following:

Business Unit	Geographical Location
Head / Registered Office	7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
Engro Daharki Plant	Distric Ghotki, Sindh.
Engro Zarkhez Plant	EZ / 1 / P – 1 – II Eastern Zone, Port Qasim, Karachi.
Seeds Processing Plant	Rahim Yar Khan, Punjab.

1.1 The 'Group' consists of:

Holding Company: Engro Fertilizers Limited.

Subsidiary Company: EFERT Agritrade (Private) Limited (EAPL) which is a wholly owned subsidiary of the Holding Company.

1.1.1 EFERT Agritrade (Private) Limited

EFERT Agritrade (Private) Limited (EAPL) was incorporated on July 6, 2017, as a wholly owned subsidiary of the Holding Company to carry out trading and distribution of imported fertilizer as part of the business reorganisation. The Holding Company transferred its business of trading and distribution of imported fertilizer to the new subsidiary and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 These consolidated financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value through profit or loss and recognition of certain staff retirement benefits at present value.

2.1.2 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 on the Group 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 requirements of IFRSs, the provisions of and directives issued under the Act have been followed for the preparation and presentation of the consolidated financial statements.

2.1.3 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 judgment in the process of applying Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.4 Initial application of a Standard, Amendment or an Interpretation to an existing Standard

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

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform - Phase 2**

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

The objective of the disclosures required by the Phase 2 amendments is to enable users of consolidated financial statements to understand the effect of Inter-Bank Offer Rate (IBOR) reform on an entity's financial instruments and risk management strategy. An entity needs to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. The relevant information is disclosed in note 16.5.

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2021, however, these are considered not to have a significant impact on the Group's financial reporting and operations and therefore have not been presented here.

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

The new standard and amendments to the published standards that are not effective for the period beginning on January 1, 2021 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

2.1.5 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;
- 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.

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over 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 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 subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals 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 consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated profit or loss.

2.2 Property, plant and equipment

2.2.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold 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 (note 2.22). The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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 period in which they are incurred.

Disposal of asset is recognised when significant risk 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.

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, if significant, is depreciated over its useful life. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

Depreciation method, useful lives and residual values are reviewed annually.

2.2.2 Leased assets

The Group recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant period rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

2.3 Intangible assets

a) Computer software and licenses

Costs associated with 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 costs.

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 put to use on a straight-line basis over a period of 4 years, except for the Group's investment in its ERP i.e. OneSAP which is amortised over a period of 8 years.

b) Rights for future gas utilization

Rights for future gas utilization represent premium paid to the GoP for allocation of 100 MMSCFD natural gas for a period of 20 years for Enven plant. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

c) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Holding Company's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

d) Right to use the brand

These are stated at cost less impairment, if any.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is tested for impairment atleast once a year and other intangibles with indefinite life are tested for impairment at each reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to the consolidated statement of profit or loss.

Impairment is reversed only if there have been changes in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had there been no recognition of impairment, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

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

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

2.6 Financial assets

2.6.1 Classification, initial recognition and measurement

Financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The management determines the classification of financial assets into appropriate categories based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) 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.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) 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.

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the consolidated statement of profit or loss. Financial assets carried at fair value through other comprehensive income are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair values of the financial assets and liabilities held at fair value through profit or loss are included in the consolidated statement of profit or loss in the period in which they arise.

2.6.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss and the consolidated statement of comprehensive income.

2.6.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group measures ECL of a financial instrument 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) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of expected credit losses 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 at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

2.7 Financial liabilities

The Group recognises a financial liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or 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 or 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 consolidated statement of profit or loss.

2.8 Offsetting financial instruments

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

2.9 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 realisable value. The Group reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown seperately as major spare parts and stand by equipment.

2.10 Stock-in-trade

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

Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to be incurred in order to make the sales.

2.11 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. The amount of provision is charged to the consolidated statement of profit or loss. Trade debts and other receivables considered irrecoverable are written-off.

2.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities in the consolidated statement of financial position.

2.13 Share capital

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

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest rate method.

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.

2.15 Trade and other payables

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

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in the consolidated statement of comprehensive income or directly in equity. In this case the tax is also recognised in the consolidated statement of comprehensive income or directly in equity, respectively.

Current

The current income tax charge 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 method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that 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.

2.17 Employee benefits

2.17.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity 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 consolidated statement of 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 contributes to:

- defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate of 10% of basic salary;
- defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund as explained in note 2.17.3. Monthly contributions are made by the Group to the fund at rates ranging from 12.5% to 13.75% of basic salary; and
- defined contribution gratuity fund for the benefit of those management employees who have selected to opt out of defined benefit gratuity fund and defined contribution pension plans as more fully explained in note 2.17.3. Monthly contributions are made by the Group to the fund at the rate of 8.33% of basic salary.

All of the aforementioned funds are managed by the Parent Company.

2.17.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit Method, related details of which are given in note 37 to the consolidated financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognised directly in equity through the consolidated statement of 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 also contributes to:

- defined benefit funded pension scheme for its management employees.
- defined benefit funded gratuity schemes for its management and non-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.

2.17.3

In June 2011, the Group gave a one time irrevocable option to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employees' 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.

2.17.4 Service incentive plan

The Group recognises provision under a service incentive plan for certain category of experienced employees to continue in the Group's employment.

2.17.5 Employees' compensated absences

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

2.18 Provisions

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

2.19 Foreign currency transactions and translation

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

2.20 Revenue recognition

Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good to a customer at a point in time. The assessment of satisfaction of performance obligations depends on the contractual terms i.e. either when the product is dispatched or when it is delivered by the Group at customer's premises.

Revenue from services is recognised when the related services have been rendered.

Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The credit limits in contracts with customers range from 30 to 180 days.

2.21 Other income

Income on deposits and other financial assets is recognised on accrual basis.

Commission and sub-licensing income is recognised on accrual basis in accordance with the substance of the relevant agreement.

Dividend income on equity investment is recognised when the Group's right to receive the dividend is established.

2.22 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 capitalised as part of the cost of that asset. Borrowing costs includes exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

2.23 Research and development costs

Research and development costs are charged to the consolidated statement of profit or loss as and when incurred.

2.24 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

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.

2.25 Earnings per share

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

2.26 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.

2.27 Dividend and appropriation to reserves

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. During the year, the Holding Company has reassessed the useful lives and residual values of its property, plant and equipment as disclosed in note 4.3.

(Amounts in thousand)

3.2 **Income taxes**

In making the estimates for income taxes, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of current and deferred taxes is made taking into account these judgments and the best estimates of future results of operations of the Group.

3.3 **Provision for retirement and other service benefits obligations**

The present value of these obligations depends on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 37 respectively.

3.4 **Impairment of goodwill and right to use the brand**

Determining the recoverable value of goodwill and right to use the brand involves use of significant estimates and assumptions. In making the aforementioned fair valuation estimates, discounted cash flow approach is used. The underlying assumptions used for such valuation are disclosed in note 5.1.

3.5 **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.

3.6 **Impairment of financial assets**

Significant estimates are involved in the assessment of the correlation between historical observed default rates and the projection of cashflows, forecast economic conditions and ECL. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions.

4. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	Rupees	
Operating assets at net book value (note 4.1)	60,601,082	59,666,961
Capital work in progress (CWIP) (note 4.6)	11,514,282	5,171,126
Major spare parts and stand-by equipment	916,126	896,037
	73,031,490	65,734,124

4.1 Operating assets

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
					Rupees						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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

	2021	2020
	Rupees	
Cost of sales (note 26)	2,688,429	5,113,619
Selling and distribution expenses (note 27)	129,840	46,357
Administrative expenses (note 28)	65,931	76,028
	2,884,200	5,236,004

(Amounts in thousand)

4.3 During the year, the Holding Company engaged an independent expert to carry out an assessment of scrap values and useful lives of certain items of Property, Plant and Equipment. Based on the valuation report of the expert, the scrap values have increased from 0% - 5% to 0% - 17% of their cost. Additionally, remaining useful lives have increased in the range of 5 to 15 years. This change in accounting estimate of useful lives and scrap values has been accounted for prospectively in accordance with the requirements of IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors" and has resulted in a decrease in depreciation charge for the year by Rs. 2,519,702 and increase in carrying value of Property, Plant and Equipment by the same amount.

Had there been no change in the accounting estimates as disclosed above, the consolidated profit after tax for the current year would have been lower by Rs. 1,780,453 approximately.

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

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)
		Rupees				
Items having net book value Rs. 500 each or more						
Vehicles to employees						
As per company policy	Faraz Bin Shamshad	2,277	394	1,882	2,089	207
As per company policy	Afzaal Khalid	2,501	471	2,030	2,282	252
As per company policy	Asad Aman Khan	2,593	441	2,152	2,240	88
As per company policy	Hassan Mustafa	2,578	457	2,171	2,432	261
Plant and machinery, other equipment and vehicles - write off	Not applicable	48,889	17,891	29,578	-	(29,578)
[illegible]						
Laptops and other equipment	Various	10,309	7,795	2,294	2,653	359
Year ended December 31, 2021		67,457	27,849	39,608	11,697	(27,771)
[illegible]		55,842	16,341	33,601	46,845	13,244

4.5 Particulars of immovable properties i.e land and building in the name of the Holding Company are as follows:

Location	Total area (acreage)
Daharki plant & colony	734
Zarkhez plant land at Port Qasim	112.8

		2021	2020
		Rupees	
4.6	**Capital work in progress**		
	Plant and machinery	6,560,438	4,109,606
	Building and civil works including gas pipeline	68,211	262,276
	Furniture, fixture and equipment	489,845	110,444
	Advances to suppliers	1,419,885	589,488
	Aircraft	2,576,022	-
	Others	400,103	80,313
		11,514,282	5,171,128
4.6.1	Balance as at January 1	5,171,128	2,588,149
	Additions during the year	10,547,207	6,183,618
	Transferred to:		
	- operating assets (note 4.1)	(3,857,889)	(3,349,568)
	- intangible assets (note 5)	(346,122)	(201,071)
	Balance as at December 31	11,514,282	5,171,128

5. INTANGIBLE ASSETS

	Goodwill	Right to use the brand (note 5.1)	Software and licenses	Rights for future gas utilization	Total
	Rupees				
As at January 1, 2020					
Cost	169,906	4,170,995	1,070,736	102,312	5,477,899
Accumulated amortization	-	-	(383,305)	(40,541)	(406,868)
Net book value	169,906	4,170,995	687,431	59,771	5,071,059
Year ended December 31, 2020					
Net book value - January 1, 2020	169,906	4,170,995	687,431	59,771	5,071,059
Transfers from CWIP (notes 4.6.1 and 4.2)	-	-	201,071	-	201,071
Amortization (note 5.3)	-	-	(103,146)	(5,111)	(107,257)
Net book value	169,906	4,170,995	785,356	53,660	5,164,917
As at December 31, 2020					
Cost	169,906	4,170,995	1,221,897	102,312	5,678,070
Accumulated amortization	-	-	(436,541)	(48,652)	(514,153)
Net book value	169,906	4,170,995	785,356	53,660	5,164,917
Year ended December 31, 2021					
Net book value - January 1, 2021	169,906	4,170,995	785,356	53,660	5,164,917
Transfers from CWIP (notes 4.6.1 and 4.2)	-	-	346,122	-	346,122
Write off					
Cost	-	-	(75,878)	-	(75,878)
Accumulated amortization	-	-	11,339	-	11,339
	-	-	(64,539)	-	(64,539)
Amortization (note 5.3)	-	-	(139,780)	(5,111)	(144,891)
Net book value	169,906	4,170,995	[illegible]	48,549	5,301,409
As at December 31, 2021					
Cost	169,906	4,170,995	1,492,994	102,312	5,948,417
Accumulated amortization	-	-	(594,940)	(53,763)	(648,703)
Net book value	169,906	4,170,995	[illegible]	48,549	5,301,409
Annual rate of amortization (%)	-	-	12.5% - 20%	5%	

(Amounts in thousand)

5.1 Goodwill and Right to use the brand

Goodwill and right to use the brand represent amounts recognised on amalgamation of Engro Eximp (Private) Limited with the Holding Company, being the difference between the fair values of net assets at the time of amalgamation and the amount of consideration given.

Goodwill and right to use the brand have been allocated to the single Cash Generating Unit (CGU) having an indefinite life, till the time the related CGU is disposed / derecognised. The recoverable amount of cash generating unit is the higher of value in use or fair value less cost to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit to which the asset belongs, discounted at risk-adjusted discount rate.

Details relating to the discounted cash flow model used to determine the value in use of goodwill and right to use the brand are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information and past performance. Cost reflects past experience, adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	2.5%
Period of specific projected cash	5 years
Discount rate	15.5%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill and right to use the brand.

5.1.1 Right to use the brand is in respect of selling Phospate fertilizers, acquired under an agreement with the Parent Company, that has been valued using Relief from Royalty Method and is considered to have an indefinite life.

5.2 Primarily relates to cost incurred on implementation of new ERP i.e. OneSAP which is being amortised over a period of 8 years.

5.3 Amortisation for the year has been allocated as follows:

	2021	2020
	Rupees	
Cost of sales (note 26)	22,098	17,585
Selling and distribution expenses (note 27)	4,756	844
Administrative expenses (note 28)	118,037	88,828
	144,891	107,257

6. LONG-TERM LOANS AND ADVANCES - Considered good

	2021	2020
Executives (notes 6.1, 6.2, 6.3, 6.5 and 6.6)	98,446	156,228
Other employees (notes 6.4, 6.5 and 6.6)	105,221	26,885
Deposits to suppliers	9,988	2,254
	213,655	185,367
Less: Current portion shown under current assets (note 10)	152,857	103,495
	60,798	81,872

6.1 Reconciliation of the carrying amount of loans and advances to executives

	2021	2020
	Rupees	
Balance as at January 1	156,228	231,074
Disbursements	74,258	69,587
Repayments / amortisation	(132,040)	(144,433)
Balance as at December 31	98,446	156,228

6.2 Details of loans and advances to executives

	2021	2020
Service incentive loans	39,580	101,304
Advances in respect of :		
- Car earn out assistance	745	7,576
- House rent	10,625	10,222
- Retention loan	-	60
- Salary	24,809	18,756
- Others	22,687	18,310
	98,446	156,228

6.3 The maximum amount outstanding from executives at the end of any month during the year aggregated to Rs. 121,577 (2020: Rs. 195,660).

6.4 Includes interest free loans given to workers pursuant to Collective Labour Agreement.

6.5 Represents loans granted to employees according to Group's policy. These loans are interest free, are repayable within 1 to 4 years and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees.

6.6 The carrying values of the loan and advances are neither past due nor impaired.

7. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	Rupees	
Consumable stores, spares and loose tools	7,284,899	7,051,535
Less: Provision for surplus and slow moving items (note 7.1)	(857,923)	(640,750)
	6,426,976	6,410,785

7.1 Provision for surplus and slow moving items

	2021	2020
Balance as at January 1	640,750	618,815
Charge for the year	241,970	21,935
Reversal during the year	(24,797)	-
Balance as at December 31	857,923	640,750

(Amounts in thousand)

8. STOCK-IN-TRADE

	2021	2020
	Rupees	
Raw materials	2,560,842	1,136,434
Packing materials	390,934	273,143
Work in process	121,854	107,333
	3,073,630	1,516,910
Finished goods:		
- manufactured products	1,893,084	5,020,255
- purchased and packaged products	8,669,441	1,225,670
	10,562,525	6,245,925
Less: Provision for impairment against stock-in-trade (note 8.1)	(146,194)	(231,661)
	13,489,961	7,531,174

8.1 Provision for impairment against stock-in-trade:

	2021	2020
Balance as at January 1	231,661	28,785
Charge for the year	111,129	403,276
Written-off during the year	(196,596)	(200,400)
Balance as at December 31	146,194	231,661

9. TRADE DEBTS

	2021	2020
Considered good		
- Secured (note 9.1)	2,716,052	2,455,054
- Unsecured	353,760	451,299
	3,069,812	2,906,353
Considered doubtful (note 9.2)	69,126	19,884
	3,138,938	2,926,237
Less: Provision for impairment against trade debts (note 9.2)	69,126	19,884
	3,069,812	2,906,353

9.1 These debts are secured by way of bank guarantee and inland letter of credit.

9.2 Provision for impairment against trade debts

	2021	2020
Balance as at January 1	19,884	48,799
Charge for the year (note 30)	49,242	3,294
Written-off during the year	-	(32,209)
Balance as at December 31	69,126	19,884

10. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2021	2020
Considered good		
Current portion of long term loans and advances to executives and other employees (note 6)	152,857	103,495
Advances and deposits	1,273,153	1,193,918
Prepayments		
- Insurance	595,143	576,016
- Freight	38,251	251,854
- Others	177,740	63,266
	2,237,144	2,188,549

11. OTHER RECEIVABLES

	2021	2020
	Rupees	
Subsidy receivable from the Government of Pakistan - net (notes 11.1 and 11.2)	4,571,754	5,129,454
Sales tax receivable	7,337,488	2,884,891
Due from the Parent Company	65,126	4,464
Due from associated companies:		
- Engro Polymer and Chemicals Limited	87,382	5,645
- Engro Powergen Qadirpur Limited	5,808	6,843
- Engro Energy Limited	99,872	-
- Engro Foundation	30,698	109
- FrieslandCampina Engro Pakistan Limited	-	5,111
- Engro Eximp Agriproducts (Private) Limited	7,568	342
- Engro Elengy Terminal (Private) Limited	38,705	-
- Sindh Engro Coal Mining Company Limited	2,122	-
- Engro Enfrashare (Private) Limited	103	-
- Engro Eximp FZE	87,306	78,716
- Engro Vopak Terminal Limited	1,760	794
Receivable from Defined Benefit Gratuity Fund - MPT (note 37.2.1)	34,224	21,760
Workers' profits participation fund (note 11.4)	209,154	235,178
Claims receivable	76,650	96,865
Others	20,313	33,594
	12,677,009	8,503,766

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

In FY 2016, a new subsidy scheme was announced by the GoP, effective June 25, 2016 whereby subsidy was payable on sold products at the rate of Rs. 156 per 50 kg bag of Urea and Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and Nitrogen, Phosphorus and Potassium (NPK) fertilizers (based on phosphorus content).

In FY 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme aforementioned rates were replaced with Rs. 100 per 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.

(Amounts in thousand)

	2021	2020
	Rupees	
11.2 Subsidy receivable from the Government of Pakistan - net		
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (notes 11.3 and 32)	(1,796,612)	(1,238,912)
	4,571,754	5,129,454

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

	2021	2020
	Rupees	
Balance as at January 1	1,238,912	-
Loss allowance for the year	557,700	1,238,912
Balance as at December 31	1,796,612	1,238,912

11.3.1 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. 1,796,612 (2020: Rs. 1,238,912) on subsidy receivable giving consideration to the time value of money based on expected recovery of subsidy receivable. The Group, however, is confident of full recovery of the subsidy amount from the GoP.

	2021	2020
	Rupees	
11.4 Workers' profits participation fund		
Balance as at January 1	235,178	(91,094)
Charge for the year (note 30)	(1,490,846)	(1,019,932)
Payments during the year	1,464,822	1,346,204
Balance as at December 31	209,154	235,178

11.5 The maximum amount due from the Parent Company and associated companies at the end of any month during the year is as follows:

	2021	2020
	Rupees	
Parent Company	65,126	4,464
Associated Companies		
- FrieslandCampina Engro Pakistan Limited	767	7,820
- Engro Powergen Qadirpur Limited	7,916	8,664
- Sindh Engro Coal Mining Company Limited	2,122	1,245
- Engro Polymer and Chemicals Limited	98,838	153,796
- Engro Energy Limited	99,939	1,544
- Engro Powergen Thar (Private) Limited	-	12,749
- Engro Thar Foundation	-	143
- Engro Vopak Terminal Limited	1,972	4,007
- Engro Elengy Terminal (Private) Limited	39,842	-
- Engro Eximp Agriproducts (Private) Limited	7,566	3,514
- Engro Digital Limited	-	768
- Engro Foundation	34,582	25,587
- Engro Empiric AI	1,934	-
- Engro Enfrashare (Private) Limited	360	-
- Engro Eximp FZE	76,472	76,885

12. SHORT TERM INVESTMENTS

	2021	2020
	Rupees	
At fair value through profit or loss		
- Investment in units of mutual funds (note 12.2)	12,032,219	-
At fair value through other comprehensive income		
- Pakistan investment bonds (note 12.3)	-	23,916,308
- Treasury bills (note 12.4)	-	2,588,970
	-	26,505,278
At amortised cost		
- Pakistan investment bonds (note 12.3)	1,263,706	-
- Treasury bills (note 12.4)	1,686,775	-
- Term deposit receipts (note 12.5)	255,050	257,714
	3,205,530	257,714
	15,237,752	26,762,992

12.1 These investments will mature within 3 months from the reporting date.

12.2 The details of investment in mutual funds are as follows:

	Number of units	Amount in Rupees
ABL Cash Fund	98,201,923	1,002,858
UBL Liquidity Plus Fund	9,896,806	1,002,652
Pakistan Cash Management Fund	19,814,614	1,002,423
HBL Cash Fund	39,349,358	4,011,675
Alfalah GHP Cash Fund	3,836,510	2,004,597
First Habib Cash Fund	9,814,776	1,002,594
NBP Money Market Fund	50,150,461	500,976
Faysal Money Market Fund	4,868,848	500,889
NIT Money Market Fund	103,370,926	1,003,555
	339,304,217	12,032,219

12.3 These bonds carry interest at the rates ranging upto 10.60%.

12.4 These represent treasury bills carrying interest at the rate ranging from 10.35% and 10.84%.

12.5 These represent term deposit receipts carrying interest at the rate of 12.25%.

13. CASH AND BANK BALANCES

	2021	2020
	Rupees	
Cash at banks in:		
- deposit accounts (note 13.1)	313,486	829,702
- current accounts (note 13.2)	943,023	2,972,177
	1,256,509	3,801,879
Cash in hand	10,213	9,562
	1,266,722	3,811,441

13.1 Deposit accounts carry return at rates ranging from 5.75% to 7.25% (2020: 5.50% to 10.30%) per annum.

13.2 Includes Rs. 237,350 (2020: Rs. 715,657) held in foreign currency bank accounts.

(Amounts in thousand)

14. SHARE CAPITAL

	2021	2020
	Rupees	
Authorised Capital		
1,400,000,000 (2020: 1,400,000,000) Ordinary shares of Rs. 10 each	14,000,000	14,000,000
Issued, subscribed and paid-up capital		
258,132,299 (2020: 258,132,299) Ordinary shares of Rs. 10 each, fully paid in cash	2,581,323	2,581,323
9,999,993 (2020: 9,999,993) Ordinary shares of Rs. 10 each issued as at January 1, 2010 on transfer of fertilizer undertaking	100,000	100,000
1,062,800,000 (2020: 1,062,800,000) Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	10,628,000	10,628,000
4,367,083 (2020: 4,367,083) Ordinary shares of Rs. 10 each issued upon exercise of conversion option by International Finance Corporation (IFC)	43,670	43,670
	13,352,993	13,352,993

14.1 As at reporting date, the Parent Company held 56.27% (2020: 56.27%) of the share capital of the Holding Company.

14.2 These fully paid ordinary shares carry one vote per share and right to dividend.

15. RESERVES

	2021	2020
	Rupees	
Capital reserves		
Share premium	3,384,904	3,384,904
Revenue reserves		
Remeasurement of post employment benefits	(89,866)	(50,411)
Unappropriated profit	30,438,777	30,043,254
	30,348,911	29,992,843
	33,733,815	33,377,747

16. BORROWINGS - Secured (Non-participatory)

	Note	Mark-up rate per annum	Installments Number	Commenced / Commencing from	2021	2020
					Rupees	
Long term finance utilized under mark-up arrangements						
Senior Lenders						
Allied Bank Limited		[illegible]	8 half yearly	June 17, 2020	[illegible]	[illegible]
Allied Bank Limited		[illegible]	16 half yearly	June 8, 2020	[illegible]	[illegible]
Allied Bank Limited	16.2	[illegible]	4 half yearly	March 25, 2020	-	1,000,000
Allied Bank Limited		[illegible]	4 half yearly	June 28, 2022	[illegible]	[illegible]
Allied Bank Limited		[illegible]	8 half yearly	June 28, 2022	[illegible]	[illegible]
Deutsche Investitions- und Entwicklungsgesellschaft mbH	[illegible]	[illegible]	8 half yearly	December 15, 2018	[illegible]	[illegible]
MCB Bank Limited	16.2	[illegible]	4 half yearly	March 25, 2020	-	[illegible]
MCB Bank Limited		[illegible]	4 half yearly	December 29, 2021	[illegible]	[illegible]
MCB Bank Limited	16.2	[illegible]	4 half yearly	[illegible]	750,000	1,500,000
MCB Bank Limited		[illegible]	8 half yearly	June 28, 2022	[illegible]	[illegible]
MCB Bank Limited	16.3	[illegible]	16 quarterly	[illegible]	[illegible]	-
MCB Bank Limited	16.3	[illegible]	16 quarterly	[illegible]	[illegible]	-
Habib Bank Limited	16.3	[illegible]	[illegible] quarterly	[illegible]	[illegible]	-
Habib Bank Limited	16.3	[illegible]	[illegible] quarterly	[illegible]	[illegible]	-
National Bank of Pakistan		[illegible]	4 half yearly	June 28, 2022	1,000,000	1,000,000
Syndicated finance	16.2	[illegible]	8 half yearly	June 28, 2018	-	[illegible]
United Bank Limited	16.2	[illegible]	4 half yearly	March 25, 2020	-	[illegible]
					[illegible]	[illegible]
TERF Loans						
Allied Bank Limited	16.4	[illegible]	Various	[illegible]	[illegible]	[illegible]
Habib Bank Limited	16.4	[illegible]	Various	[illegible]	[illegible]	-
MCB Bank Limited	16.4	[illegible]	Various	[illegible]	[illegible]	-
					[illegible]	[illegible]
Less: Fair value adjustment for loan at below market rate					[illegible]	-
					[illegible]	[illegible]
					[illegible]	[illegible]
Less: Current portion shown under current liabilities					[illegible]	[illegible]
					[illegible]	[illegible]

16.1 All senior debts are secured by an equitable mortgage upon immovable property of the Holding Company and equitable charge over current and future operating assets excluding immovable property of the Holding Company.

16.2 During the year, the Holding Company made principal repayments of long-term finances to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 3,044,128, Rs. 2,750,000, Rs. 2,000,000, Rs. 1,000,000 and Rs. 557,906 respectively.

16.3 During the year, the Holding Company obtained long-term finances from Habib Bank Limited and MCB Bank Limited amounting to Rs. 20,063 and Rs. 387,135 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.

16.4 During the year, the Holding Company acquired long term borrowings from Allied Bank Limited, Habib Bank Limited and MCB Bank Limited amounting to Rs. 846,627, Rs. 35,592 and Rs. 2,835,660 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at the rates ranging from 1.50% to 2.00% and is payable in quarterly or semi-annual installments starting from January 2022.

(Amounts in thousand)

In accordance with IFRS 9 Financial Instruments, the Holding Company has recognised these loans at their fair value and recognised the difference between the proceeds and fair value as a deferred grant income in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance' (note 17).

16.5 On March 5, 2021, the Financial Conduct Authority (FCA) announced the dates on which the panel bank submissions for all LIBOR settings will cease, after which LIBOR rates will no longer be available. The FCA confirmed that all LIBOR settings will cease to be provided by any administrator immediately after December 31, 2021 for 1-week and 2-month USD settings. This will not impact the Holding Company's DEG loan since the 6-month LIBOR rate is applicable on the loan which will be discontinued after June 30, 2023.

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

	2021	2020
	Rupees	
Balance as at January 1	23,575,694	30,952,440
Borrowings availed during the year	3,925,077	1,341,725
Amortization of transaction cost	2,344	5,293
Repayment of borrowings	(9,352,034)	(8,790,124)
Fair value adjustment for below market rate (note 17)	(1,079,703)	-
Exchange loss	143,967	66,361
Balance as at December 31	17,215,345	23,575,694

17 GOVERNMENT GRANT

	2021	2020
Grant recognised on loan at below market interest rate	1,126,648	-
Less: released to the statement of profit and loss (note 31)	(46,945)	-
	1,079,703	-
Current portion	(154,209)	-
	925,494	-

17.1 The Holding Company recognised government grant on below market interest loan received (note 16.4) in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance'.

18. DEFERRED TAXATION

	2021	2020
	Rupees	
Credit / (debit) balances arising on account of:		
- Accelerated depreciation allowance	12,284,340	11,950,533
- Provision for:		
- staff retirement benefits	(30,101)	(13,984)
- surplus and slow moving stores and spares and doubtful receivables	(311,240)	(258,766)
	11,942,999	11,677,783

19. DEFERRED LIABILITIES

	2021	2020
Deferred income (note 19.1)	49,924	53,789
Service benefit obligation	246,017	273,684
Less: Current portion shown under current liabilities	(63,804)	(54,439)
	182,213	219,245
	232,137	273,034

19.1 This represents Rs. 96,627 received from Engro Powergen Qadirpur Limited (EPQL), an associated company, for the right to use the Holding Company's infrastructure facilities at Daharki Plant by the employees of EPQL for a period of twenty five years. The amount is being amortised over such period.

20. PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS

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 billion and this amount combined with the outstanding amount would be in the vicinity of Rs. 700 billion. The SCP, therefore, issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the 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, the Holding Company filed a review petition before the SCP, which was dismissed by the SCP on November 02, 2020 (Review Decision). However, the Review Decision (i) noted that the GoP is agreeable to recover the unpaid arrears in 48 monthly installments instead of 24 monthly installments provided the time period for the projects was extended to 12 months from 6 months; and (ii) upheld the validity of Section 8(2) of the Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the provision to Section 8(2) of the Act.

Subsequent to the Review Decision, the Holding Company filed a rectification application before the SCP seeking a clarification regarding the increase in number of installments.

The Holding Company also filed a suit before Sindh High Court (SHC) on December 17, 2020 against collection of GIDC on non-concessionary feed gas supplied under the non-fixed price contracts and the fuel gas, on the basis of relief available under section 8(2) of the Act and on the grounds that factual determination of the GIDC passed-on is to be carried out. The SHC granted the Holding Company an interim stay restraining the impleaded gas companies from taking coercive action against the Holding Company for non-payment of GIDC installments.

Further, against the GIDC instalment invoice received from SNGPL on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11, 2007 (GSPA), the Holding Company approached the SHC to challenge this imposition. The Holding Company has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive against the Holding Company on collecting GIDC on feed stock gas supplied to the Holding Company under the GSPA. The management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence no provision on account of GIDC has been recorded by the Holding Company in respect of feed gas received under the GSPA.

(Amounts in thousand)

Considering the events and developments in GIDC case the Institute of Chartered Accountants of Pakistan (ICAP) released "Guidance on Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021, which specifies the requirements for recognition, measurement and presentation of GIDC.

Keeping in view the financial reporting guidance of ICAP, the Holding Company has applied IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets" and re-measured its previously undiscounted provision at its present value using the risk free rate, giving due consideration to the latest available information and the expected timing of the settlement i.e. 48 monthly instalments, as also referred to in the Review Decision.

	2021	2020
	Rupees	
20.1 The movement in the provision for GIDC is as follows:		
Balance as at January 1	17,437,203	19,558,592
Remeasurement loss / (gain) on provision for GIDC	742,982	(2,121,389)
Balance as at December 31	18,180,185	17,437,203
Less: Current portion of provision for GIDC	(11,816,337)	(6,926,824)
	6,363,848	10,510,379

21. TRADE AND OTHER PAYABLES

	2021	2020
Creditors	5,337,920	6,945,304
Accrued liabilities (notes 21.1 and 21.2)	14,333,278	10,700,165
Advances from customers	4,254,127	10,191,882
Payable to Parent Company	2,069	650
Payable to:		
- FrieslandCampina Engro Pakistan Limited	1,271	-
- Engro Energy Limited	-	187
- Engro Elengy Terminal (Private) Limited	-	1,650
- Defined Contribution Provident Fund	32,056	24,269
- Defined Contribution Provident Fund NMPT	8,071	7,677
- Defined Contribution Gratuity Fund MPT	15,359	15,596
- Defined Contribution Pension Fund	478	616
- Defined Benefit Gratuity Fund NMPT	97,008	16,522
Deposits / Retention from dealers and contractors (note 21.3)	267,225	214,461
Workers' welfare fund	1,052,638	1,448,615
Witholding tax payable	125,145	160,880
Others	501,854	490,534
	26,026,519	30,218,888

21.1 On June 4, 2021, the Sindh High Court (SHC) through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. The Holding Company maintains adequate provision in these consolidated financial statements and has filed Civil Petition for Leave to Appeal (CPLA) before Supreme Court of Pakistan ("SCP") to challenge the SHC Judgement. On September 01, 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. The Group carries a provision of Rs. 2,526,550 (2020: Rs. 2,057,360) in this respect.

21.2 On June 10, 2021, the Holding Company filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipeline Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale & Purchase Agreement and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Holding Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 2,494,496 (2020: Nil) in these consolidated financial statements.

21.3 The amount is kept in separate term deposits account as per the terms of agreements and is not utilised for the purpose of the business of the Group.

22. SHORT TERM BORROWINGS

Holding Company

The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs.15,125,000 (2020: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (2020: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% (2020: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 4,117,658 (2020: Rs. 250,331) from funded facilities and Rs. 3,864,957 (2020: Rs. 3,569,428) from the non-funded facilities as at the reporting date.

Subsidiary Company

The facilities for short-term running finances, available from various banks, aggregate to Rs. 12,725,000 (2020: Rs. 12,725,000). The rates of markup on the funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-months KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores, and spares, and other merchandise and on all present and future book debts, outstanding monies, receivable claims, and bills of the Holding Company. As at December 31, 2021, the Subsidiary Company has utilised Nil (2020: Rs. 174,789) out of the aforementioned facilities.

23. LOAN FROM PARENT COMPANY

Represents subordinated loan from the Parent Company amounting to Rs. 5,200,000 (2020: Rs. 1,000,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1%.

24. CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 As at December 31, 2021, bank guarantees of Rs. 5,332,652 (2020: Rs. 4,474,555) have been issued in favour of third parties.

24.2 During the year, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of the Holding Company u/s 177 of the Income Tax Ordinance, 2001 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, the Holding Company 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. Disallowances raised in the orders mainly include credit entries in bank statements treated as revenue / supressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. The Holding Company has filed appeal before CIR(A) against all amendment orders.

In respect of sales tax audits, the tax department has only issued a Show Cause Notice (SCN) for TY 2017. The Holding Company 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 the Holding Company for all three tax years.

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.

24.3 The Holding Company has entered into Dealer Finance Agreements (DFAs) with different banks amounting to Rs. 4,500,000 (2020: Rs. 4,500,000) consequent to which the banks will provide financial assistance to dealers approved by the Holding Company. In respect of DFAs, the bank have agreed to bear 100% of the disbursed amount incase default by dealers As at December 31, 2021, the banks have made disbursements to dealers under the DFAs amounting to Rs. 804,141 (2020: Rs. 2,007,000) maturing on various future dates.

24.4 The Holding Company filed a constitutional petition in the SHC against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to the Holding Company's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. Through its order dated October 18, 2011, SHC ordered that SNGPL should supply 100 mmscfd of gas per day to the Holding Company'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. The Holding Company's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be remote.

Further, the Holding Company 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. The Holding Company, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the Holding Company's plant despite the judgment of the SHC in Holding Company'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.

24.5 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 the Holding Company'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 the Holding Company and Sui Northern Gas Pipeline Company Limited (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. The Holding Company has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i)

(Amounts in thousand)

100 mmscfd gas has been allocated to the Holding Company through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (i) GSA guarantees uninterrupted supply of gas to the new plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (ii) both the Holding Company 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 Supreme Court of Pakistan (SCP). However, the Holding Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

24.6 In 2013, the Holding Company, along with other fertilizer companies, received a SCN from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 (2010 Act) in relation to the alleged unreasonable increase in fertilizer prices. The Holding Company 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 the Holding Company 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. 3,140,000 and Rs. 5,500,000 on the Holding Company 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 the Holding Company 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. The Holding Company has also challenged the composition of the CAT before SHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against the Holding Company during the pendency of the petition. The Holding Company's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect.

24.7 In the year 2015, the Holding Company received a sales tax order from the tax department for the year ended December 31, 2013 pertaning to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on presumption that output tax liability is not being discharged by the Holding Company on advances received from dealers amounting to Rs. 1,844,075. The Holding Company filed an appeal thereagainst with the Commissioner Inland Revenue (Appeals) [CIR(A)] which decided the matters in favour of the Holding Company. 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 Holding Company in this respect.

24.8 In 2018, the tax department [i.e. Large Taxpayers Unit (LTU)] raised an order for the period June 2016 to July 2017 with a demand of Rs.1,006,000 mainly on account of further sales tax to be charged on fertilizers sales to unregistered persons. The Holding Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) who disposed off the appeal in favour of the tax department. Thereafter, the Holding Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and it also decided the same in favour of the tax department. The Holding Company 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 the Holding Company in respect of the recovery of the impugned demand. The Holding Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.

(Amounts in thousand)

24.9 In the year 2017, the High Court of Islamabad in its order dated June 8, 2017 held that the income derived by the Contractor from its contract with the Holding Company is subject to tax as per Article 5(4) of Double Taxation Treaty between Pakistan and the Netherlands thus confirming the demand raised in the respective orders aggregating to Rs 1,178,391. In respect thereof, the Contractor preferred an appeal in the SCP. In FY 2019, the SCP decided the case on ex-parte basis against the contractor. During the year, the review application for the case restoration has been accepted by SCP. No provision has been made by the Holding Company in this regard.

24.10 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with the Holding Company, all pending tax issues of EXIMP have been transferred to the Holding Company. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 796,000. The tax department had not accepted the said treatment for tax year 2013, however, the matter was decided in favor of the Holding Company by the Commissioner Income Tax Appeals(CIT(A)), against which the tax department has filed an appeal with the ITAT. However, the department has given appeal effect order to the aforementioned favourable decision of the CIT(A) for tax year 2013.

In the year 2019, in respect of tax year 2013, the matter was decided by the ITAT in favor of the Holding Company and the department's appeal in this respect was rejected. The management is confident for a favorable outcome on this case.

	2021	2020
	Rupees	
24.11 Commitments		
Commitments in respect of capital expenditure and other operational items	11,420,843	8,416,193

25. NET SALES

	2021	2020
Gross sales:		
- manufactured products	90,659,715	75,252,581
- purchased and packaged products	44,638,582	33,080,029
- services, net of sales tax	438,343	419,870
	135,736,640	108,752,480
Less: Trade discounts	633,162	695,855
Less: Sales tax	2,740,340	2,210,311
	132,363,138	105,846,314

26. COST OF SALES

	2021	2020
	Rupees	
Cost of sales - Manufactured products		
Raw materials consumed	26,916,053	23,889,519
Salaries, wages and staff welfare (note 26.1)	3,175,744	3,064,895
Fuel and power	11,731,038	11,342,038
Repairs and maintenance	2,838,538	1,417,475
Depreciation (note 4.2)	2,688,429	5,113,819
Amortisation (note 5.3)	22,098	17,585
Consumable stores	1,548,588	1,268,720
Training, HSE and other related expenses	728,968	646,450
Purchased services	738,837	608,736
Travelling	66,860	54,822
Communication, stationery and other office expenses	25,343	38,851
Insurance	694,082	636,370
Rent, rates and taxes	180,467	50,798
Other expenses	14,261	4,534
Manufacturing cost	51,149,330	48,154,002
Add: Opening stock of work in process	107,333	48,169
Less: Closing stock of work in process (note 8)	(121,854)	(107,333)
Cost of goods manufactured	51,134,809	48,094,838
Add: Opening stock of finished goods	5,020,255	2,238,488
Less: Closing stock of finished goods (note 8)	(1,893,084)	(5,020,255)
	54,261,980	45,313,071
Cost of sales - Purchased and packaged products		
Opening stock - net of NRV	1,277,492	9,157,296
Add: Purchases during the year	41,563,869	18,398,761
Less: Closing stock - net of NRV (note 8)	(8,814,363)	(1,277,492)
	34,026,998	26,278,565
	88,288,978	71,591,636

26.1 Salaries, wages and staff welfare includes Rs. 193,592 (2020: Rs. 174,603) in respect of staff retirement benefits.

(Amounts in thousand)

27. SELLING AND DISTRIBUTION EXPENSES

	2021	2020
	Rupees	
Salaries, wages and staff welfare (note 27.1)	1,293,186	1,171,719
Training, HSE and other related expenses	196,306	86,617
Product transportation and handling	4,557,108	4,868,487
Royalty (note 27.2)	1,284,441	1,090,516
Repairs and maintenance	9,861	69,063
Advertising and marketing	270,058	354,795
Rent, rates and taxes	583,345	693,015
Communication, stationery and other office expenses	26,682	12,197
Travelling	43,535	135,260
Depreciation (note 4.2)	129,840	46,357
Amortisation (note 5.3)	4,756	844
Purchased services	110,482	116,857
Insurance	18,503	5,522
Others	21,495	6,550
	8,529,910	8,456,799

27.1 Salaries, wages and staff welfare includes Rs. 107,822 (2020: Rs. 94,644) in respect of staff retirement benefits.

27.2 Royalty is paid to the Parent Company which has its registered office at 8th floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

28. ADMINISTRATIVE EXPENSES

	2021	2020
	Rupees	
Salaries, wages and staff welfare (note 28.1)	396,059	402,982
Training, HSE and other related expenses	42,227	58,364
Repairs and maintenance	1,318	9,702
Rent, rates and taxes	109,374	134,535
Communication, stationery and other office expenses	12,567	29,825
Travelling	17,432	12,766
Depreciation (note 4.2)	65,931	76,028
Amortisation (note 5.3)	118,037	88,828
Purchased services	1,137,457	991,028
Aircraft operating expense (note 28.2)	(67,291)	72,235
Insurance	42,261	26,440
Directors's fees	16,590	11,162
Other expenses	8,452	5,613
	1,900,412	1,918,598

28.1 Salaries, wages and staff welfare includes Rs. 41,891 (2020: Rs. 33,494) in respect of staff retirement benefits.

28.2 During the year, the Holding Company recovered Rs. 70,627 from Group companies relating to prior year.

29. OTHER INCOME

	2021	2020
	Rupees	
On financial assets		
Income on government securities, term deposit receipts, mutual fund units and bank deposits	1,831,204	1,439,335
Others	-	6,595
	1,831,204	1,445,930
On non-financial assets		
Gain on disposal of property, plant and equipment (note 4.4)	-	13,244
Reversal of liability for workers' welfare fund	-	180,079
Scrap sales	69,032	25,160
Others	90,162	2,697
	159,194	221,180
	1,790,398	1,667,110

30. OTHER OPERATING EXPENSES

	2021	2020
Workers' profits participation fund (note 11.4)	1,490,846	1,019,932
Workers' welfare fund	416,798	363,734
Donation (note 30.1)	431,851	334,714
Legal and professional	120,599	150,608
Provision for impairment against trade debts (note 9.2)	49,242	3,294
Auditors' remuneration (note 30.2)	18,184	20,523
Loss on disposal of property, plant and equipment (note 4.4)	27,701	-
Write off of intangibles (note 5)	64,639	-
Others	22,592	1,311
	2,641,412	1,894,116

30.1 During the year, the Holding Company made donations to Engro Foundation and Indus Hospital and Health Network (formerly The Indus Hospital) amounting to Rs. 263,000 (2020: Rs. 198,500) and Nil (2020: Rs. 95,000) respectively. Mr. Ghias Khan, the Chairman of the Board, and Mr. Nadir Salar Qureshi, the Chief Executive Officer of the Holding Company, are also the trustees of Engro Foundation. This also includes an expense of Rs. 90,000 (2020: Nil) for construction of a hospital in Shikarpur.

30.2 **Auditors' remuneration**

	2021	2020
	Rupees	
Fee for:		
- audit of annual financial statements	3,630	3,149
- special audit / review of half yearly financial information	725	665
- review of compliance with the Code of Corporate Governance	72	55
- certifications, advices and audit of retirement funds	6,972	4,613
- taxation services	5,308	10,545
Reimbursement of expenses	1,477	1,496
	18,184	20,523

(Amounts in thousand)

31. FINANCE COST

	2021	2020
	Rupees	
Interest / mark-up / return on:		
- long term borrowings		
- interest / mark up arrangements (note 31.1)	1,357,288	2,831,590
- shariah permissible arrangements	77,662	103,155
	1,434,950	2,934,745
- short term borrowings		
- interest / mark up arrangements	31,027	68,613
- shariah permissible arrangements	58,653	186,487
	89,680	255,100
Foreign exchange loss - net	77,567	46,440
	1,602,197	3,236,285

31.1 This is net of government grant income on TERF loans amounting to Rs. 46,945 (2020: Nil).

32. LOSS ALLOWANCE ON SUBSIDY RECEIVABLE FROM GOP

This represents loss allowance recognised on 'Subsidy receivable from the GoP' (note 11.3) in accordance with the 'Expected Credit Loss' model under IFRS 9, giving consideration to the time value of money based on expected recovery of subsidy receivable. The Holding Company, however, is confident of full recovery of the subsidy amount from the GoP.

33. TAXATION

	2021	2020
	Rupees	
Current		
- for the year	8,516,255	7,051,654
- for prior years	-	(3,379,336)
	8,516,255	3,672,318
Deferred	281,333	(507,188)
	8,797,588	3,165,130

The Holding Company continually evaluates its tax position based on amendments by the taxation authorities and developments thereon. Adequate provision in this respect is being maintained in these consolidated financial statements without prejudice to the tax proceedings before any appellate / judicial forum and admission of any liability in this respect. Matters where there is a difference between the position taken by taxation authorities and the Holding Company's own position based on its assessment of law and in accordance with its legal / tax consultant's opinion, such matters are being reported as contingent liabilities. Please refer note 24 in this respect.

33.1 In the year 2020, the income tax department amended the assessment filed by the Holding Company for tax year 2019. The Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) 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 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

The Holding Company maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this amendment.

33.2 In the year 2015, the income tax department amended the assessment filed by the Holding Company for tax year 2014. The Holding Company filed an appeal before the CIRA against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Income Tax Ordinance, 2001 resulting in demand of Rs 1,231,201 (additions to taxable income of Rs. 3,191,963). In addition the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which the Holding Company specifically obtained a stay order. The matter was heard by CIRA and favorable decision was made in respect of exchange losses and acceptance of prior years tax refunds, 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. The Holding Company has filed an appeal against the order of CIRA before the Income Tax Appellate Tribunal which is pending to be heard.

The Holding Company maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this amendment.

33.3 In the year 2019, the income tax department amended the assessment filed by the Holding Company for the tax years 2015, 2016 and 2017. The Holding Company filed appeals before CIRA 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 Engro Eximp Agriproducts Limited under section 59B of the Income Tax Ordinance, 2001, resulting in cumulative demand of Rs 1,980,698 (cummulative additions of Rs. 16,173,826 to taxable income) for these tax years. Subsequently, CIRA 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. The Holding Company, as well as the tax department, filed appeals against CIRA's order before the Appellate Tribunal Inland Revenue (ATIR).

Through order dated February 26, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favor of the Holding Company, 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 Holding Company maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

33.4 In the year 2014, the income tax department amended the assessment filed by the Holding Company for tax years 2010 and 2011.The Holding Company filed appeals thereagainst before the Appellate Tribunal Inland Revenue (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. The Holding Company had challenged the said decision before the SHC. In the year 2020, the matter was heard, and is reserved for judgement.

The Holding Company maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on this amendment.

33.5 In the year 2018, the Holding Company received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the Income Tax Ordinance 2001 (ITO), for TY 2018. The Holding Company filed a Constitutional Petition before the SHC challenging the notice as well as the vires of Section 4B of the ITO. An interim order was granted in favour of the Holding Company. On July 21, 2020, SHC held that of Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, the Holding Company filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by the Holding Company 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 against the Holding Company for TY 2015 to 2019 in relation to recovery of Super Tax amounting in aggregate of Rs. 2,110,491. The Holding Company filed appeals against the orders before CIRA.

On November 26, 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Holding Company) subject to them depositing 50% of the impugned outstanding tax amount.

The Holding Company has till date paid Super Tax amounting to Rs. 1,618,097 against the relevant tax years. Adequate provision for remaining amount related to Super Tax for the respective TYs is being maintained in these consolidated financial statements.

33.6 As a result of demerger in the year 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Ltd. had been transferred to the Holding Company. Major issues pending before the taxation authorities are described below.

In previous years, the taxation department had filed reference applications in the SHC against the below-mentioned ATIR's decisions in Holding Company's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,800,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Holding Company maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these cases.

33.7 **Relationship between tax expense and accounting profit**

The tax on the Holding Company's profit before tax differs from the theoretical amount that would arise using the Holding Company's applicable tax rate as follows:

	2021	2020
	Rupees	
Profit before taxation	29,890,245	21,298,477
Tax calculated at the rate of 29% (2020: 29%)	8,668,171	6,300,234
Tax effect of:		
- Expenses not allowed for tax	171,450	499,192
- Final / Special Tax Regime and exempt income	(42,033)	(254,960)
Effect of Prior year tax charge	-	(3,379,336)
Tax charge for the year	8,797,588	3,165,130

34. EARNINGS PER SHARE (EPS)

34.1 Basic EPS has been calculated by dividing the profit attributable to equity holders of the Holding Company by weighted average number of ordinary shares in issue during the year.

34.2 As at December 31, 2021, there is no dilutive effect on the basic earnings per share of the Holding Company. EPS is based on following :

	2021	2020
	Rupees	
Profit for the year	21,092,657	18,133,347
	Numbers of shares	
Weighted average number of ordinary shares (in thousands)	1,335,299	1,335,299

35. FINANCING STRUCTURE / MODE

	2021	2020
	Rupees	
Conventional mode:		
Assets		
Short term investments	15,237,752	26,762,992
Cash and bank balances	1,266,688	3,603,187
	16,504,440	30,366,179
Liabilities		
Long term borrowings	16,215,345	22,575,694
Short term borrowings	4,117,658	425,120
Loan from Parent Company	5,200,000	1,000,000
	25,533,003	24,000,814
Shariah compliant mode:		
Assets		
Cash and bank balances	34	8,254
Liabilities		
Long term borrowings	1,000,000	1,000,000

(Amounts in thousand)

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

36.1 The aggregate amounts for remuneration, including all benefits, to chief executive, directors and executives of the Group are given below:

	2021			2020		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	Rupees			Rupees		
Managerial remuneration including bonus	107,926	1,461	2,814,028	90,245	6,897	2,480,024
Staff retirement benefits	5,260	120	245,501	4,693	344	189,262
Other benefits	188	4	39,426	90	8	33,966
Fees	-	16,590	-	-	11,162	-
Total	113,374	18,175	3,098,955	95,028	18,411	2,703,252
Number of persons, including those who worked part of the year	3	7	460	2	8	402

36.2 The Group also provides vehicles and certain household items for use of some executives and directors.

36.3 Premium charged in respect of directors' indemnity insurance policy, purchased by the Holding Company during the year, amounted to Rs. 237 (2020: Rs. 272).

37. RETIREMENT AND OTHER SERVICE BENEFITS

37.1 Salient features

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Group offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the fund.

The Group faces the following risks on account of gratuity and pension funds:

- Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was 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 SSC's, RIC's, DSC's 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 investments.
- 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.

37.2 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2021, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
	Rupees					
37.2.1 Consolidated statement of financial position reconciliation						
Present value of obligation (note 37.2.3)	311,658	414,687	72,202	67,423	20,304	26,836
Fair value of plan assets (notes 37.2.4 and 37.2.12)	(214,650)	(398,165)	(106,426)	(98,765)	(40,801)	(38,020)
Deficit / (surplus) of funded plans	97,008	16,522	(34,224)	(31,342)	(20,497)	(11,184)
Payable to Defined Contribution Gratuity Fund	-	-	-	9,536	-	-
Payable in respect of inter-transfers	-	-	-	46	-	-
Unrecognised asset	-	-	-	-	20,497	11,184
Net liability / (asset) at end of the year	97,008	16,522	(34,224)	(21,760)	-	-
37.2.2 Movement in net liability / (asset) recognised						
Net liability / (asset) at beginning of the year	16,522	216,694	(21,760)	(38,838)	-	-
Charge / (Reversal) for the year (note 37.2.5)	22,429	44,831	(197)	(2,460)	(677)	(1,021)
Contributions made during the year to the fund	-	(216,695)	-	-	-	-
Payments made to outgoing members by the Company	-	-	(9,782)	-	-	-
Remeasurements charged to OCI (note 37.2.7)	58,057	(28,308)	(2,485)	19,538	677	1,021
Net liability / (asset) at end of the year	97,008	16,522	(34,224)	(21,760)	-	-

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
	Rupees					
37.2.3 Movement in defined benefit obligation						
As at beginning of the year	414,687	394,314	87,423	84,519	26,836	24,018
Current service cost	21,080	20,650	2,277	2,504	-	-
Interest cost	35,334	44,002	5,560	7,154	2,116	2,488
Benefits paid during the year	(208,146)	(26,832)	(22,814)	(13,917)	(3,192)	(3,910)
Remeasurements charged to OCI (note 37.2.7)	48,703	(17,447)	(244)	7,163	(3,436)	4,240
As at end of the year	311,658	414,687	72,202	87,423	22,324	26,836
37.2.4 Movement in fair value of plan assets						
At beginning of the year	398,165	177,620	98,965	112,937	38,820	38,277
Expected return on plan assets	33,885	19,821	8,134	12,318	3,096	4,009
Contributions by the Company	-	216,695	-	-	-	-
Benefits paid during the year	(208,146)	(26,832)	(22,814)	(13,917)	(3,192)	(3,910)
Remeasurements charged to OCI (note 37.2.7)	(9,264)	10,861	2,241	(12,373)	4,096	444
As at end of the year	214,620	398,165	86,526	98,965	42,820	38,820
37.2.5 Charge / (reversal) for the year						
Current service cost	21,080	20,650	2,277	2,504	-	-
Net interest cost	1,349	24,181	(2,474)	(5,164)	(676)	(1,521)
	22,429	44,831	(197)	(2,660)	(676)	(1,521)
37.2.6 Actual return on plan assets	24,631	31,217	10,375	106	7,192	4,453

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
	Rupees					
37.2.7 Remeasurement recognised in the Consolidated Statement of Comprehensive Income						
(Gain) / loss from change in experience assumptions	47,787	(16,484)	(244)	7,163	290	832
(Gain) / loss from change in financial assumptions	916	(963)	-	-	(3,726)	3,408
Remeasurement of obligation	48,703	(17,447)	(244)	7,163	(3,436)	4,240
Expected return on plan assets (note 37.2.4)	33,885	19,821	8,134	12,318	3,096	4,009
Actual return on plan assets (note 37.2.6)	(24,631)	(31,217)	(10,375)	(106)	(7,192)	(4,453)
Difference in fair value opening	-	535	-	161	-	-
Remeasurement of plan assets	9,264	(10,861)	(2,241)	12,373	(4,096)	(444)
Effect of asset ceiling	-	-	-	-	8,208	(2,275)
	57,967	(28,308)	(2,485)	19,536	676	1,521

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
37.2.8 Principal actuarial assumptions used in the actuarial valuation						
Discount rate	11.75%	8.5%	11.75%	8.5%	11.75%	8.5%
Expected per annum rate of return on plan assets	11.75%	8.5%	11.75%	8.5%	11.75%	8.5%
Expected per annum rate of increase in salaries - next year	10.75%	7.0%	11.75%	8.5%	-	-
Expected per annum rate of increase in salaries-long term	10.75%	7.0%	11.75%	8.5%	-	-

37.2.9 Demographic Assumptions

	NMPT	MPT	Pension
Mortality rate	SLIC (2001-05) - 1	SLIC (2001-05) - 1	SLIC (2001-05) - 1
Rate of employee turnover	Light	Heavy	-

(Amounts in thousand)

37.2.10 Sensitivity Analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption			Decrease in assumption		
	Gratuity Funds		Pension	Gratuity Funds		Pension
	NMPT	MPT	Fund	NMPT	MPT	Fund
	Rupees					
Discount Rate	283,338	70,012	21,381	344,322	74,517	23,393
Long Term Salary Increases	344,322	74,496	-	292,858	69,903	-
Long Term Pension Increases	-	-	23,468	-	-	21,286

37.2.11 Maturity Profile

Time in Years	Gratuity Funds		Pension
	NMPT	MPT	Fund
	Rupees		
1	11,642	9,582	3,910
2	15,272	2,059	3,910
3	19,588	39,030	3,910
4	19,294	21,398	3,910
5-10	253,891	43,295	3,910
11-15	476,923	2,183	3,910
16-20	575,398	13,439	3,910
20+	2,117,210	-	3,910
Weighted average duration (years)	9.09	3.03	4.22

37.2.12 Plan assets comprise of the following:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT *			
	2021		2021		2021	
	Rupees	(%)	Rupees	(%)	Rupees	(%)
Fixed income instruments	151,488	71	79,970	75	42,821	100
Investment in equity instruments	63,162	29	28,459	25	-	-
	214,650	100	108,429	100	42,821	100

* The employees of the Holding Company in respect of gratuity are members of Defined Benefit Gratuity Fund maintained and operated by the Parent Company. Accordingly, the above information is based upon the plan assets of Engro Corporation Limited Gratuity Fund.

37.2.13 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 reporting date.

37.2.14 Expected future cost / (reversal) for the year ending December 31, 2022 is as follows:

	Rupees
- Gratuity Fund - NMPT	26,237
- Gratuity Fund - MPT	6,336
- Pension Fund	(2,278)

37.2.15 Historical information of staff retirement benefits:

	2021	2020	2019	2018	2017
	Rupees				
Gratuity Fund - NMPT					
Present value of defined benefit obligation	311,658	414,687	394,314	325,678	296,881
Fair value of plan assets	(214,650)	(398,165)	(177,620)	(176,611)	(165,049)
Deficit	97,008	16,522	216,694	149,067	131,832
Gratuity Fund - MPT					
Present value of defined benefit obligation	72,202	67,423	64,519	104,068	146,542
Fair value of plan assets	(108,429)	(98,965)	(112,937)	(136,832)	(186,223)
Surplus	(36,227)	(31,542)	(48,418)	(32,764)	(39,681)
Pension Fund					
Present value of defined benefit obligation	22,324	26,836	24,018	24,600	29,156
Fair value of plan assets	(42,821)	(38,820)	(38,277)	(38,104)	(40,713)
Surplus	(20,497)	(11,984)	(14,259)	(13,504)	(11,557)

37.3 Defined contribution plans

An amount of Rs. 322,111 (2020: Rs. 262,090) has been charged during the year in respect of defined contribution plans maintained by the Parent Company.

38. CASH GENERATED FROM OPERATIONS

	2021	2020
	Rupees	
Profit before taxation	29,830,245	21,298,477
Adjustment for non-cash charges and other items:		
Depreciation (note 4.2)	2,884,200	5,236,004
Amortisation of intangibles (note 5.3)	144,891	107,257
Amortisation of deferred income	(3,865)	(3,865)
Gain on disposal of operating assets (note 29)	-	(13,244)
Loss on disposal of operating assets (note 30)	27,701	-
Write off of intangibles (note 30)	64,639	-
Provision for retirement and other service benefits	67,414	74,425
Income on deposits / other financial assets (note 29)	(1,631,204)	(1,439,335)
Exchange loss on revaluation of long term borrowings (note 16.6)	143,967	66,351
Amortization of transaction cost on borrowings (note 16.6)	2,344	5,293
Remeasurement gain on GIDC provision (note 20)	742,982	(2,121,369)
Finance cost (note 31)	1,455,686	3,164,641
Provision against stock-in-trade (note 8.1)	111,129	403,276
Provision for surplus and slow moving stores and spares (note 7)	241,970	21,936
Reversal of provision of stores and spares (note 7)	(24,797)	-
Provision for impairment against trade debts (note 9)	49,242	3,294
Loss allowance on subsidy receivable from the GoP	557,700	1,208,912
Provision against input tax disallowance	-	1,333,000
Working capital changes (note 38.1)	(15,636,826)	25,607,753
	19,057,818	54,982,765

(Amounts in thousand)

	2021	2020
	Rupees	
38.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(233,364)	(1,147,298)
- Stock-in-trade	(6,067,918)	4,541,188
- Trade debts	(212,701)	11,204,873
- Loans, advances, deposits and prepayments	767	319,849
- Other receivables	(4,931,143)	(1,463,226)
	(11,444,359)	13,515,386
(Decrease) / increase in trade and other payables	(4,192,469)	12,092,367
	(15,636,828)	25,607,753

39. CASH AND CASH EQUIVALENTS

	2021	2020
Cash and bank balances (note 13)	1,266,722	3,611,441
Short term investments	15,228,152	1,940,058
Short term borrowings (note 22)	(4,117,658)	(425,120)
	12,377,216	5,126,379

40. FINANCIAL INSTRUMENTS BY CATEGORY

	2021	2020
Financial assets at amortised cost		
Loans, advances and deposits	1,486,808	1,379,285
Trade debts	3,138,938	2,906,353
Other receivables	5,130,269	5,618,875
Accrued income	19,210	157,805
Short term investment	3,205,533	257,714
Cash and bank balances	1,266,722	3,611,441
	14,247,700	13,931,473
Financial assets at fair value through profit or loss		
Short term investments	12,032,219	-
Financial assets at fair value through other comprehensive income		
Short term investments	-	26,505,278
Financial liabilities at amortised cost		
Long term borrowings	17,215,345	23,575,694
Government grant	1,079,703	-
Trade and other payables	20,594,610	18,417,631
Accrued interest / mark-up	262,571	263,054
Short-term borrowings	4,117,658	425,120
Loan from Parent Company	5,200,000	1,000,000
	48,469,887	43,681,499

41. FINANCIAL RISK MANAGEMENT

41.1 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 program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's Finance and Planning department under policies approved by the Management Committee.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments, foreign currency loan liabilities and related interest payments. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at December 31, 2021, if exchange rates had been 1% higher / lower with all other variables held constant, post tax consolidated profit for the year would have been lower / higher by Rs. 6,880.

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 long-term borrowings and short-term investments. Borrowing are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

As at December 31, 2021, if interest rates had been 1% higher / lower with all other variables held constant, post tax consolidated profit for the year would have been lower / higher by Rs. 165,625.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors effecting all similar financial instruments traded in the market. The Group is exposed to price risk on its investments in mutual funds.

As at December 31, 2021, if net asset value had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 85,429.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

(Amounts in thousand)

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 an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and AM3 respectively. However, the Group maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Group is exposed to a 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 the majority of trade debts against bank guarantees and inland letter of credit.

The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors of the Holding Company.

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:

	2021	2020
	Rupees	
Loans, advances and deposits	1,486,808	1,379,285
Trade debts	3,069,811	2,906,353
Other receivables	5,130,369	5,618,675
Accrued income	19,310	157,805
Short term investments	12,287,269	257,714
Bank balances	1,246,296	3,601,879
	23,239,883	13,921,911

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. The credit quality of Group's bank balances and short term investments can be assessed with reference to recent external credit ratings as follows:

	Rating agency	Rating Short term	Rating Long term
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
The Bank of Punjab	PACRA	A1+	AA
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Citi Bank N.A.	MOODY'S	P1	Aa3
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A1	AA
Silk Bank Limited	JCR-VIS	A2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position 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.

	2021 Maturity upto one year	2021 Maturity after one year	2021 Total	2020 Maturity upto one year	2020 Maturity after one year	2020 Total
	Rupees			Rupees		
Financial liabilities						
Long-term borrowings	6,940,612	14,044,134	20,984,746	11,557,241	14,960,460	26,517,701
Trade and other payables	20,394,610	-	20,394,610	18,417,831	-	18,417,831
Accrued interest / mark-up	262,671	-	262,671	265,054	-	265,054
Short-term borrowings	4,117,658	-	4,117,658	425,120	-	425,120
Loan from Parent Company	5,533,493	-	5,533,493	1,060,132	-	1,060,132
	37,448,844	14,044,134	51,492,978	31,725,178	14,960,460	46,685,638

41.2 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 shareholders and benefit for other stakeholders 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 total long term borrowings to equity ratio as at December 31, 2021 based on total long term borrowings at its present value of Rs. 17,215,345 (2020: Rs. 23,575,894) and total equity of Rs. 47,086,808 (2020: Rs. 46,730,740) was 27%:73% (2020: 34%:66%).

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 minimize risk.

41.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at December 31, 2021, all financial assets and financial liabilities, except for investment in units of mutual funds, are carried at amortised cost. Mutual funds are measured at fair value using the fair value measurement method in accordance with IFRS 13.

(Amounts in thousand)

The carrying value of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- 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).

There were no transfers between the levels of hierarchy during the year.

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	Rupees			
As at December 31, 2021				
Fair value through profit or loss	-	12,002,219	-	12,002,219
As at December 31, 2020				
Fair value through other comprehensive income	-	28,505,278	-	28,505,278

Represents investment in units of mutual funds are measured at fair value using the fund's respective net asset value.

41.4 The carrying value of all other financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

42. TRANSACTIONS WITH RELATED PARTIES

42.1 Following are the names of associated companies, undertakings and other related parties with whom the Group had entered into transactions or had agreements and arrangements in place during the year:

Name of Related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.27%	Parent Company
Engro Eximp FZE (Private) Limited	N/A	Subsidiary of Parent Company
Engro Digital	N/A	Subsidiary of Parent Company
Engro Elengy Terminal (Private) Limited	N/A	Subsidiary of Parent Company
Engro Energy Limited	N/A	Subsidiary of Parent Company
Engro Eximp Agriproducts (Private) Limited	N/A	Subsidiary of Parent Company
Engro Polymer and Chemicals Limited	N/A	Subsidiary of Parent Company
Engro Powergen Qadirpur Limited	N/A	Subsidiary of Parent Company
Engro Infiniti (Private) Limited	N/A	Subsidiary of Parent Company
Engro Powergen Thar (Private) Limited	N/A	Subsidiary of Parent Company
Engro Enfrashare (Private) Limited	N/A	Subsidiary of Parent Company
Engro Connect (Private) Limited	N/A	Subsidiary of Parent Company
Engro Empiric A.I.	N/A	Subsidiary of Parent Company
FrieslandCampina Engro Pakistan Limited	N/A	Associate of Parent Company
Engro Foundation	N/A	Associate of Parent Company
Engro Vopak Terminal Limited	N/A	Associate of Parent Company
Sindh Engro Coal Mining Company Limited	N/A	Associate of Parent Company
Dawood Lawrencepur Limited	N/A	Associate of Parent Company
Pakistan Institute of Corporate Governance (PICG)	N/A	Associate of Parent Company
Dawood Foundation	N/A	Associate of Parent Company
Ghias Khan	N/A	Director
Asim Murtaza Khan	N/A	Director
Abdul Samad Dawood	N/A	Director
Asad Said Jafar	N/A	Director
Javed Akbar	N/A	Director
Mazhar Abbas Hasnani	N/A	Director
Dr. Shamshad Akhtar	N/A	Director
Khawaja Bilal Hussain	N/A	Director
Nadir Salar Qureshi	N/A	Chief Executive Officer
Amir Iqbal	N/A	Key Management Personnel
Imran Ahmed	N/A	Key Management Personnel
Mohammad Azhar Malik	N/A	Key Management Personnel
Muhammad Majid Latif	N/A	Key Management Personnel
Salman Gohar	N/A	Key Management Personnel
Shahzad Nabi	N/A	Key Management Personnel
Khusrau Nadir Gilani	N/A	Key Management Personnel
FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	N/A	Associate of Parent Company
Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited DB Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited Provident Fund	N/A	Post Employment Benefits

42.2 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:

	2021	2020
	Rupees	
Parent Company		
Dividend paid	11,645,337	8,264,433
Mark-up paid on subordinated loan	81,042	1,225
Reimbursements made:		
- by the Group	1,354,780	892,090
- to the Group	212,570	339,769
Royalty	1,284,441	1,090,516
Receipt of loan from Parent Company - net	4,200,000	1,000,000
Associated companies		
Purchases and services received	236,459	170,463
Services provided	131,471	131,534
Reimbursements made:		
- by the Group	16,900	52,321
- to the Group	312,647	12,171
Donations	263,000	198,500
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	802	796

(Amounts in thousand)

	2021	2020
	Rupees	
Contribution to staff retirement benefits		
Pension fund	7,253	7,521
Gratuity fund	157,297	142,340
Provident fund	177,748	157,281
Dividend paid to staff retirement benefits		
Pension fund	102	134
Gratuity fund	2,557	2,474
Provident fund	-	2,906
Others		
Remuneration of key management personnel	240,236	242,159
Directors' fees	16,590	11,162

43. OPERATING SEGMENT RESULTS

	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	-	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	-	-	-	-	-	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		2021	2020
		Rupees	
43.1	**Reconciliation of reportable segment net sales**		
	Net Sales		
	Total net sales for reportable segment	138,800,056	108,993,796
	Elimination of intersegment net sales	(6,388,776)	(2,942,240)
	Elimination of net sales to subsidiary	(48,142)	(205,242)
	Total net sales	132,363,138	105,846,314
43.2	**Reconciliation of reportable segment total assets**		
	Total assets for reportable segments	116,294,599	101,181,137
	Add : Unallocated assets		
	- Accrued income	19,310	167,806
	- Short term investments	15,237,752	26,762,992
	- Cash and Bank balances	1,266,722	3,611,441
		16,523,784	30,532,238
	Total assets	132,818,383	

44. PRODUCTION CAPACITY

	Designed annual capacity Metric Tons		Actual production Metric Tons		Remarks
	2021	2020	2021	2020	
Urea plant I & II	2,275,000	2,275,000	2,104,722	2,263,806	Production planned as per market demand
NPK plant	100,000	100,000	144,584	127,082	

45. NUMBER OF EMPLOYEES

	Number of employees as at December 31		Average number of employees during the year	
	2021	2020	2021	2020
Management employees	913	826	863	781
Non-management employees	469	536	469	535
	1,382	1,362	1,332	1,316

46. CONTRIBUTORY RETIREMENT FUNDS

The employees of the Group participate in the Retirement Fund maintained by the Parent Company. The investments out of the retirement fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified there under.

(Amounts in thousand)

47. 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.

48. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on February 10, 2022 has proposed a final cash dividend of Rs. 6 per share for the year ended December 31, 2021 amounting to Rs. 6,676,497 for approval of the members at the Annual General Meeting to be held on March 22, 2022.

49. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with the requirements of accounting and reporting standards applicable on the Group.

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 10, 2022 by the Board of Directors of the Holding Company.

Imran Ahmed	Nadir Salar Qureshi	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

financial statements for the year ended december 31, 2021

independent auditor's report

to the members of Engro Fertilizers Limited

report on the audit of the financial statements

opinion

We have audited the annexed financial statements of Engro Fertilizers Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

basis for opinion

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

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

Following are the key audit matters:

S.No	Key audit matters	How the matter was addressed in our audit
01	**Income tax and Sales tax provisions and contingencies** (Refer notes 20 and 35 to the financial statements) The Company 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 Company to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company in respect of such provisions and contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of these matters and use of significant management judgement and estimates to assess the same including related financial impacts, we have considered provisions and contingent liabilities relating to income tax and sales tax matters involving the Company as a key audit matter.	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 Company's management; - circularised confirmations to the Company's external legal and tax advisors for their views on matters being handled by them; - involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors engaged by the Company; - checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - checked mathematical accuracy of the calculations underlying the provisions; and - assessed the adequacy of the related disclosures made in the financial statements with respect to the applicable accounting and reporting standards.
02	**Loss allowance on Subsidy receivable from the Government of Pakistan** (Refer notes 13 and 34 to the financial statements) As per the Expected Credit Losses (ECL) impairment model under IFRS 9 - "Financial Instruments", the management of the Company is required to assess changes in credit risk, by taking into account time value of money, reasonable and supportable information regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognise ECL, if any, at each reporting date. The Company's management, taking cognisance of the aforementioned requirements of IFRS 9, has made an assessment of ECL on "Subsidy receivable from the Government of Pakistan" giving consideration to the time value of money based on expected recovery of subsidy receivable. The Company has determined loss allowance of Rs. [illegible] thousand in this respect, based on various assumptions. Due to the significance of the amount and judgements involved in estimation of ECL on subsidy receivable, we have considered this as a key audit matter.	Our audit procedures, amongst others, included the following: - obtained an understanding of the financial model used by the Company's management for the determination of ECL on subsidy receivable; - involved our internal specialist to independently evaluate the appropriateness of the Company's assumptions used to determine the time value of money; - assessed the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis; - checked the mathematical accuracy of the model by performing recalculations; and - assessed the adequacy of the related disclosures made in the financial statements with respect to the applicable accounting and reporting standards.
03	**Provision in respect of Gas Infrastructure Development Cess** (Refer note 22 to the financial statements) As at December 31, 2021, the Company carries a provision of Rs. [illegible] thousand in respect of Gas Infrastructure Development Cess (GIDC). The Company had obtained stay order from Sindh High Court (SHC) against the collection of GIDC, till the finalisation of matter by SHC. Furthermore, in pursuant to the decision of Supreme Court of Pakistan (SCP) dated November 2, 2020, the Company has, without prejudice to the suit filed in SHC, re-measured its previously undiscounted GIDC provision at its present value in 48 monthly instalments that are due from August 2020 but has not been paid as of December 31, 2021 which resulted in recognition of remeasurement loss amounting to Rs. [illegible] thousand in these financial statements. Due to significance of the amounts involved in the aforementioned matter and the legal forum at which this matter is currently pending, the ultimate outcome and the resultant accounting in the financial statements is subject to the exercise of significant judgement which may change over time as new facts emerge and the legal case progresses. Therefore, we have considered this to be a key audit matter.	Our audit procedures, amongst others, included the following: - obtained an understanding of the background facts pertaining to provision recorded in respect of GIDC through meetings with the management and review of the minutes of the meetings of those charged with governance; - read the detailed judgement of the SCP and judgement on review petition by the SCP; - read details of suit filed in the SHC and stay order granted by the SHC; - obtained and read the "Guidance on Accounting of GIDC" issued by ICAP and understood the management's process for applying judgements in relation to change in accounting estimate and held discussions with the management regarding accounting treatment and the related impact thereof, subsequent to judgements of SCP; - checked the requirements of GIDC Act, 2015; - obtained confirmation from external legal counsel in respect of the current developments in the case including their assessment of the potential outcome of the matter; - checked the mathematical accuracy of the management's working of current / non - current classification of GIDC provision, its present value and assessed its accuracy and reasonableness of key estimates used; and - checked the appropriateness of disclosures made in the financial statements in relation to the matter in accordance with the applicable accounting and reporting standards.

information other than the financial statements and consolidated financial statements and auditor's reports thereon

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

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

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 Salman Hussain.

Chartered Accountants
Karachi

Date: February 28, 2022

UDIN: [illegible]

statement of financial position
as at december 31, 2021

(Amounts in thousand)

	Note	2021	2020
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	73,081,480	65,794,134
Intangible assets	5	5,301,469	5,104,817
Investment in subsidiary	6	100	100
Long-term loans, advances and deposits	7	80,577	80,129
		78,393,576	70,979,170
Current assets			
Stores, spares and loose tools	8	6,499,976	6,410,795
Stock-in-trade	9	6,176,580	6,720,201
Trade debts	10	2,182,183	2,038,071
Working capital loan to subsidiary	11	6,601,772	-
Loans, advances, deposits and prepayments	12	1,906,198	1,761,817
Other receivables	13	12,818,862	8,999,014
Accrued income		807,417	203,437
Taxation - net		-	3,118,949
Short-term investments	14	14,097,250	28,074,550
Cash and bank balances	15	1,190,298	5,982,828
		50,417,201	57,296,062
TOTAL ASSETS		128,810,777	128,275,232

(Amounts in thousand)

	Note	2021	2020
		Rupees	
EQUITY & LIABILITIES			
Equity			
Share capital	16	13,332,993	13,332,993
Reserves			
Share premium	17	3,384,904	3,384,904
Reserve on amalgamation	17	(504,027)	(504,027)
Remeasurement of post employment benefits	17	(80,220)	(50,765)
Unappropriated profit	17	29,184,586	28,802,702
		31,985,243	31,632,814
TOTAL EQUITY		45,318,236	44,965,807
Liabilities			
Non-current liabilities			
Borrowings	18	11,459,534	13,514,080
Government grant	19	325,494	-
Deferred taxation	20	11,942,969	11,877,783
Deferred liabilities	21	398,292	370,298
Provision for Gas Infrastructure Development Cess (GIDC)	22	6,393,848	10,610,379
		30,520,167	35,972,538
Current liabilities			
Trade and other payables	23	34,069,428	26,626,243
Accrued interest / mark-up		290,154	290,229
Taxation - net		1,129,478	-
Current portion of:			
- borrowings	18	5,766,811	10,081,614
- government grant	19	154,208	-
- deferred liabilities	21	89,838	83,798
- provision for GIDC	22	11,818,337	8,925,824
Short-term borrowings	24	4,117,958	250,331
Loan from Holding Company	25	5,000,000	1,000,000
Unclaimed dividend		48,471	67,320
		52,972,374	47,306,887
TOTAL LIABILITIES		83,492,541	83,279,425
Contingencies and Commitments	26		
TOTAL EQUITY AND LIABILITIES		128,810,777	128,275,232

The annexed notes from 1 to 52 form an integral part of these financial statements.

Imran Ahmad	Nadir Salar Qureshi	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

statement of profit or loss
for the year ended december 31, 2021

(Amounts in thousand except for earnings per share)

	Note	2021	2020
		Rupees	
Net sales	27	90,584,878	75,055,844
Cost of sales	28	(55,087,350)	(45,994,197)
		35,497,528	29,061,647
Selling and distribution expenses	29	(7,794,845)	(7,308,336)
Administrative expenses	30	(1,858,876)	(1,870,868)
		25,843,807	19,882,444
Other income	31	7,681,257	3,320,011
Other operating expenses	32	(2,638,994)	(1,888,464)
Finance cost	33	(1,680,490)	(3,277,761)
Other gains / (losses):			
- Remeasurement (loss) / gain on provision for GIDC	22	(742,997)	2,191,389
- Loss allowance on subsidy receivable from GoP	34	(557,700)	(1,508,912)
		(1,300,697)	682,477
Profit before taxation		27,910,928	18,917,887
Taxation	35	(6,841,310)	(2,102,575)
Profit for the year		21,069,618	16,815,312
Earnings per share - basic and diluted	36	15.76	12.58

The annexed notes from 1 to 62 form an integral part of these financial statements.

Imran Ahmad
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

statement of comprehensive income
for the year ended december 31, 2021

(Amounts in thousand)

	2021	2020
	Rupees	
Profit for the year	21,069,618	16,815,312
Other comprehensive (loss) / income:		
Items not re-classifiable to profit or loss		
- Remeasurement of post employment benefits obligation	(55,572)	8,772
- Tax relating to remeasurement of post employment benefits obligation	16,117	(2,544)
	(39,455)	6,228
Total comprehensive income for the year	21,030,163	16,821,540

The annexed notes from 1 to 62 form an integral part of these financial statements.

Imran Ahmad
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

statement of changes in equity
for the year ended december 31, 2021

(Amounts in thousand)

	Share capital	Share premium	Reserve on amalgamation	Remeasurement of post employment benefits	Unappropriated profit	Total
	Reserves					
	Capital			Revenue		
	Rupees					
Balance as at January 1, 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transactions with owners						
Dividends:						
- Final 2020: Rs. 4.00 per share	-	-	-	-	[illegible]	[illegible]
- 1st interim 2021: Rs. 4.00 per share	-	-	-	-	[illegible]	[illegible]
- 2nd interim 2021: Rs. 4.00 per share	-	-	-	-	[illegible]	[illegible]
- 3rd interim 2021: Rs. 5.50 per share	-	-	-	-	[illegible]	[illegible]
	-	-	-	-	[illegible]	[illegible]
Total comprehensive income for the year ended December 31, 2021						
Profit for the year	-	-	-	-	21,059,318	21,059,318
Other comprehensive income:						
- remeasurements, net of tax	-	-	-	(28,462)	-	(28,462)
	-	-	-	(28,462)	21,059,318	21,030,856
Balance as at December 31, 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance as at January 1, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transactions with owners						
Dividends:						
- Final 2019: Rs. 2.00 per share	-	-	-	-	[illegible]	[illegible]
- 1st interim 2020: Rs. 4.00 per share	-	-	-	-	[illegible]	[illegible]
- 2nd interim 2020: Rs. 5.00 per share	-	-	-	-	[illegible]	[illegible]
	-	-	-	-	[illegible]	[illegible]
Total comprehensive income for the year ended December 31, 2020						
Profit for the year	-	-	-	-	14,816,312	14,816,312
Other comprehensive income:						
- remeasurements, net of tax	-	-	-	5,228	-	5,228
	-	-	-	5,228	14,816,312	14,821,540
Balance as at December 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The annexed notes from 1 to 52 form an integral part of these financial statements.

Imran Ahmad
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

statement of cash flows
for the year ended december 31, 2021

(Amounts in thousand)

	Note	2021	2020
		Rupees	
Cash flows from operating activities			
Cash generated from operations	40	19,279,813	34,186,998
Retirement and other service benefits paid		(150,853)	(47,904)
Taxes paid		(2,311,558)	(2,971,164)
Long-term loans, advances and deposits		(29,891)	82,793
Net cash generated from operating activities		16,787,511	31,252,941
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(10,987,298)	(5,263,704)
Proceeds from disposal of operating assets	4.4	11,807	45,846
Disbursement of working capital loan to subsidiary		(35,768,917)	(10,170,170)
Payment received against working capital loan to subsidiary		29,167,146	28,415,844
Purchase of short-term investments		-	(23,134,802)
Proceeds from sale of short-term investments		23,134,802	2,889,850
Dividends received		4,821,711	426,470
Income on deposits / other financial assets		1,867,471	2,774,490
Net cash generated from / (utilised in) investing activities		12,766,529	(5,006,077)
Cash flows from financing activities			
Proceeds from long-term borrowings	16.8	3,925,077	1,341,725
Loan from Holding Company - net	25	4,200,000	1,000,000
Repayment of long-term borrowings	16.8	(9,852,094)	(8,790,124)
Finance cost paid		(1,284,354)	(3,820,879)
Dividends paid		(20,704,983)	(14,681,020)
Net cash utilised in financing activities		(23,468,194)	(24,840,298)
Net increase in cash and cash equivalents		5,087,840	606,572
Cash and cash equivalents at beginning of the year		6,071,956	4,465,383
Cash and cash equivalents at end of the year	41	11,158,796	6,071,956

The annexed notes from 1 to 52 form an integral part of these financial statements.

Imran Ahmad
Chief Financial Officer

Nadir Salar Qureshi
Chief Executive Officer

Ghias Khan
Chairman

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Fertilizers Limited ('the Company') is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company is listed on Pakistan Stock Exchange Limited (PSX).

The Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The business units of the Company include the following:

Business Unit	Geographical Location
Head / Registered Office	7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
Engro Daharki Plant	Distric Ghotki, Sindh.
Engro Zarkhez Plant	EZ / 1 / P – 1 – II Eastern Zone, Port Qasim, Karachi.
Seeds Processing Plant	Rahim Yar Khan, Punjab.

1.2 These financial statements are the unconsolidated financial statements of the Company. The consolidated financial statements of the Company and its wholly owned subsidiary are presented separately. Details of investment held by the Company in its subsidiary has been provided in note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value through profit or loss and through OCI and recognition of certain staff retirement benefits at present value.

2.1.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable on the Company 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 requirements of IFRSs, the provisions of and directives issued under the Act have been followed for the preparation and presentation of the financial statements.

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.4 Initial application of a Standard, Amendment or an Interpretation to an existing Standard

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

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform - Phase 2**

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

The objective of the disclosures required by the Phase 2 amendments is to enable users of financial statements to understand the effect of Inter-Bank Offer Rate (IBOR) reform on an entity's financial instruments and risk management strategy. An entity needs to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. The relevant information is disclosed in note 18.5.

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2021, however, these are considered not to have a significant impact on the Company's financial reporting and operations and therefore have not been presented here.

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

The new standard and amendments to the published standards that are not effective for the period beginning on January 1, 2021 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

2.2 Property, plant and equipment

2.2.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold 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 (note 2.23). The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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 other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Disposal of asset is recognised when significant risk 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.

Depreciation is charged to the 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, if significant, is depreciated over its useful life. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

Depreciation method, useful lives and residual values are reviewed annually.

2.2.2 Leased assets

The Company recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant period rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

2.3 Intangible assets

a) Computer software and licenses

Costs associated with 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 costs.

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 put to use on a straight-line basis over a period of 4 years, except for the Company's investment in its ERP i.e. OneSAP which is amortised over a period of 8 years.

b) Rights for future gas utilization

Rights for future gas utilization represent premium paid to the GoP for allocation of 100 MMSCFD natural gas for a period of 20 years for Enven plant. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

c) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Company's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

d) Right to use the brand

These are stated at cost less impairment, if any.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is tested for impairment atleast once a year and other intangibles with indefinite life are tested for impairment at reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to consolidated statement of profit or loss.

Impairment is reversed only if there have been changes in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had there been no recognition of impairment, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

2.5 Investment in subsidiary

Investments in subsidiary companies are initially recognised at cost. These are subsequently measured at cost less accumulated impairment, if any. Where impairment losses subsequently reverse, the carrying amount of the investments are increased to the revised amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised as an income.

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

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

2.7 Financial assets

2.7.1 Classification, initial recognition and measurement

Financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The management determines the classification of financial assets into appropriate categories based on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) 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.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) 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.

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the statement of profit or loss. Financial assets carried at fair value through other comprehensive income are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair values of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

2.7.2 Derecognition

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

2.7.3 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company measures ECL of a financial instrument 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) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of expected credit losses 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 at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

2.8 Financial liabilities

The Company recognises a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or 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 or 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.

2.9 Offsetting financial instruments

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

2.10 Stores, spares and loose tools

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

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as major spare parts and stand by equipment.

2.11 Stock-in-trade

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

Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to be incurred in order to make the sales.

2.12 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. The amount of provision is charged to the statement of profit or loss.

Trade debts and other receivables considered irrecoverable are written-off.

2.13 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

2.14 Share capital

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

2.15 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 the statement of profit or loss over the period of the borrowings using the effective interest rate method.

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

2.16 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 12 months or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.17 Current and deferred income tax

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

Current

The current income tax charge 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 method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that 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.

2.18 Employee benefits

2.18.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity 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 statement of 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 Company contributes to:

- defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary;
- defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund as explained in note 2.18.3. Monthly contributions are made by the Company to the fund at rates ranging from 12.5% to 13.75% of basic salary; and
- defined contribution gratuity fund for the benefit of those management employees who have selected to opt out of defined benefit gratuity fund and defined contribution pension plans as more fully explained in note 2.18.3. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

All of the aforementioned funds are managed by the Holding Company.

2.18.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit Method, related details of which are given in note 39 to the financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognised directly in equity through the statement of 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 Company also contributes to:

- defined benefit funded pension scheme for its management employees.
- defined benefit funded gratuity schemes for its management and non-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.

2.18.3 In June 2011, the Company gave a one time irrevocable option to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employees' 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.

2.18.4 Service incentive plan

The Company recognises provision under a service incentive plan for certain category of experienced employees to continue in the Company's employment.

2.18.5 Employees' compensated absences

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

2.19 Provisions

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

2.20 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. Amounts presented in these financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated 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 exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

2.21 Revenue recognition

Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good to a customer at a point in time. The assessment of satisfaction of performance obligations depends on the contractual terms i.e. either when the product is dispatched or when it is delivered by the Company at customer's premises.

Revenue from services is recognised when the related services have been rendered.

Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The credit limits in contracts with customers range from 30 to 180 days.

2.22 Other Income

Income on deposits and other financial assets is recognised on accrual basis.

Commission and sub-licensing income is recognised on accrual basis in accordance with the substance of the relevant agreement.

Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.

2.23 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 capitalised as part of the cost of that asset. Borrowing costs includes exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

2.24 Research and development costs

Research and development costs are charged to the statement of profit or loss as and when incurred.

(Amounts in thousand)

2.25 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 on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

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.

2.26 Earnings per share

The Company 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 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.

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

2.28 Dividend and appropriation to reserves

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. During the year, the Company has reassessed the useful lives and residual values of its property, plant and equipment as disclosed in note 4.3.

3.2 Income taxes

In making the estimates for income taxes, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of current and deferred taxes is made taking into account these judgments and the best estimates of future results of operations of the Company.

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depends on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 39.

3.4 Impairment of goodwill and right to use the brand

Determining the recoverable value of goodwill and right to use the brand involves use of significant estimates and assumptions. In making the aforementioned fair valuation estimates, discounted cash flow approach is used. The underlying assumptions used for such valuation are disclosed in note 5.1.

3.5 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.

3.6 Impairment of financial assets

Significant estimates are involved in the assessment of the correlation between historical observed default rates and the projection of cashflows, forecast economic conditions and ECL. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions.

4. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	Rupees	
Operating assets at net book value (note 4.1)	60,601,082	59,666,961
Capital work in progress (CWIP) (note 4.6)	11,514,282	5,171,126
Major spare parts and stand-by equipment	916,126	896,037
	73,031,490	65,734,124

(Amounts in thousand)

4.1 Operating assets

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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

	2021	2020
	Rupees	
Cost of sales (note 28)	2,655,439	5,113,518
Selling and distribution expenses (note 29)	139,940	46,357
Administrative expenses (note 30)	88,881	78,029
	2,884,260	5,238,004

4.3 During the year, the Company engaged an independent expert to carry out an assessment of scrap values and useful lives of certain items of Property, Plant and Equipment. Based on the valuation report of the expert, the scrap values have increased from 0% - 5% to 0% - 17% of their cost. Additionally, remaining useful lives have increased in the range of 5 to 18 years. This change in accounting estimate of useful lives and scrap values has been accounted for prospectively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and has resulted in a decrease in depreciation charge for the year by Rs. 2,519,782 and increase in carrying value of Property, Plant and Equipment by the same amount.

Had there been no change in the accounting estimates as disclosed above, the profit after tax for the current year would have been lower by Rs. 1,790,453 approximately.

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

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)
			Rupees			
Items having net book value Rs. 500 each or more						
Vehicle to employees						
As per company policy	[illegible]	2,277	394	1,883	2,250	367
As per company policy	[illegible]	2,391	371	2,020	2,312	292
As per company policy	[illegible]	2,583	441	2,142	2,240	98
As per company policy	Hassan Mustafa	2,538	467	2,071	2,422	351
Plant and machinery, other equipment and vehicles - Write off	Not applicable	[illegible]	[illegible]	[illegible]	-	[illegible]
Items having net book value of upto Rs. 500 each						
Laptops and other equipment	Various	10,044	7,780	2,264	2,593	329
Year ended December 31, 2021		67,437	27,849	39,588	11,817	(27,771)
Year ended December 31, 2020		49,442	36,241	13,201	25,845	12,644

4.5 Particulars of immovable properties i.e land and building in the name of the Company are as follows:

Location	Total area (acreage)
Daharki plant & colony	794
Zarkhez plant land at Port Qasim	112.5

(Amounts in thousand)

4.6 Capital work in progress

	2021	2020
	Rupees	
Plant and machinery	6,560,438	4,168,605
Building and civil works including gas pipeline	66,211	242,278
Furniture, fixture and equipment	489,843	110,444
Advances to suppliers	1,419,665	569,486
Aircraft	2,578,032	-
Others	400,103	80,313
	11,514,292	5,171,126

	2021	2020
4.6.1 Balance as at January 1	5,171,126	2,588,146
Additions during the year	10,547,207	5,133,616
Transferred to:		
- operating assets (note 4.1)	(3,857,929)	(2,349,565)
- intangible assets (note 5)	(348,122)	(201,071)
Balance as at December 31	11,514,282	5,171,126

5. INTANGIBLE ASSETS

	Goodwill	Right to use the brand (note 5.1)	Software and licenses	Rights for future gas utilisation	Total
	Rupees				
As at January 1, 2020					
Cost	183,806	4,170,995	1,020,786	102,312	5,477,899
Accumulated amortisation	-	-	(363,355)	(43,541)	(406,896)
Net book value	183,806	4,170,995	657,431	58,771	5,071,003
Year ended December 31, 2020					
Net book value - January 1, 2020	183,806	4,170,995	657,431	58,771	5,071,003
Transfers from CWIP (notes 4.6.1 and 5.2)	-	-	201,071	-	201,071
Amortisation (note 5.3)	-	-	(102,146)	(5,111)	(107,257)
Net book value	183,806	4,170,995	756,356	53,660	5,164,817
As at December 31, 2020					
Cost	183,806	4,170,995	1,221,857	102,312	5,678,970
Accumulated amortisation	-	-	(465,501)	(48,652)	(514,153)
Net book value	183,806	4,170,995	756,356	53,660	5,164,817
Year ended December 31, 2021					
Net book value - January 1, 2021	183,806	4,170,995	756,356	53,660	5,164,817
Transfers from CWIP (notes 4.6.1 and 5.2)	-	-	348,122	-	348,122
Write off					
Cost	-	-	(77,675)	-	(77,675)
Accumulated amortisation	-	-	11,036	-	11,036
	-	-	(66,639)	-	(66,639)
Amortisation (note 5.3)	-	-	(139,780)	(5,111)	(144,891)
Net book value	183,806	4,170,995	898,059	48,549	5,301,409
As at December 31, 2021					
Cost	183,806	4,170,995	1,492,304	102,312	5,949,417
Accumulated amortisation	-	-	(594,245)	(53,763)	(648,008)
Net book value	183,806	4,170,995	898,059	48,549	5,301,409
Annual rate of amortisation (%)	-	-	12.5% - 20%	5%	

5.1 Goodwill and Right to use the brand

Goodwill and right to use the brand represent amounts recognised on amalgamation of Engro Eximp (Private) Limited with the Company, being the difference between the fair values of net assets at the time of amalgamation and the amount of consideration given.

Goodwill and right to use the brand have been allocated to the single Cash Generating Unit (CGU) having an indefinite life, till the time the related CGU is disposed / derecognised. The recoverable amount of cash generating unit is the higher of value in use or fair value less cost to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit to which the asset belongs, discounted at risk-adjusted discount rate.

Details relating to the discounted cash flow model used to determine the value in use of goodwill and right to use the brand are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information and past performance.
	Cost reflects past experience, adjusted for inflation and expected changes.
	Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	2.5%
Period of specific projected cash	5 years
Discount rate	15.5%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill and right to use the brand.

5.1.1 Right to use the brand is in respect of selling Phospate fertilizers, acquired under an agreement with the Holding Company, that has been valued using Relief from Royalty Method and is considered to have an indefinite life.

5.2 Primarily relates to cost incurred on implementation of new ERP i.e. OneSAP which is being amortised over a period of 8 years.

5.3 Amortisation for the year has been allocated as follows:

	2021	2020
	Rupees	
Cost of sales (note 28)	22,098	17,585
Selling and distribution expenses (note 29)	4,756	844
Administrative expenses (note 30)	118,037	88,828
	144,891	107,257

6. INVESTMENT IN SUBSIDIARY

6.1 Represents investment in EFert Agritrade (Private) Limited (EAPL) which was incorporated on July 6, 2017 as a wholly owned subsidiary of the Company to carry out trading and distribution of imported fertilizer. As part of the business reorganization in 2017, the Company transferred its business of trading and distribution of imported fertilizer to EAPL and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

6.2 No new investment in associated companies and undertakings have been made during the year.

(Amounts in thousand)

7. LONG-TERM LOANS AND ADVANCES - Considered good

	2021 Rupees	2020 Rupees
Executives (notes 7.1, 7.2, 7.3, 7.5 and 7.6)	97,638	153,817
Other employees (notes 7.4, 7.5 and 7.6)	105,221	26,885
Deposits to suppliers	9,988	2,254
	212,847	182,956
Less: Current portion shown under current assets (note 12)	152,270	102,827
	60,577	80,129

7.1 Reconciliation of the carrying amount of loans and advances to executives

	2021	2020
Balance as at January 1	153,817	229,720
Disbursements	74,058	68,104
Repayments / amortisation	(130,237)	(144,007)
Balance as at December 31	97,638	153,817

7.2 Details of loans and advances to executives

	2021	2020
Service incentive loans	39,043	99,014
Advances in respect of :		
- Car earn out assistance	624	7,576
- House rent	10,625	10,222
- Retention loan	-	60
- Salary	24,809	18,756
- Others	22,537	18,189
	97,638	153,817

7.3 The maximum amount outstanding from executives at the end of any month during the year aggregated to Rs. 119,298 (2020: Rs. 192,584).

7.4 Includes interest free loans given to workers pursuant to Collective Labour Agreement.

7.5 Represents loans granted to employees according to Company's policy. These loans are interest free, are repayable within 1 to 4 years and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees.

7.6 The carrying values of the loan and advances are neither past due nor impaired.

8. STORES, SPARES AND LOOSE TOOLS

	2021 Rupees	2020 Rupees
Consumable stores, spares and loose tools	7,284,899	7,051,535
Less: Provision for surplus and slow moving items (note 8.1)	(857,923)	(640,750)
	6,426,976	6,410,785

8.1 Provision for surplus and slow moving items

	2021	2020
Balance as at January 1	640,750	618,815
Charge for the year	241,970	21,935
Reversal during the year	(24,797)	-
Balance as at December 31	857,923	640,750

9. STOCK-IN-TRADE

	2021 Rupees	2020 Rupees
Raw materials	2,560,842	1,138,434
Packing materials	203,030	136,553
Work in process	121,854	107,333
	2,885,726	1,382,320
Finished goods:		
- manufactured products	1,893,084	5,020,255
- purchased and packaged products	543,714	549,287
	2,436,798	5,569,542
Less: Provision for impairment against stock-in-trade (note 9.1)	(146,194)	(231,661)
	5,176,330	6,720,201

9.1 Provision for impairment against stock-in-trade:

	2021	2020
Balance as at January 1	231,661	28,785
Charge for the year	111,129	403,276
Written-off during the year	(196,596)	(200,400)
Balance as at December 31	146,194	231,661

10. TRADE DEBTS

	2021	2020
Considered good		
- Secured (note 10.1)	1,915,502	1,708,451
- Unsecured	236,691	319,620
	2,152,193	2,028,071
Considered doubtful (note 10.2)	69,126	19,884
	2,221,319	2,047,955
Less: Provision for impairment against trade debts (note 10.2)	69,126	19,884
	2,152,193	2,028,071

10.1 These debts are secured by way of bank guarantee and inland letter of credit.

10.2 Provision for impairment against trade debts

	2021	2020
Balance as at January 1	19,884	48,799
Charge for the year (note 32)	49,242	3,294
Written-off during the year	-	(32,209)
Balance as at December 31	69,126	19,884

11. WORKING CAPITAL LOAN TO SUBSIDIARY

Represents unsecured loan given to EAPL amounting to Rs. 6,601,772 (2020: Nil). The mark-up is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%.

12. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2021	2020
Considered good		
Current portion of long term loans and advances to executives and other employees (note 7)	152,270	102,827
Advances and deposits	1,164,494	809,132
Prepayments		
- Insurance	595,143	576,016
- Freight	38,251	251,854
- Others	5,950	21,988
	1,956,108	1,761,817

13. OTHER RECEIVABLES

	2021	2020
	Rupees	
Subsidy receivable from Government of Pakistan - net (notes 13.1 and 13.2)	4,571,754	5,129,454
Sales tax receivable	6,125,839	2,286,977
Due from the Holding Company	65,126	4,464
Due from the Subsidiary Company	1,104,833	735,023
Due from Associated Companies:		
- Engro Polymer and Chemicals Limited	87,382	5,645
- Engro Powergen Qadirpur Limited	5,838	6,843
- Engro Energy Limited	99,872	-
- Engro Foundation	30,698	109
- FrieslandCampina Engro Pakistan Limited	-	5,111
- Engro Eximp Agriproducts (Private) Limited	7,566	342
- Sindh Engro Coal Mining Company Limited	2,122	-
- Engro Elengy Terminal (Private) Limited	37,805	-
- Engro Vopak Terminal Limited	1,760	794
- Engro Enfrashare (Private) Limited	103	-
- Engro Eximp FZE	67,306	78,716
Receivable from Defined Benefit Gratuity Fund - MPT (note 39.2.1)	34,224	21,760
Workers' profits participation fund (note 13.4)	209,154	235,178
Claims receivable	27,287	42,004
Others	20,313	33,594
	12,518,952	8,586,014

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

In FY 2016, a new subsidy scheme was announced by the GoP, effective June 25, 2016 whereby subsidy was payable on sold products at the rate of Rs. 156 per 50 kg bag of Urea and Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and Nitrogen, Phosphorus and Potassium (NPK) fertilizers (based on phosphorus content).

In FY 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme aforementioned rates were replaced with Rs. 100 per 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.

(Amounts in thousand)

13.2 Subsidy receivable from the Government of Pakistan - net

	2021	2020
	Rupees	
Gross subsidy receivable from the GoP	6,523,493	6,523,493
Less: Provision against doubtful receivable	(155,127)	(155,127)
Less: Loss allowance on subsidy receivable from the GoP (notes 13.3 and 34)	(1,796,612)	(1,238,912)
	4,571,754	5,129,454

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

	2021	2020
	Rupees	
Balance as at January 1	1,238,912	-
Loss allowance for the year	557,700	1,238,912
Balance as at December 31	1,796,612	1,238,912

13.3.1 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. 1,796,612 (2020: Rs. 1,238,912) on subsidy receivable giving consideration to the time value of money based on expected recovery of subsidy receivable. The Company however,is confident of full recovery of the subsidy amount from the GoP.

13.4 Workers' profits participation fund

	2021	2020
	Rupees	
Balance as at January 1	235,178	(91,094)
Charge for the year (note 32)	(1,490,846)	(1,019,932)
Payments during the year - net	1,464,822	1,346,204
Balance as at December 31	209,154	235,178

13.5 The maximum amount due from the Holding Company, subsidiary and associated companies at the end of any month during the year is as follows:

	2021	2020
	Rupees	
Holding Company	65,126	4,464
Subsidiary Company		
-EFERT Agritrade (Private) Limited	1,605,641	897,088
Associated Companies		
- FrieslandCampina Engro Pakistan Limited	767	7,820
- Engro Powergen Qadirpur Limited	7,816	8,864
- Sindh Engro Coal Mining Company Limited	2,122	1,245
- Engro Polymer and Chemicals Limited	88,838	153,798
- Engro Energy Limited	99,939	1,544
- Engro Powergen Thar (Private) Limited	-	12,748
- Engro Thar Foundation	-	143
- Engro Vopak Terminal Limited	1,972	4,007
- Engro Elengy Terminal (Private) Limited	37,942	-
- Engro Eximp Agriproducts (Private) Limited	7,566	3,514
- Engro Digital Limited	-	768
- Engro Foundation	34,582	25,567
- Engro Empiric AI	1,934	-
- Engro Enfrashare (Private) Limited	380	-
- Engro Eximp FZE	76,472	78,885

(Amounts in thousand)

14. SHORT TERM INVESTMENTS

	2021	2020
	Rupees	
At fair value through profit or loss		
- Investment in units of mutual funds (note 14.2)	12,032,219	-
At fair value through other comprehensive income		
- Pakistan investment bonds (note 14.3)	-	22,237,476
- Treasury bills (note 14.4)	-	2,588,970
	-	24,826,446
At amortised cost		
- Pakistan investment bonds (note 14.3)	132,806	-
- Treasury bills (note 14.4)	1,686,775	-
- Term deposit receipts (note 14.5)	245,450	248,114
	2,065,031	248,114
	14,097,250	25,074,560

14.1 These investments will mature within 3 months from the reporting date.

14.2 The details of investment in mutual funds are as follows:

	Number of units	Amount in Rupees
ABL Cash Fund	98,201,923	1,002,858
UBL Liquidity Plus Fund	9,896,806	1,002,852
Pakistan Cash Management Fund	19,814,614	1,002,423
HBL Cash Fund	39,349,358	4,011,675
Alfalah GHP Cash Fund	3,836,510	2,004,597
First Habib Cash Fund	9,814,776	1,002,394
NBP Money Market Fund	50,150,451	500,876
Faysal Money Market Fund	4,868,848	500,889
NIT Money Market Fund	103,370,926	1,003,655
	339,304,212	12,032,219

14.3 These bonds carry interest at the rates ranging upto 10.80%.

14.4 These represent treasury bills carrying interest at the rate ranging from 10.35% and 10.84%.

14.5 These represent term deposit receipts carrying interest at the rate of 12.25%.

15. CASH AND BANK BALANCES

	2021	2020
	Rupees	
Cash at banks in:		
- deposit accounts (note 15.1)	313,486	629,702
- current accounts (note 15.2)	856,504	2,742,954
	1,169,990	3,372,656
Cash in hand	10,213	9,572
	1,180,203	3,382,228

15.1 Deposit accounts carry return at rates ranging from 5.75% to 7.25% (2020: 5.50% to 10.30%) per annum.

15.2 Includes Rs. 237,350 (2020: Rs. 715,857) held in foreign currency bank accounts.

16. SHARE CAPITAL

	2021	2020
	Rupees	
Authorised Capital		
1,400,000,000 (2020: 1,400,000,000) Ordinary shares of Rs. 10 each	14,000,000	14,000,000
Issued, subscribed and paid-up capital		
258,132,299 (2020: 258,132,299) Ordinary shares of Rs. 10 each, fully paid in cash	2,581,323	2,581,323
9,999,993 (2020: 9,999,993) Ordinary shares of Rs. 10 each issued as at January 1, 2010 on transfer of fertilizer undertaking	100,000	100,000
1,062,800,000 (2020: 1,062,800,000) Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	10,628,000	10,628,000
4,367,083 (2020: 4,367,083) Ordinary shares of Rs. 10 each issued upon exercise of conversion option by International Finance Corporation (IFC)	43,670	43,670
	13,352,993	13,352,993

16.1 As at reporting date, the Holding Company held 56.27% (2020: 56.27%) of the share capital of the Company.

16.2 These fully paid ordinary shares carry one vote per share and right to dividend.

17. RESERVES

	2021	2020
	Rupees	
Capital reserves		
Share premium	3,384,904	3,384,904
Reserve on amalgamation (note 17.1)	(304,027)	(304,027)
	3,080,877	3,080,877
Revenue reserves		
Remeasurement of post employment benefits	(90,220)	(50,765)
Unappropriated profit	28,974,586	28,602,702
	28,884,366	28,551,937
	31,965,243	31,632,814

17.1 This reserve was created upon amalgamation of Engro Eximp (Private) Limited with the Company.

(Amounts in thousand)

18. BORROWINGS - Secured (Non-participatory)

	Note	Mark - up rate per annum	Installments Number	Installments Commenced / Commencing from	2021	2020
					Rupees	
Long term finance utilised under mark-up arrangements						
Senior Lenders						
Allied Bank Limited		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Allied Bank Limited		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Allied Bank Limited	18.2	[illegible]	[illegible]	[illegible]	-	[illegible]
Allied Bank Limited		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Allied Bank Limited		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutsche Investitions-						
und Entwicklungsgesellschaft	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MCB Bank Limited	18.2	[illegible]	[illegible]	[illegible]	-	[illegible]
MCB Bank Limited		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MCB Bank Limited	18.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MCB Bank Limited		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MCB Bank Limited	18.3	[illegible]	[illegible]	[illegible]	[illegible]	-
MCB Bank Limited	18.3	[illegible]	[illegible]	[illegible]	[illegible]	-
Habib Bank Limited	18.3	[illegible]	[illegible]	[illegible]	[illegible]	-
Habib Bank Limited	18.3	[illegible]	[illegible]	[illegible]	[illegible]	-
National Bank of Pakistan		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Syndicated finance	18.2	[illegible]	[illegible]	[illegible]	-	[illegible]
United Bank Limited	18.2	[illegible]	[illegible]	[illegible]	-	[illegible]
					[illegible]	[illegible]
TERF Loans						
Allied Bank Limited	18.4	[illegible]	Various	[illegible]	[illegible]	[illegible]
Habib Bank Limited	18.4	[illegible]	Various	[illegible]	[illegible]	-
MCB Bank Limited	18.4	[illegible]	Various	[illegible]	[illegible]	-
					[illegible]	[illegible]
Less: Fair value adjustment for loan at below market rate					(1,079,703)	-
					[illegible]	[illegible]
					17,215,345	23,575,694
Less: Current portion shown under current liabilities					[illegible]	[illegible]
					[illegible]	[illegible]

18.1 All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over current and future operating assets excluding immovable property of the Company.

18.2 During the year, the Company made principal repayments of long-term finances to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 3,044,128, Rs. 2,750,000, Rs. 2,000,000, Rs. 1,000,000 and Rs. 557,906 respectively.

18.3 During the year, the Company obtained long-term finances from Habib Bank Limited and MCB Bank Limited amounting to Rs. 20,063 and Rs. 387,135 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.

18.4 During the year, the Company acquired long term borrowings from Allied Bank Limited, Habib Bank Limited and MCB Bank Limited amounting to Rs. 646,627, Rs. 35,592 and Rs. 2,835,880 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at the rates ranging from 1.50% to 2.00% and is payable in quarterly or semi-annual installments starting from January 2022.

In accordance with IFRS 9 Financial Instruments, the Company has recognised these loans at their fair value and the differential mark up as deferred goverment grant income, as mentioned in note 19 to the financial statements, which will be amortised and set off against finance cost over the period of of the facilities.

18.5 On March 5, 2021, the Financial Conduct Authority (FCA) announced the dates on which the panel bank submissions for all LIBOR settings will cease, after which LIBOR rates will no longer be available. The FCA confirmed that all LIBOR settings will cease to be provided by any administrator immediately after December 31, 2021 for 1-week and 2-month USD settings. This will not impact the Company's DEG loan since the 6-month LIBOR rate is applicable on the loan which will be discontinued after June 30, 2023.

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

	2021	2020
	Rupees	
Balance as at January 1	23,575,694	30,952,449
Borrowings availed during the year	3,925,077	1,341,725
Amortization of transaction cost	2,344	5,293
Repayment of borrowings	(9,352,034)	(8,790,124)
Fair value adjustment for below market rate (note 19)	(1,079,703)	-
Exchange loss	143,967	66,351
Balance as at December 31	17,215,345	23,575,694

19 DEFERRED INCOME - GOVERNMENT GRANT

	2021	2020
Grant recognised on loan at below market interest rate	1,125,648	-
Less: released to the statement of profit and loss (note 33.1)	(46,945)	-
	1,078,703	-
Current portion	(154,209)	-
	925,494	-

19.1 The Company recognised government grant on below market interest loan received (note 18.4) in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance'.

20. DEFERRED TAXATION

	2021	2020
	Rupees	
Credit / (debit) balances arising on account of:		
- Accelerated depreciation allowance	12,284,340	11,950,533
- Provision for:		
- staff retirement benefits	(30,101)	(13,984)
- surplus and slow moving stores and spares and doubtful receivables	(311,240)	(258,766)
	11,942,999	11,677,783

21. DEFERRED LIABILITIES

	2021	2020
Deferred income (note 21.1)	49,924	53,789
Service benefit obligation	241,206	270,233
Less: Current portion shown under current liabilities	(62,838)	(53,726)
	178,368	216,507
	228,292	270,296

(Amounts in thousand)

21.1 This represents Rs. 96,627 received from Engro Powergen Qadirpur Limited (EPQL), an associated company, for the right to use the Company's infrastructure facilities at Daharki Plant by the employees of EPQL for a period of twenty five years. The amount is being amortised over such period.

22. PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS

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 billion and this amount combined with the outstanding amount would be in the vicinity of Rs. 700 billion. The SCP, therefore, issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the 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 instalments, without the component of Late Payment Surcharge (LPS); and
- In case, no work is carried out on the gas infrastructure pipelines in the manner and / or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the 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, the Company filed a review petition before the SCP, which was dismissed by the SCP on November 02, 2020 (Review Decision). However, the Review Decision (i) noted that the GoP 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 GIDC Act, 2015.The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the provision to Section 8(2) of the Act.

Subsequent to the Review Decision, the Company filed a rectification application before the SCP seeking a clarification regarding the increase in number of installments.

The Company also filed a suit before Sindh High Court (SHC) on December 17, 2020 against collection of GIDC on non-concessionary feed gas supplied under the non-fixed price contracts and the fuel gas, on the basis of relief available under section 8(2) of the Act and on the grounds that factual determination of the GIDC passed-on is to be carried out. The SHC granted the Company an interim stay restraining the impleaded gas companies from taking coercive action against the Company for non-payment of GIDC instalments.

Further, against the GIDC instalment invoice received from SNGPL on concessionary gas supplied under the fixed price Gas Sale and Purchase Agreement dated April 11 2007 (GSPA), the Company approached the SHC to challenge this imposition. The Company has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive against the Company on collecting GIDC on feed stock gas supplied to the Company under the GSPA. The management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence no provision on account of GIDC has been recorded by the Company in respect of feed gas received under the GSPA.

Considering the events and developments in GIDC case the Institute of Chartered Accountants of Pakistan (ICAP) released "Guidance on Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021, which specifies the requirements for recognition, measurement and presentation of GIDC.

Keeping in view the financial reporting guidance of ICAP, the Company has applied IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets" and re-measured its previously undiscounted provision at its present value using the risk free rate, giving due consideration to the latest available information and the expected timing of the settlement i.e. 48 monthly installments, as also referred to in the Review Decision.

22.1 **The movement in the provision for GIDC is as follows:**

	2021	2020
	Rupees	
Balance as at January 1	17,437,203	19,558,592
Remeasurement loss / (gain) on provision for GIDC	742,982	(2,121,389)
Balance as at December 31	18,180,185	17,437,203
Less: Current portion of provision for GIDC	(11,816,337)	(6,926,824)
	6,363,848	10,510,379

23. TRADE AND OTHER PAYABLES

	2021	2020
Creditors	5,316,647	6,943,675
Accrued liabilities (notes 23.1 and 23.2)	12,455,292	9,493,840
Advances from customers, contract liabilities	4,184,710	9,904,613
Payable to:		
- FrieslandCampina Engro Pakistan Limited	1,271	-
- Engro Energy Limited	-	187
- Engro Elengy Terminal (Private) Limited	-	1,650
- Defined Contribution Provident Fund	31,734	24,084
- Defined Contribution Provident Fund NMPT	6,071	7,577
- Defined Contribution Gratuity Fund MPT	15,359	15,525
- Defined Contribution Pension Fund	478	616
- Defined Benefit Gratuity Fund NMPT	97,008	16,522
Deposits / Retention from dealers and contractors (note 23.3)	267,225	201,961
Workers' welfare fund	1,052,638	1,448,615
Witholding tax payable	109,291	147,930
Others	488,702	489,948
	24,026,426	28,696,843

23.1 On June 4, 2021, the Sindh High Court (SHC) through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. The Company maintains adequate provision in these financial statements and has filed Civil Petition for Leave to Appeal (CPLA) before Supreme Court of Pakistan ("SCP") to challenge the SHC Judgement. On September 01, 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. The Company carries a provision of Rs. 1,439,815 (2020: Rs. 1,325,486) in this respect.

23.2 On June 10, 2021, the Company filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipeline Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale & Purchase Agreement and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 2,494,496 (2020: Nil) in these financial statements.

23.3 The amount is kept in separate term deposits account as per the terms of agreements and is not utilised for the purpose of the business of the Company.

24. SHORT TERM BORROWINGS

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs.15,125,000 (2020: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (2020: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% (2020: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 4,117,658 (2020: Rs. 250,331) from funded facilities and Rs. 3,884,957 (2020: Rs. 3,569,428) from the non-funded facilities as at the reporting date.

25. LOAN FROM HOLDING COMPANY

Represents subordinated loan from the Holding Company amounting to Rs. 5,200,000 (2020: Rs. 1,000,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1%.

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 As at December 31, 2021, bank guarantees of Rs. 3,884,957 (2020: Rs. 3,569,428) have been issued in favour of third parties.

26.2 During the year, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of the Company u/s 177 of the Income Tax Ordinance, 2001 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, the Company 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. Disallowances raised in the orders mainly include credit entries in bank statements treated as revenue / supressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. The Company has filed appeal before CIR(A) against all amendment orders.

In respect of sales tax audits, the tax department has only issued a Show Cause Notice (SCN) for TY 2017. The Company 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 the Company for all three tax years.

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.

26.3 The Company has entered into Dealer Finance Agreements (DFAs) with different banks amounting to Rs. 4,500,000 (2020: Rs. 4,500,000) consequent to which the banks will provide financial assistance to dealers approved by the Company. In respect of DFAs, the bank have agreed to bear 100% of the disbursed amount incase default by the dealers. As at December 31, 2021, the banks have made disbursements to dealers under the DFAs amounting to Rs. 604,141 (2020: Rs. 2,937,099) maturing on various future dates.

26.4 The Company filed a constitutional petition in the SHC against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to the Company's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. Through its order dated October 18, 2011, SHC ordered that SNGPL should supply 100 mmscfd against the of gas per day to the Company's new plant. However, five petitions have been filed in the SCP 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. The Company's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be remote.

Further, the Company 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. The Company, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the Company's plant despite the judgment of the SHC in Company'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.

26.5 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 the Company'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 the Company and Sui Northern Gas Pipeline Company Limited (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. The Company has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i)100 mmscfd gas has been allocated to the Company through a transparent international competitive bidding competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the new plant, with right to first 100 mmscfd gas production from the Qadirpur gas field; and (iii) both the Company 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 Supreme Court of Pakistan (SCP). However, the Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

(Amounts in thousand)

26.6 In 2013, the Company, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 (2010 Act) in relation to the alleged unreasonable increase in fertilizer prices. The Company 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 the Company 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. 3,140,000 and Rs. 5,500,000 on the Company 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 the Company 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. The Company has also challenged the composition of the CAT before SHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against the Company during the pendency of the petition. The Company's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect.

26.7 In the year 2015, the Company received a sales tax order from the tax department for the year ended December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on presumption that output tax liability is not being discharged by the Company on advances received from dealers amounting to Rs. 1,844,075. The Company filed an appeal thereagainst with the Commissioner Inland Revenue (Appeals) [CIR(A)] which decided the matters in favour of the Company. 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 Company in this respect.

26.8 In 2018, the tax department [i.e. Large Taxpayers Unit (LTU)] raised an order for the period June 2016 to July 2017 with a demand of Rs.1,006,000 mainly on account of further sales tax to be charged on fertilizers sales to unregistered persons. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) who disposed off the appeal in favour of the tax department. Thereafter, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and it also decided the same in favour of the tax department. The Company 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 the Company in respect of the recovery of the impugned demand. The Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in these financial statements.

26.9 In the year 2017, the High Court of Islamabad in its order dated June 6, 2017 held that the income derived by the Contractor from its contract with the Company is subject to tax as per Article 5(4) of Double Taxation Treaty between Pakistan and the Netherlands thus confirming the demand raised in the respective orders aggregating to Rs 1,178,391. In respect thereof, the Contractor preferred an appeal in the SCP. In FY 2019, the SCP decided the case on ex-parte basis against the contractor. During the year, the review application for the case restoration has been accepted by SCP. No provision has been made by the Company in this regard.

(Amounts in thousand)

26.10 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with the Company, all pending tax issues of EXIMP have been transferred to the Company. Major pending issue pertains to exercise of option to to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 796,000. The tax department had not accepted the said treatment for tax year 2013, however, the matter was decided in favor of the Company by the Commissioner Income Tax Appeals (CIT(A)), against which the tax department has filed an appeal with the ITAT. However, the department has given appeal effect order to the aforementioned favourable decision of the CIT(A) for tax year 2013.

In the year 2019, in respect of tax year 2013, the matter was decided by the ITAT in favor of the Company and the department's appeal in this respect was rejected. The management is confident for a favorable outcome on this case.

	2021	2020
	Rupees	
26.11 Commitments		
Commitments in respect of capital expenditure and other operational items	9,820,028	8,222,098

27. NET SALES

	2021	2020
Gross sales:		
- manufactured products	90,659,715	75,252,581
- purchased and packaged products	1,583,142	1,318,486
- services, net of sales tax	797,685	594,463
	93,040,542	77,165,530
Less: Trade discounts	629,772	620,587
Less: Sales tax	1,825,894	1,489,099
	90,584,876	75,055,844

(Amounts in thousand)

28. COST OF SALES

Cost of sales - Manufactured products

	2021 Rupees	2020 Rupees
Raw materials consumed	28,918,053	23,889,519
Salaries, wages and staff welfare (note 28.1)	3,175,744	3,064,695
Fuel and power	11,731,038	11,342,038
Repairs and maintenance	2,638,536	1,417,475
Depreciation (note 4.2)	2,688,429	5,113,619
Amortisation (note 5.3)	22,098	17,585
Consumable stores	1,548,586	1,268,720
Training, HSE and other related expenses	728,966	646,450
Purchased services	738,837	608,736
Traveling	66,890	54,622
Communication, stationery and other office expenses	25,343	38,851
Insurance	694,082	636,370
Rent, rates and taxes	160,467	50,788
Other expenses	14,261	4,534
Manufacturing cost	51,149,330	48,154,002
Add: Opening stock of work in process	107,333	48,169
Less: Closing stock of work in process (note 9)	(121,854)	(107,333)
Cost of goods manufactured	51,134,809	48,094,838
Add: Opening stock of finished goods	5,020,255	2,238,488
Less: Closing stock of finished goods (note 9)	(1,893,084)	(5,020,255)
	54,261,980	45,313,071

Cost of sales - Purchased and packaged products

	2021 Rupees	2020 Rupees
Opening stock - net of NRV	464,519	248,543
Add: Purchases during the year	861,583	897,102
Less: Closing stock - net of NRV (note 9)	(500,732)	(464,519)
	825,370	681,126
	55,087,350	45,994,197

28.1 Salaries, wages and staff welfare includes Rs. 193,592 (2020: Rs. 174,803) in respect of staff retirement benefits.

29. SELLING AND DISTRIBUTION EXPENSES

	2021 Rupees	2020 Rupees
Salaries, wages and staff welfare (note 29.1)	1,293,186	1,171,719
Training, HSE and other related expenses	196,308	85,617
Product transportation and handling	3,814,773	3,523,843
Royalty (note 29.2)	1,264,441	1,090,516
Repairs and maintenance	9,881	69,053
Advertising and marketing	270,058	354,795
Rent, rates and taxes	560,915	689,205
Communication, stationery and other office expenses	26,682	12,197
Traveling	43,535	135,280
Depreciation (note 4.2)	129,840	46,357
Amortisation (note 5.3)	4,756	844
Purchased services	110,492	116,857
Insurance	18,503	5,522
Others	21,495	6,550
	7,784,845	7,308,335

29.1 Salaries, wages and staff welfare includes Rs. 107,822 (2020: Rs. 94,644) in respect of staff retirement benefits.

29.2 Royalty is paid to the Holding Company which has its registered office at 8th floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

30. ADMINISTRATIVE EXPENSES

	2021 Rupees	2020 Rupees
Salaries, wages and staff welfare (note 30.1)	359,573	356,566
Training, HSE and other related expenses	42,227	58,384
Repairs and maintenance	1,316	9,702
Rent, rates and taxes	109,374	134,535
Communication, stationery and other office expenses	12,715	28,883
Traveling	17,432	11,894
Depreciation (note 4.2)	85,901	76,028
Amortisation (note 5.3)	118,037	88,828
Purchased services	1,137,457	991,028
Aircraft operating expense (note 30.2)	(67,291)	72,225
Insurance	42,261	26,440
Directors's fees	16,380	10,762
Other expenses	8,452	5,813
	1,883,874	1,870,668

30.1 Salaries, wages and staff welfare includes Rs. 41,891 (2020: Rs. 33,494) in respect of staff retirement benefits.

30.2 During the year, the Company recovered Rs. 70,627 from Group companies relating to prior year.

(Amounts in thousand)

		2021	2020
		Rupees	
31.	**OTHER INCOME**		
	On financial assets		
	Income on working capital loan to subsidiary company	480,624	760,123
	Income on government securities, term deposit receipts, mutual fund units and bank deposits	1,590,827	1,437,907
	Dividend income (note 44.2)	4,821,711	426,470
		6,893,162	2,624,500
	On non-financial assets		
	Commission income (note 31.1)	590,363	435,122
	Gain on disposal of operating assets (note 4.4)	-	13,244
	Reversal of liability for workers' welfare fund	-	180,079
	Scrap sales	69,032	25,160
	Sub-licensing income from subsidiary	46,743	39,209
	Others	81,957	2,697
		788,095	695,511
		7,681,257	3,320,011

31.1 Represents commission earned as a selling agent of imported fertilizer on behalf of EAPL, a subsidiary Company.

		2021	2020
		Rupees	
32.	**OTHER OPERATING EXPENSES**		
	Workers' profits participation fund (note 13.4)	1,490,846	1,019,932
	Workers' welfare fund	415,758	393,734
	Donation (note 32.1)	431,851	304,714
	Legal and professional	118,518	146,427
	Provision for impairment against trade debts (note10.2)	49,242	3,294
	Auditors' remuneration (note 32.2)	17,419	20,072
	Loss on disposal of operating assets (note 4.4)	27,701	-
	Write off of intangibles (note 5)	64,639	-
	Others	22,592	1,311
		2,638,564	1,889,484

32.1 During the year, the Company made donations to Engro Foundation and Indus Hospital and Health Network (formerly The Indus Hospital) amounting to Rs.263,000 (2020:Rs.198,500) and Nil (2020: Rs. 95,000) respectively. Mr. Ghias Khan, the Chairman of the Board, and Mr. Nadir Salar Qureshi, the Chief Executive Officer of the Company, are also the trustees of Engro Foundation. This also includes an expense of Rs. 80,000 (2020: Nil) for construction of a hospital in Shikarpur.

		2021	2020
		Rupees	
32.2	**Auditors' remuneration**		
	Fee for:		
	- audit of annual financial statements	3,335	2,875
	- special audit / review of half yearly financial information	625	575
	- review of compliance with the Code of Corporate Governance	72	55
	- certifications, secondments and other advisory services	6,972	4,613
	- taxation services	5,308	10,545
	Reimbursement of expenses	1,107	1,409
		17,419	20,072

(Amounts in thousand)

		2021	2020
		Rupees	
33.	**FINANCE COST**		
	Interest / mark-up / return on:		
	- long term borrowings under:		
	- interest / mark up arrangements (note 33.1)	1,357,288	2,831,590
	- shariah permissible arrangements	77,662	103,155
		1,434,950	2,934,745
	- short term borrowings under:		
	- interest / mark up arrangements	109,320	110,089
	- shariah permissible arrangements	58,653	186,487
		167,973	296,576
	Foreign exchange loss - net	77,567	46,440
		1,680,490	3,277,761

33.1 This is net of government grant income on TERF loans amounting to Rs. 46,945 (2020: Nil).

34. LOSS ALLOWANCE ON SUBSIDY RECEIVABLE FROM GOP

This represents loss allowance recognised on 'Subsidy receivable from the GoP' (note 13) in accordance with the 'Expected Credit Loss' model under IFRS 9, giving consideration to the time value of money based on expected recovery of subsidy receivable. The Company, however, is confident of full recovery of the subsidy amount from the GoP.

		2021	2020
		Rupees	
35.	**TAXATION**		
	Current		
	- for the year	6,559,977	5,989,099
	- for prior years	-	(3,379,336)
		6,559,977	2,609,763
	Deferred	281,333	(507,188)
		6,841,310	2,102,575

The Company continually evaluates its tax position based on amendments by the taxation authorities and developments thereon. Adequate provision in this respect is being maintained in these financial statements without prejudice to the tax proceedings before any appellate / judicial forum and admission of any liability in this respect. Matters where there is a difference between the position taken by taxation authorities and the Company's own position based on its assessment of law and in accordance with its legal / tax consultant's opinion, such matters are being reported as contingent liabilities. Please refer note 26 in this respect.

(Amounts in thousand)

35.1 In the year 2020, the income tax department amended the assessment filed by the Company for tax year 2019. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) 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 (additions to taxable income of Rs. 3,305,805). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

The Company maintains adequate provision in the financial statements and is confident of an ultimate favorable outcome on this amendment.

35.2 In the year 2015, the income tax department amended the assessment filed by the Company for tax year 2014. The Company filed an appeal before the CIRA against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Income Tax Ordinance, 2001 resulting in demand of Rs 1,231,201 (additions to taxable income of Rs. 3,191,963). In addition the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which the Company specifically obtained a stay order. The matter was heard by CIRA and favorable decision was made in respect of acceptance of prior years tax refunds, exchange losses and 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. The Company has filed an appeal against the order of CIRA before the Income Tax Appellate Tribunal which is pending to be heard.

The Company maintains adequate provision in these financial statements and is confident of an ultimate favorable outcome on this amendment.

35.3 In the year 2019, the income tax department amended the assessment filed by the Company for the tax years 2015, 2016 and 2017. The Company filed appeals before CIRA 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 Engro Eximp Agriproducts Limited under section 59B of the Income Tax Ordinance, 2001, resulting in cumulative demand of Rs 1,980,898 (cummulative additions of Rs. 16,173,826 to taxable income) for these tax years. Subsequently, CIRA 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. The Company, as well as the tax department, filed appeals against CIRA's order before the Appellate Tribunal Inland Revenue (ATIR).

Through order dated February 26, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favor of the Company, 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 Company maintains adequate provision in the financial statements and is confident of an ultimate favorable outcome on these amendments.

35.4 In the year 2014, the income tax department amended the assessment filed by the Company for tax years 2010 and 2011.The Company filed appeals thereagainst before the Appellate Tribunal Inland Revenue (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. The Company had challenged the said decision before the SHC. In the year 2020, the matter was heard, and is reserved for judgement.

The Company maintains adequate provision in the financial statements and is confident of an ultimate favorable outcome on this amendment.

35.5 In the year 2018, the Company received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the Income Tax Ordinance 2001 (ITO), for TY 2018. The Company filed a Constitutional Petition before the SHC challenging the notice as well as the vires of Section 4B of the ITO. An interim order was granted in favour of the Company. On July 21, 2020, SHC held that of Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, the Company filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by the Company 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 against the Company for TY 2015 to 2019 in relation to recovery of Super Tax amounting in aggregate of Rs. 2,110,491. The Company filed appeals against the orders before CIRA.

On November 26, 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Company) subject to them depositing 50% of the impugned outstanding tax amount.

The Company has till date paid Super Tax amounting to Rs. 1,573,528 against the relevant tax years. Adequate provision for remaining amount related to Super Tax for the respective TYs is being maintained in these financial statements.

35.6 As a result of demerger in the year 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Ltd. had been transferred to the Company. Major issues pending before the taxation authorities are described below:

In previous years, the taxation department had filed reference applications in the SHC against the below-mentioned ATIR's decisions in Company's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Company maintains adequate provision in the financial statements and is confident of an ultimate favorable outcome on these cases.

35.7 **Relationship between tax expense and accounting profit**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2021	2020
	Rupees	
Profit before taxation	27,810,328	18,917,887
Tax calculated at the rate of 29%	8,093,995	5,486,187
Tax effect of:		
- Expenses not allowed for tax	171,450	499,192
- Final / Special Tax Regime and exempt income	(1,424,135)	(503,468)
Effect of Prior year tax reversal	-	(3,379,336)
Tax charge for the year	6,841,310	2,102,575

36. EARNINGS PER SHARE (EPS)

36.1 Basic EPS has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the year.

36.2 As at December 31, 2021, there is no dilutive effect on the basic earnings per share of the Company. EPS is based on following :

	2021	2020
	Rupees	
Profit for the year	21,068,018	18,815,212
	Numbers of shares	
Weighted average number of ordinary shares (in thousands)	1,335,299	1,335,299

37. FINANCING STRUCTURE / MODE

	2021	2020
	Rupees	
Conventional mode:		
Assets		
Short term investments	14,097,250	25,074,560
Cash and bank balances	1,180,203	3,382,228
Working capital loan to subsidiary	6,601,772	-
	21,879,225	28,456,788
Liabilities		
Long term borrowings	16,215,345	22,575,694
Short term borrowings	4,117,658	250,331
Loan from Holding Company	5,200,000	1,000,000
	25,533,003	23,826,025
Shariah compliant mode:		
Liabilities		
borrowings	1,000,000	1,000,000

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2021			2020		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	Rupees			Rupees		
Managerial remuneration including bonus	105,262	-	2,790,322	87,530	-	2,442,491
Staff retirement benefits	5,131	-	243,467	4,540	-	187,044
Other benefits	159	-	39,319	77	-	33,602
Fees	-	16,390	-	-	10,762	-
Total	110,552	16,390	3,073,108	92,147	10,762	2,663,137
Number of persons, including those who worked part of the year	1	6	458	1	5	399

38.2 These amounts are net off salaries, wages and other staff benefits incurred on behalf of EAPL and subsequently charged to EAPL.

38.3 The Company also provides vehicles and certain house hold items for use of some executives and directors.

38.4 Premium charged in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs. 237 (2020: Rs. 272).

39. RETIREMENT AND OTHER SERVICE BENEFITS

39.1 **Salient features**

The Company offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Company offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the fund.

The Company faces the following risks on account of gratuity and pension funds:

- Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was 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 SSC's, RIC's, DSC's or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

(Amounts in thousand)

- 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 investments.
- 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 Company to Longevity risk i.e. the pensioners survive longer than expected.

39.2 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2021, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
	Rupees					
39.2.1 Statement of financial position reconciliation						
Present value of obligation (note 39.2.3)	311,656	414,687	72,202	67,423	22,324	26,836
Fair value of plan assets (notes 39.2.4 and 39.2.12)	(214,648)	(398,165)	(106,426)	(98,965)	(42,820)	(38,820)
Deficit / (surplus) of funded plans	97,008	16,522	(34,224)	(31,542)	(20,496)	(11,984)
Payable to Defined Contribution Gratuity Fund	-	-	-	9,738	-	-
Payable in respect of inter-transfers	-	-	-	46	-	-
Unrecognised asset	-	-	-	-	20,496	11,984
Net liability / (asset) at end of the year	97,008	16,522	(34,224)	(21,780)	-	-
39.2.2 Movement in net liability / (asset) recognised						
Net liability / (asset) at beginning of the year	16,522	216,394	(21,780)	(38,658)	-	-
Charge / (Reversal) for the year (note 39.2.5)	22,429	44,831	(197)	(1,660)	(978)	(1,521)
Contributions made during the year to the fund	-	(216,695)	-	-	-	-
Payments made to outgoing members by the Company	-	-	(9,762)	-	-	-
Remeasurements charged to OCI (note 39.2.7)	58,057	(28,008)	(2,485)	18,538	978	1,521
Net liability / (asset) at end of the year	97,008	16,522	(34,224)	(21,780)	-	-

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
	Rupees					
39.2.3 Movement in defined benefit obligation						
As at beginning of the year	414,687	394,214	67,423	64,518	26,836	23,018
Current service cost	21,080	20,650	2,377	3,504	-	-
Interest cost	35,334	44,102	5,560	7,154	2,118	2,488
Benefits paid during the year	(206,148)	(26,832)	(2,914)	(13,917)	(3,192)	(3,010)
Remeasurements charged to OCI (note 39.2.7)	46,703	(17,447)	(244)	6,165	(3,438)	4,340
As at end of the year	311,656	414,687	72,202	67,423	22,324	26,836
39.2.4 Movement in fair value of plan assets						
At beginning of the year	398,165	177,820	98,965	112,937	38,820	39,377
Expected return on plan assets	33,985	19,921	8,134	12,318	3,096	4,009
Contributions by the Company	-	216,695	-	-	-	-
Benefits paid during the year	(206,148)	(26,832)	(2,914)	(13,917)	(3,192)	(3,010)
Remeasurements charged to OCI (note 39.2.7)	(11,354)	10,561	2,241	(12,373)	4,096	444
As at end of the year	214,648	398,165	106,426	98,965	42,820	38,820
39.2.5 Charge / (reversal) for the year						
Current service cost	21,080	20,650	2,377	3,504	-	-
Net interest cost	1,349	24,181	(2,574)	(5,164)	(978)	(1,521)
	22,429	44,831	(197)	(1,660)	(978)	(1,521)
39.2.6 Actual return on plan assets	22,631	31,217	10,375	106	7,192	4,453

(Amounts in thousand)

39.2.7 Remeasurement recognised in the Consolidated Statement of Comprehensive Income

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
	Rupees					
(Gain) / loss from change in experience assumptions	47,787	(16,484)	(244)	7,163	286	832
(Gain) / loss from change in financial assumptions	916	(963)	-	-	(3,724)	3,408
Remeasurement of obligation	48,703	(17,447)	(244)	7,163	(3,438)	4,240
Expected return on plan assets (note 39.2.4)	33,065	19,821	8,134	12,318	3,096	4,009
Actual return on plan assets (note 39.2.6)	(24,831)	(31,217)	(10,375)	(106)	(7,192)	(4,453)
Difference in fair value opening	-	535	-	181	-	-
Remeasurement of plan assets	8,234	(10,861)	(2,241)	12,373	(4,096)	(444)
Effect of asset ceiling	-	-	-	-	8,512	(2,275)
	56,937	(28,308)	(2,485)	19,536	978	1,521

39.2.8 Principal actuarial assumptions used in the actuarial valuation

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2021	2020	2021	2020	2021	2020
Discount rate	11.75%	8.5%	11.75%	8.5%	11.75%	8.5%
Expected per annum rate of return on plan assets	11.75%	8.5%	11.75%	8.5%	11.75%	8.5%
Expected per annum rate of increase in salaries - next year	10.75%	7.5%	11.75%	8.5%	-	-
Expected per annum rate of increase in salaries-long term	10.75%	7.5%	11.75%	8.5%	-	-

39.2.9 Demographic Assumptions

	NMPT	MPT	Pension
Mortality rate	SLIC (2001-05) - 1	SLIC (2001-05) - 1	SLIC (2001-05) - 1
Rate of employee turnover	Light	Heavy	-

39.2.10 Sensitivity Analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption			Decrease in assumption		
	Gratuity Funds		Pension	Gratuity Funds		Pension
	NMPT	MPT	Fund	NMPT	MPT	Fund
	Rupees					
Discount Rate	283,338	70,012	21,381	344,322	74,517	25,353
Long Term Salary Increases	344,322	74,496	-	282,858	69,993	-
Long Term Pension Increases	-	-	23,468	-	-	21,266

39.2.11 Maturity Profile

Time in years	Gratuity Funds NMPT	Gratuity Funds MPT	Pension Fund
	Rupees		
1	11,642	9,582	3,910
2	15,272	2,059	3,910
3	19,588	39,000	3,910
4	19,294	21,398	3,910
5-10	253,891	43,295	3,910
11-15	476,923	2,183	3,910
16-20	575,398	13,439	3,910
20+	2,117,210	-	3,910
Weighted average duration (years)	9.09	3.03	4.22

39.2.12 Plan assets comprise of the following:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT 2021		MPT * 2021		2021	
	Rupees	(%)	Rupees	(%)	Rupees	(%)
Fixed income instruments	151,488	71	79,970	75	42,820	100
Investment in equity instruments	63,162	29	26,456	25	-	-
	214,650	100	106,426	100	42,820	100

* The employees of the Company in respect of gratuity are members of Defined Benefit Gratuity Fund maintained and operated by the Holding Company. Accordingly, the above information is based upon the plan assets of Engro Corporation Limited Gratuity Fund.

39.2.13 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 reporting date.

39.2.14 Expected future cost / (reversal) for the year ending December 31, 2022 is as follows:

	Rupees
- Gratuity Fund - NMPT	26,237
- Gratuity Fund - MPT	6,336
- Pension Fund	(2,278)

(Amounts in thousand)

39.2.15 Historical information of staff retirement benefits:

	2021	2020	2019	2018	2017
	Rupees				
Gratuity Fund - NMPT					
Present value of defined benefit obligation	311,658	414,687	394,314	325,678	296,881
Fair value of plan assets	(214,650)	(398,165)	(177,620)	(176,611)	(165,049)
Deficit	97,008	16,522	216,694	149,067	131,832
Gratuity Fund - MPT					
Present value of defined benefit obligation	72,202	67,423	64,519	104,068	146,542
Fair value of plan assets	(106,426)	(98,965)	(112,937)	(136,832)	(186,223)
Surplus	(34,224)	(31,542)	(48,418)	(32,764)	(39,681)
Pension Fund					
Present value of defined benefit obligation	22,324	26,836	24,018	24,600	29,156
Fair value of plan assets	(42,821)	(38,820)	(38,277)	(38,104)	(40,713)
Surplus	(20,497)	(11,984)	(14,259)	(13,504)	(11,557)

39.3 Defined contribution plans

An amount of Rs. 322,111 (2020: Rs. 262,090) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

40. CASH GENERATED FROM OPERATIONS

	2021	2020
	Rupees	
Profit before taxation	27,910,328	18,917,887
Adjustment for non-cash charges and other items:		
Depreciation (note 4.2)	2,884,200	5,236,004
Amortisation of intangibles (note 5.3)	144,891	107,257
Amortisation of deferred income	(3,865)	(3,865)
Gain on disposal of operating assets (note 31)	-	(13,244)
Loss on disposal of operating assets	27,701	-
Write-off of intangibles (note 5)	64,639	-
Provision for retirement and other service benefits	86,054	73,840
Income on deposits / other financial assets	(2,071,451)	(2,198,030)
Exchange loss on revaluation of long term borrowings (note 18.6)	143,987	66,351
Amortisation of transaction cost on borrowings	2,344	5,293
Re-measurement loss / (gain) on GIDC provision (note 22)	742,982	(2,121,389)
Finance cost	1,534,179	3,206,117
Dividend income (note 31)	(4,821,711)	(426,470)
Provision against stock-in-trade (note 9.1)	111,129	403,278
Provision for surplus and slow moving stores and spares (note 8.1)	241,970	21,935
Reversal of provision of stores and spares (note 8.1)	(24,797)	-
Provision for impairment against trade debts (note 10.2)	49,242	3,294
Loss allowance on subsidy receivable from the GoP	557,700	1,238,912
Provision against input tax disallowance	-	1,114,000
Working capital changes (note 40.1)	(8,279,888)	8,557,518
	19,279,813	34,188,686

	2021	2020
	Rupees	
40.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(233,364)	(1,147,298)
- Stock-in-trade	1,432,742	(3,554,582)
- Trade debts	(173,364)	7,878,569
- Loans, advances, deposits and prepayments	(144,848)	(26,480)
- Other receivables (net)	(4,490,638)	(2,299,475)
	(3,609,472)	950,734
(Decrease) / increase in trade and other payables	(4,670,417)	7,606,784
	(8,279,889)	8,557,518

41. CASH AND CASH EQUIVALENTS

	2021	2020
Cash and bank balances (note 15)	1,180,203	3,382,228
Short term investments	14,097,250	1,940,058
Short-term borrowings (note 24)	(4,117,658)	(250,331)
	11,159,795	5,071,955

42. FINANCIAL INSTRUMENTS BY CATEGORY

	2021	2020
Financial assets at amortised cost		
Loans, advances and deposits	1,377,341	992,088
Trade debts	2,221,319	2,047,955
Working capital loan to subsidiary	6,601,772	-
Other receivables	8,183,959	6,299,037
Accrued income	307,417	203,437
Short term investments	2,065,031	248,114
Cash and bank balances	1,180,203	3,382,228
	19,937,042	13,172,859
Financial assets at Fair value through profit or loss		
Short term investments	12,032,219	-
Financial assets at Fair value through other comprehensive income		
Short term investments	-	24,826,446
Financial liabilities at amortised cost		
Borrowings	17,215,345	23,575,994
Government grant	1,079,709	-
Trade and other payables	18,679,787	17,195,685
Accrued interest / mark-up	260,154	260,229
Short-term borrowings	4,117,658	250,331
Loan from Holding Company	5,200,000	1,000,000
	46,552,647	42,281,939

(Amounts in thousand)

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company'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 Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Management Committee.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Company's exposure resulting from outstanding import payments, foreign currency loan liabilities and related interest payments. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Comapny to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Comapny ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at December 31, 2021, if exchange rates had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 6,680.

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 Company's interest rate risk arises from long-term borrowings and short-term investments. Borrowing are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

As at December 31, 2021, if interest rates had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 177,723.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is exposed to price risk on its investments in mutual funds.

As at December 31, 2021, if net asset value had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 85,429.

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 Company maintains an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and AM3 respectively. However, the Company 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 Company is exposed to a 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 majority of trade debts against bank guarantees and inland letter of credit.

The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.

The Company 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:

	2021	2020
	Rupees	
Loans, advances and deposits	1,377,341	992,068
Trade debts	2,152,193	2,028,071
Working capital loan to subsidiary	6,601,772	-
Other receivables	6,183,959	6,299,037
Accrued income	307,417	203,437
Short term investments	12,277,669	248,114
Bank balances	1,169,990	3,372,666
	30,070,341	13,143,413

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. The credit quality of Company's bank balances and short term investments can be assessed with reference to recent external credit ratings as follows:

	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
The Bank of Punjab	PACRA	A1+	AA
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Citi Bank N.A.	MOODY'S	P1	Aa3
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A1	AA
Silk Bank Limited	JCR-VIS	A2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA

(Amounts in thousand)

c) Liquidity risk

Liquidity risk represents the risk that the Company 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 Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company'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.

	2021			2020		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	Rupees			Rupees		
Financial liabilities						
Borrowings	5,840,613	14,244,134	20,084,746	11,557,241	14,960,460	26,517,701
Trade and other payables	16,079,707	-	16,079,707	17,165,880	-	17,165,880
Accrued interest / mark up	280,154	-	280,154	280,209	-	280,209
Short-term borrowings	4,117,808	-	4,117,808	250,837	-	250,837
Loan from Holding Company	5,000,400	-	5,000,400	1,060,132	-	1,060,132
	30,321,704	14,244,134	45,573,808	30,323,878	14,960,460	45,284,278

43.2 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit 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 total long term borrowings to equity ratio as at December 31, 2021 based on total long term borrowings at its present value of Rs. 17,215,345 (2020: Rs. 23,575,694) and total equity of Rs. 45,318,236 (2020: Rs. 44,985,807) was 28%:72% (2020: 34%:66%).

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.

43.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at December 31, 2021, all financial assets and financial liabilities, except for investment in units of mutual funds, are carried at amortised cost. Mutual funds are measured at fair value using the fair value measurement method in accordance with IFRS 13.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- 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).

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	Rupees			
As at December 31, 2021				
Fair value through profit or loss	-	12,032,219	-	12,032,219
As at December 31, 2020				
Fair value through other comprehensive income	-	24,826,446	-	24,826,446

Represents investment in units of mutual funds are measured at fair value using the fund's respective net asset value.

There were no transfers between the levels of hierarchy during the year.

43.4 Fair value of financial assets and liabilities

The carrying value of all other financial assets and liabilities reflected in these financial statements approximate their fair values.

44. TRANSACTIONS WITH RELATED PARTIES

44.1 Following are the names of associated companies and undertakings and other related parties with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name of Related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.27%	Holding Company
EFERT Agritrade (Private) Limited	100%	Subsidiary Company
Engro Eximp FZE (Private) Limited	N/A	Subsidiary of Holding Company
Engro Digital	N/A	Subsidiary of Holding Company
Engro Elengy Terminal (Private) Limited	N/A	Subsidiary of Holding Company
Engro Energy Limited	N/A	Subsidiary of Holding Company
Engro Eximp Agriproducts (Private) Limited	N/A	Subsidiary of Holding Company
Engro Polymer and Chemicals Limited	N/A	Subsidiary of Holding Company
Engro Powergen Qadirpur Limited	N/A	Subsidiary of Holding Company
Engro Infiniti (Private) Limited	N/A	Subsidiary of Holding Company
Engro Powergen Thar (Private) Limited	N/A	Subsidiary of Holding Company
Engro Enfrashare (Private) Limited	N/A	Subsidiary of Holding Company
Engro Connect (Private) Limited	N/A	Subsidiary of Holding Company
Engro Empiric A.I.	N/A	Subsidiary of Holding Company
FrieslandCampina Engro Pakistan Limited	N/A	Associate of Holding Company
Engro Foundation	N/A	Associate of Holding Company
Engro Vopak Terminal Limited	N/A	Associate of Holding Company
Sindh Engro Coal Mining Company Limited	N/A	Associate of Holding Company
Dawood Lawrencepur Limited	N/A	Associate of Holding Company
Pakistan Institute of Corporate Governance (PICG)	N/A	Associate of Holding Company
Dawood Foundation	N/A	Associate of Holding Company

Name of Related parties	Direct shareholding	Relationship
Ghias Khan	N/A	Director
Asim Murtaza Khan	N/A	Director
Abdul Samad Dawood	N/A	Director
Asad Said Jafar	N/A	Director
Javed Akbar	N/A	Director
Mazhar Abbas Hasnani	N/A	Director
Dr. Shamshad Akhtar	N/A	Director
Khawaja Bilal Hussain	N/A	Director
Nadir Salar Qureshi	N/A	Chief Executive Officer
Amir Iqbal	N/A	Key Management Personnel
Imran Ahmad	N/A	Key Management Personnel
Mohammad Azhar Malik	N/A	Key Management Personnel
Muhammad Majid Latif	N/A	Key Management Personnel
Salman Goheer	N/A	Key Management Personnel
Shahzad Nabi	N/A	Key Management Personnel
Khusrau Nadir Gilani	N/A	Key Management Personnel
FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	N/A	Associate of Parent Company
Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited DB Pension Fund	N/A	Post Employment Benefits
Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
Engro Corporation Limited Provident Fund	N/A	Post Employment Benefits

44.2 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2021	2020
	Rupees	
Holding Company		
Dividend paid	11,645,337	8,264,433
Mark-up paid on subordinated loan	81,042	1,225
Reimbursements made:		
- by the Company	1,364,780	692,990
- to the Company	212,570	339,769
Royalty	1,284,441	1,090,516
Loan from Holding Company - net	4,200,000	1,000,000
Subsidiary company		
Purchase of products	2,814	30,649
Sale and sale return of product	45,414	249,747
Disbursement of working capital loan to subsidiary	35,758,917	10,170,170
Repayment received against working capital loan disbursed to subsidiary	29,157,145	26,415,944
Reimbursements made:		
- by the Company	3,442	20,613
- to the Company	1,193,181	47
Sub-licensing fee charged by the Company	46,743	39,209
Commission received	590,363	435,122
Dividend received	4,821,711	426,470
Services provided	374,868	174,593
Funds collected against sales made on behalf of subsidiary	41,816,033	40,381,358
Income on working capital loan to subsidiary company	480,624	760,123

	2021	2020
	Rupees	
Associated companies		
Purchases and services received	236,459	170,463
Services provided	131,471	131,534
Reimbursements made:		
- by the Company	15,000	52,321
- to the Company	310,557	12,171
Donations	263,000	198,500
Dividend paid to Trustees of Friesland Campina Engro Pakistan Limited Employees Gratuity Fund	802	796
Contribution to staff retirement benefits		
Pension fund	7,253	7,521
Gratuity fund	156,057	141,200
Provident fund	176,258	155,912
Dividend paid to staff retirement benefits		
Pension fund	102	134
Gratuity fund	2,557	2,474
Provident fund	-	2,906
Others		
Remuneration of key management personnel	230,883	218,394
Directors' fees	16,390	10,762

45. OPERATING SEGMENT RESULTS

	Urea 2021	Urea 2020	Specialty Fertilizers Business 2021	Specialty Fertilizers Business 2020	Others 2021	Others 2020	Total 2021	Total 2020
	Rupees							
Sales	72,629,058	64,418,884	13,425,537	7,060,860	6,356,180	6,248,879	92,410,770	78,644,843
Intersegment sales	4,073,824	1,878,555	-	-	1,050,812	880,940	6,023,404	2,759,495
Sales tax	(1,462,420)	(1,279,249)	(279,460)	(143,733)	[illegible]	(67,128)	[illegible]	(1,489,099)
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Profit before tax	26,742,798	19,250,995	350,618	(189,879)	200,713	(173,130)	27,310,529	18,917,987
Depreciation & Amortisation	[illegible]	[illegible]	34,624	[illegible]	404,202	218,894	[illegible]	[illegible]
Capital Expenditure	10,921,184	4,151,785	144,128	24,748	[illegible]	947,125	10,942,207	5,133,818

	Urea 2021	Urea 2020	Specialty Fertilizers 2021	Specialty Fertilizers 2020	Others 2021	Others 2020	Total 2021	Total 2020
	Rupees							
Segment assets	99,842,400	87,202,840	4,811,113	3,004,804	8,472,204	8,218,103	113,225,807	99,005,307
Unallocated assets	-	-	-	-	-	-	16,484,875	[illegible]
Total assets	99,842,400	87,202,840	4,811,113	3,004,804	8,472,204	8,218,103	[illegible]	[illegible]

(Amounts in thousand)

	2021	2020
	Rupees	

45.1 Reconciliation of reportable segment net sales

	2021	2020
Total net sales for reportable segment	98,614,310	77,825,339
Elimination of intersegment net sales	(8,329,434)	(2,769,495)
Total net sales	90,284,876	75,055,844

45.2 Reconciliation of reportable segment total assets

	2021	2020
Total assets for reportable segments	113,225,907	89,606,007
Add : Unallocated assets		
- Accrued Income	307,417	203,437
- Short term investments	14,097,250	35,074,560
- Cash and Bank balances	1,189,203	3,382,228
	15,593,870	38,660,225
Total assets	128,819,777	128,266,232

46. PRODUCTION CAPACITY

	Designed annual capacity Metric Tons		Actual production Metric Tons		Remarks
	2021	2020	2021	2020	
Urea plant I & II	2,275,000	2,275,000	2,104,722	2,238,606	Production planned as per market demand
NPK plant	100,000	100,000	144,884	127,082	

47. NUMBER OF EMPLOYEES

	Number of employees as at December 31		Average number of employees during the year	
	2021	2020	2021	2020
Management employees	910	822	860	778
Non-management employees	469	533	524	532
	1,379	1,355	1,384	1,310

48. CONTRIBUTORY RETIREMENT FUNDS

The employees of the Company participate in the Retirement Fund maintained by the Holding Company. The investments out of the retirement fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified there under.

49. SEASONALITY

The Company'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 Company manages seasonality in the business through appropriate inventory management.

50. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 10, 2022 has proposed a final cash dividend of Rs.5 per share for the year ended December 31, 2021 amounting to Rs.6,676,497 for approval of the members at the Annual General Meeting to be held on March 22, 2022.

51. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with the requirements of accounting and reporting standards applicable on the Company.

52. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 10, 2022 by the Board of Directors of the Company.

Imran Ahmad	Nadir Salar Qureshi	Ghias Khan
Chief Financial Officer	Chief Executive Officer	Chairman

05 shareholders' information

notice of Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Engro Fertilizers Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL), National Stadium Road, Opp. Liaquat National Hospital, Karachi - 74800 on Tuesday, March 22, 2022, at 10:00 A.M. to transact the following business:

Please note that due to the continuing Covid-19 pandemic and to ensure the safety and health of members, physical attendance will be limited, and shareholders are encouraged to attend the meeting through video conference facility managed by the Company (please see the notes section for details).

a) ordinary business

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2021, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

   As required under section 223(7) of the Companies Act 2017, Financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

   https://www.engrofertilizers.com/investments/reports

2. To declare as recommended by the Directors, the payment of final cash dividend at the rate of PKR [illegible] ([illegible]%) for the year ended December 31, 2021. This is in addition to interim dividends of PKR 11.50 (115%) per share.

3. To appoint Auditors for the year 2022 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A. F. Ferguson & Co., for re-appointment as Auditors of the Company.

4. To elect 07 directors in accordance with the Companies Act, 2017 for a term of three years commencing from the date of holding of AGM i.e. March 22, 2022. The retiring directors are Mr. Ghias Khan, Mr. Javed Akbar, Mr. Mazhar Abbas Hasnani, Mr. Khawaja Ejaz Hussain, Mr. Asad Said Jafar, Mr. Asim Murtaza Khan, Dr. Shamshad Akhtar and Mr. Nadir Salar Qureshi.

By Order of the Board

SUHAIB BARKAT, ACA
Company Secretary

Karachi,
Dated: February 10, 2022

notes

1. Participation in the AGM proceeding via physical presence or through video conferencing facility:

   Due to the continuing Covid-19 pandemic and to ensure the safety and health of members, physical attendance at the AGM will be limited to 50% of the venue capacity, or 50 members present. Hence, members are encouraged to attend the AGM proceedings via video-conferencing facility which shall be made available by the Company.

   All shareholders/members interested in attending the AGM, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC / Passport number at https://forms.office.com/r/[illegible]. Members wishing to attend in person must also provide a copy of their vaccination certificate at the above link. Confirmation email for physical meeting or video link and login credentials will be shared with only those shareholders whose registration are received at least 48 hours before the time of AGM.

   The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card on them. These measures are necessary to ensure the safety and health of all present.

   Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm.efert@engro.com

2. Electronic transmission of annual report 2021

   In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2021 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

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

3. The Share Transfer Books of the Company will be closed from Wednesday, March 16, 2022 to Tuesday, March 22, 2022 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, PABX No. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m.) on Tuesday, March 15, 2022 will be treated as being in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the meeting.

4. A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy, and a proxy so appointed shall have the right to attend, speak and/or vote at the meeting as are available to the member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

5. Requirements for appointing proxies:

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

6. Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item, subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

7. Electronic dividend mandate

   Under the Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders.

   To receive dividends directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, M/s. FAMCO Associates (Private) Limited, in case of physical shares.

   In case of shares held in CDC, Electronic Dividend Mandate Form must be directly submitted to shareholder's broker / participant / CDC account services.

   In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

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

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

9. Submission of valid CNIC (mandatory)

As per SECP directives, the dividend of shareholders, whose valid CNICs are not available with the Share Registrar, may be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, M/s. FAMCO Associates (Private) Limited without any further delay.

10. Unclaimed dividend

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

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

11. Conversion of physical shares into CDC account

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

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

notice of annual general meeting

Statement of Material Facts
under section 166(3) of the Companies Act, 2017

Agenda item 4 – election of directors

The term of office of the present Directors of the Engro Fertilizers Limited ("the Company") will expire on March 21, 2022. In terms of Section 159(1) of the Companies Act, 2017, the Board of Directors in its 78th meeting held on February 10, 2022 has fixed the number of elected Directors 07 to be elected in the Annual General Meeting of the Company for a period of three years.

Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file with the Company Secretary, at the Registered Office of the Company located at 7th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton Karachi, not later than fourteen (14) days before the date of Annual General Meeting, the following documents:

1. Notice of his/her intention to offer himself/herself for election in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017.

2. A detailed profile along with office address as required under SECP SRO 1196 (I)/2019 dated October 3, 2019.

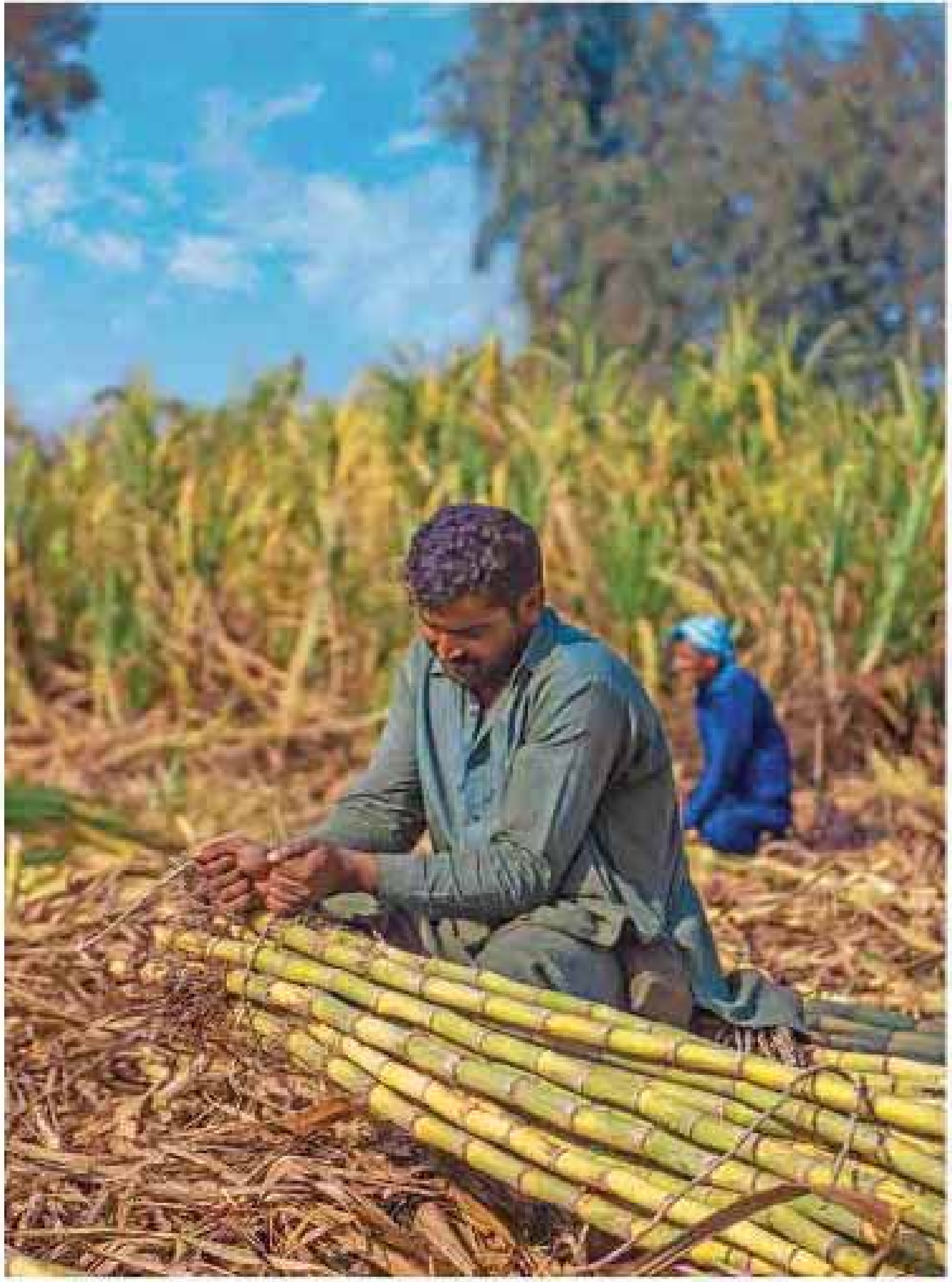
3. A director must be a member of the Company at the time of filing consent for contesting election of directors except for a person representing a member which is not a natural person.

4. A declaration confirming that:
   (a) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange; and
   (b) He/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and any other applicable law, rules and regulations.

5. Independent Directors will be elected through the process of election in terms of section 159 of the Act and must meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations 2018. Accordingly, the following additional documents should be submitted by the candidates intending to contest election of directors as an independent director:
   (a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019; and
   (b) Undertaking on non-judicial stamp paper that he/she meet the requirements of sub regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Update under the companies (investment in associated companies or associated undertakings) regulations, 2017:

Engro Corporation Limited is the majority shareholder of Engro Fertilizers Limited. On March 26, 2021, the shareholders approved a short term loan / financing facility of up to PKR 5 billion for Engro Corporation Limited, which was initially for a period of one (1) year and renewal of the same for four (4) further periods of one (1) year each. This short term facility has not been utilized to date since approval, however, it is being renewed as earlier approved by the shareholders. There has been no material adverse change in the financial statements of Engro Corporation Limited since the approval of this facility.



کے اندر کمپنی کو کلیم نہ ملنے کی صورت میں، کمپنی اس کی اطلاع اخبارات میں شائع کرنے کے بعد غیر دعویٰ شدہ اور غیر ادا شدہ رقم ایکٹ کے سیکشن (2)244 کی تعمیل میں وفاقی حکومت کو جمع کرا دے گی۔

11۔ فزیکل شیئرز کی سی ڈی سی اکاؤنٹ میں تبدیلی

ایس ای سی پی نے اپنے لیٹر نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو کمپنیز ایکٹ 2017 کے سیکشن 72 کی تعمیل میں تجویز دی ہے جس کے مطابق تمام کمپنیوں کے لیے لازم ہے کہ فزیکل فارم میں جاری شدہ تمام شیئرز کو اس ایکٹ کے نفاذ سے چار سال کے اندر بک انٹری فارم میں تبدیل کریں۔

اسی طرح کمپنی میں فزیکل فولیو/شیئرز سرٹیفکیٹ رکھنے والے تمام شیئر ہولڈرز سے گزارش کی جاتی ہے کہ جلد از جلد اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرا لیں۔ اس ضمن میں شیئر ہولڈرز پاکستان اسٹاک ایکسچینج ممبر، سی ڈی سی پارٹیسپنٹ یا سی ڈی سی انویسٹر اکاؤنٹ سروس پرووائیڈر سے سی ڈی سی اکاؤنٹ کھولنے میں معاونت اور فزیکل شیئرز کی بک انٹری فارم میں منتقلی کرا سکتے ہیں۔ بک انٹری فارم میں شیئرز رکھنے کے کئی فوائد حاصل ہیں جس میں سی ڈی سی شیئرز کی محفوظ تحویل، ڈپلیکیٹ شیئرز وغیرہ کے اجراء کے لیے مطلوبہ لوازمات سے بچاؤ شامل ہے۔ اس ضمن میں کمپنی کے شیئر ہولڈرز کمپنی کے شیئر رجسٹرار اور شیئر ٹرانسفر ایجنٹ، فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ سے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کے لیے رابطہ کر سکتے ہیں۔

34380101-5 اور ای میل info.shares@famco.com.pk پر منگل 15 مارچ 2022 کو کاروبار کے اختتام (5 بجے شام) تک وصول ہونے والی منتقلیوں کو ادائیگی اور اجلاس میں شرکت اور ووٹ دینے کے لیے بروقت تصور کیا جائے گا۔

4۔ اجلاس میں شرکت اور ووٹ دینے کے اہل ممبر اجلاس میں شرکت اور ووٹ دینے کے لیے کسی کو بطور نمائندہ (پراکسی) مقرر کرنے کا حق حاصل ہوگا اور مقرر کردہ پراکسی کو اجلاس میں شرکت، اظہار رائے اور ووٹ دینے کے وہی حقوق حاصل ہوں گے جو خود ممبر کو حاصل ہیں۔ پراکسی فارم موثر ہونے کے لیے ان کی دستاویزات کمپنی کو اجلاس سے 48 گھنٹے پہلے موصول ہونا ضروری ہیں۔ پراکسی کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔

5) پراکسی کے تقرر کے لیے:

(a) افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے ریگولیشنز کے مطابق اپ لوڈ ہو چکی ہیں، وہ مندرجہ بالا ہدایات کے مطابق پراکسی فارم جمع کرائیں۔

(b) پراکسی فارم کے لیے 2 گواہ ضروری ہیں، جن کے نام، ایڈریس اور سی این آئی سی / این ٹی این نمبر فارم پر درج ہوں۔

(c) تفصیل مالکان اور پراکسی کے فعال سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ منسلک کی جائیں۔

(d) پراکسی اپنا اصل سی این آئی سی یا اصل پاسپورٹ اجلاس کے وقت ہمراہ لائیں۔

(e) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی منتخب فرد کے دستخط کے نمونے کے ساتھ جمع کرائیں (اگر پہلے فراہم نہ کیا گیا ہو)

6۔ کمپنیز (پوسٹل بیلٹ) ریگولیشنز کی تعمیل میں کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے لوازمات سے مشروط ڈائریکٹرز کے انتخاب اور کسی بھی ایجنڈا آئٹم کے مقصد کے لیے ممبران کو پوسٹل بیلٹ کے ذریعے ووٹ دینے کی اجازت ہوگی، اس میں ووٹ بذریعہ پوسٹ یا کسی بھی الیکٹرانک طریقے سے، مذکورہ بالا ریگولیشنز کی شرائط و ضروریات کے مطابق حق دیا جائے گا۔

7۔ الیکٹرانک ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت، تمام لسٹڈ کمپنیوں کے لیے لازم ہے کہ وہ اپنے شیئر ہولڈرز کو منافع منقسمہ کی ادائیگی صرف الیکٹرانک طریقے سے ان کے فراہم کردہ بینک اکاؤنٹ میں براہ راست کریں گی۔

اپنے بینک اکاؤنٹ میں منافع منقسمہ کی براہ راست وصولی کے لیے شیئر ہولڈرز سے درخواست کی (اگر انہوں نے پہلے فراہم نہیں کیے) جاتی ہے کہ کمپنی کی ویب سائٹ پر موجود نقد منافع منقسمہ کی الیکٹرانک منتقلی کے لیے شیئر ہولڈرز کی معلومات کا فارم پر کریں اور اگر فزیکل شیئرز ہیں تو مکمل اور دستخط شدہ فارم موثر سی این آئی سی کی کاپی کے ہمراہ شیئر رجسٹرار میسرز ٹیکنو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیجیں۔

سی ڈی سی میں موجود شیئرز کی صورت میں، الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم لازمی طور پر براہ راست شیئر ہولڈرز کے بروکر / پارٹیسپنٹ / سی ڈی سی اکاؤنٹ سروسز کو جمع کرائیں جائیں۔

معلومات کی عدم فراہمی کی صورت میں، کمپنی شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے کے لیے مجبور ہوگی۔

8۔ فرسٹ شیڈول آف انکم ٹیکس آرڈیننس 2001 کے پارٹ III کی ڈویژن I کے سیکشن 150 کے مطابق منافع منقسمہ کی آمدنی ود ہولڈنگ ٹیکس فائلرز اور نان فائلرز کے لیے بالترتیب 15% اور 30% کے حساب سے منہا ہوگا۔ 'فائلرز' وہ ٹیکس دہندہ ہے جس کا نام ایف بی آر کی جانب سے وقتاً فوقتاً جاری کردہ ایکٹیو ٹیکس پیئرز لسٹ (ATL) میں ظاہر ہوتا ہو جبکہ اس کے علاوہ دیگر "نان فائلرز" ہے۔ کمپنی کو فائلرز کے لیے 15 فیصد ٹیکس کٹوتی کے اہل ہونے کے لیے، تمام شیئر ہولڈرز کو تجویز دی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام ایف بی آر کی اے ٹی ایل میں شامل ہوں، وگرنہ صورت میں نان فائلرز کے ڈیویڈنڈ پر ٹیکس کی کٹوتی 30 فیصد کے حساب سے ہوگی۔ ود ہولڈنگ ٹیکس سے استثنیٰ کی اجازت صرف اس کارپوریٹ شیئر ہولڈرز کو دی جائے گی کہ اگر وہ ٹیکس استثنیٰ کا فعال سرٹیفکیٹ کمپنی کے شیئر رجسٹرار ٹیکنو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس کتابوں کی بندش کے پہلے دن تک جمع کرا دے۔

ایف بی آر نے اس بات کی وضاحت کر دی ہے کہ جوائنٹ اکاؤنٹ کی صورت میں ہر ہولڈر کو علیحدہ سمجھا جائے گا چاہے وہ فائلر ہو یا نان فائلر، اور ٹیکس کی کٹوتی ہر جوائنٹ ہولڈر کی شیئر ہولڈنگ کے حساب سے ہوگی۔ جوائنٹ ہولڈرز میں شیئرز رکھنے والے ممبران سے گزارش کی جاتی ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر کی شیئر ہولڈنگ کا تناسب شیئر رجسٹرار میسرز ٹیکنو ایسوسی ایٹس پرائیویٹ لمیٹڈ کو تحریری طور پر فراہم کریں۔ ہمارے رجسٹرار کو مطلوبہ معلومات کی عدم فراہمی کی صورت میں یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ اکاؤنٹ ہولڈر کی جانب سے مساوی شیئر ہولڈنگ برقرار رکھی گئی ہے۔

9 فعال سی این آئی سی کی کاپیاں جمع کرانا (لازمی)

SECP کی ہدایات کے مطابق، جن شیئر ہولڈرز کا فعال سی این آئی سی شیئر رجسٹرار کے پاس موجود نہیں ہوگا ان کا منافع منقسمہ روکا جا سکتا ہے۔ فزیکل شیئر ہولڈنگ والے تمام شیئر ہولڈرز کو تجویز دی جاتی ہے کہ وہ اپنے موثر سی این آئی سی کی نقل اگر پہلے جمع نہیں کرائی تو بلا کسی مزید تاخیر کے شیئر رجسٹرار ٹیکنو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس جمع کرا دیں۔

10۔ غیر دعویٰ شدہ ڈیویڈنڈ

ایکٹ کے سیکشن 244 کے مطابق، کمپنی کی جانب سے جاری کردہ شیئرز یا اعلان کردہ منافع منقسمہ جو تین سال مدت تک غیر دعویٰ شدہ یا غیر ادا شدہ رہیں گے انہیں کلیم داخل کرنے کے لیے نوٹس بھیجنے کے بعد وفاقی حکومت کے تحت سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں جمع کرا دیا جائے گا۔ تین سال مدت میں کمپنی کے جاری کردہ شیئرز کی تفصیل اور اعلان کردہ ڈیویڈنڈ جو قابل ادا ہیں ان کی تفصیل شیئر ہولڈرز کو بھیجی گئی تھی۔

شیئر ہولڈرز سے گزارش کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعویٰ شدہ منافع منقسمہ کے کلیم درست انداز میں جلد از جلد داخل کرائیں۔ فراہم کردہ مدت

اینگرو فرٹیلائزرز لمیٹڈ

سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا مطلع کیا جاتا ہے کہ اینگرو فرٹیلائزرز لمیٹڈ ("کمپنی") کا 13واں سالانہ اجلاس عام بروز منگل، 22 مارچ 2022 کو صبح 10 بجے، کراچی اسکول آف بزنس اینڈ لیڈرشپ (KSBL)، نیشنل اسٹیڈیم روڈ، بالمقابل لیاقت نیشنل ہسپتال، کراچی 74800 میں منعقد کیا جائے گا، جس میں درج ذیل کاروباری امور انجام دیے جائیں گے:

براہ مہربانی نوٹ فرمائیں کہ Covid-19 کی وبا کے پیش نظر ممبران کی صحت اور حفاظت کو یقینی بنانے کے لیے ان کی فزیکل حاضری کو محدود رکھا جائے گا اور شیئر ہولڈرز کو کمپنی کے ذریعے انتظام ویڈیو کانفرنس کی سہولت کے ذریعے نوٹس میں فراہم کردہ ہدایات کے مطابق شرکت کرنے پر زور دیا جاتا ہے۔

1۔ معمولی کاروبار

- 31 دسمبر 2021 کو ختم شدہ سال کے لیے کمپنی کے انفرادی اور مجموعی آڈٹ شدہ مالیاتی گوشواروں بشمول ڈائریکٹرز اور آڈیٹرز اور چیئرمین کی جائزہ رپورٹ کی وصولی، غور و خوض اور منظوری دینا۔

کمپنیز ایکٹ 2017 سیکشن (7)223 کی تعمیل میں، کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جنہیں درج ذیل لنک سے ڈاؤن لوڈ کیا جا سکتا ہے: http://www.engrofertilizers.com/investments#reports

2۔ ڈائریکٹرز کی تجویز کے مطابق، 31 دسمبر 2021 کو ختم شدہ سال کے لیے 5 روپے فی شیئر بحساب 50 فیصد کا حتمی نقد منافع منقسمہ ادا کرنے کی منظوری دینا۔ اس کے علاوہ 11.50 روپے فی شیئر بحساب 115 فیصد کا عبوری منافع منقسمہ پہلے ادا کیا جا چکا ہے۔

3۔ سال 2022 کے لیے آڈیٹرز کی تعیناتی اور ان کے مشاہرے کا تعین۔ ممبران کو مطلع کیا جاتا ہے کہ بورڈ آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی کمپنی کے آڈیٹرز کے طور پر دوبارہ تعیناتی کی تجویز دی ہے۔

4۔ کمپنیز ایکٹ 2017 کی تعمیل میں 22 مارچ 2022 کو منعقد ہونے والے سالانہ اجلاس عام کی تاریخ سے شروع ہونے والی تین سالہ مدت کے لیے 7 ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز میں جناب غیاث خان، جناب جاوید اکبر، جناب مظہر عباس حسانی، جناب خواجہ بلال حسین، جناب اسد سعید جعفر، جناب عاصم مرتضیٰ خان، ڈاکٹر شمشاد اختر اور جناب نادر سالار قریشی شامل ہیں۔

حسب الحکم بورڈ

سہیل برکت، ACA

کمپنی سیکریٹری

کراچی:

12 فروری 2022

نوٹس

1۔ ویڈیو کانفرنس سہولت یا فزیکل حاضری کے ذریعے اجلاس عام میں شرکت

Covid-19 کی موجودہ صورتحال کے پیش نظر اور ممبران کی صحت اور حفاظت کو یقینی بنانے کے لیے، سالانہ اجلاس عام میں حاضری کو 50 فیصد یا 50 ممبران کی شرکت تک محدود رکھا گیا ہے۔ البتہ ممبران کو سالانہ اجلاس عام میں ویڈیو کانفرنسنگ کے ذریعے شرکت کی حوصلہ افزائی کی جاتی ہے۔ یہ سہولت کمپنی کی طرف سے فراہم کی جائے گی۔

اجلاس میں فزیکل یا ویڈیو کانفرنس کے ذریعے شرکت کرنے والے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنا نام، فولیو نمبر، موبائل نمبر، سی این آئی سی یا پاسپورٹ نمبر https://forms.office.com/r/Svc5bvK4XM پر رجسٹر کرائیں۔ فزیکل حاضری کے خواہشمند ممبران کو مصدقہ ہالانگ یا پہلے پوسٹ ویکسینیشن سرٹیفکیٹ کی ایک کاپی لازمی طور پر فراہم کرنا ہوگی۔ فزیکل حاضری یا ویڈیو لنک اور لاگ ان سے متعلق معلومات کی تصدیقی ای میل ان ممبران کو بھیجی جائے گی جن کی رجسٹریشن سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل موصول ہوں گے۔

کمپنی فزیکل حاضری کی پیشگی رجسٹریشن نہ کرانے والے یا ویکسینیشن کا ثبوت نہ لانے والے کسی بھی ممبر کو اجلاس میں شرکت سے روکنے کا حق رکھتی ہے۔ یہ اقدامات وہاں موجود تمام شرکاء کی صحت اور تحفظ کو یقینی بنانے کے لیے لازمی ہیں۔

شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈا آئٹمز سے متعلق تجاویز اور سوالات agm.efert@engro.com پر بھیج سکتے ہیں۔

2۔ سالانہ رپورٹ 2021 کی الیکٹرانک ترسیل

کمپنیز ایکٹ 2017 کے سیکشن (6)223 کی تعمیل میں، کمپنی نے شیئر ہولڈرز کو ای میل کے ذریعے سالانہ رپورٹ 2021 کی الیکٹرانک ترسیل ان شیئر ہولڈرز کو کر دی ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس موجود ہیں۔ کمپنی رجسٹرار کے پاس ای میل ایڈریس کی عدم فراہمی کی صورت میں سالانہ اجلاس عام کی شائع شدہ اطلاع بشمول مذکورہ مالیاتی گوشواروں کو ڈاؤن لوڈ کرنے کے QR کوڈ / ویب لنک بھیجے جا چکے ہیں۔ تاہم کمپنی طلب کرنے پر ممبران کو سالانہ رپورٹ کی ہارڈ کاپی ان کے رجسٹرڈ ایڈریس پر ایسی درخواست کے ایک ہفتے کے اندر مفت فراہم کرے گی۔

مزید براں، شیئر ہولڈرز سے گزارش کی جاتی ہے کہ وہ اپنا فعال ای میل ایڈریس (بشمول اپنے سوشل ایس آئی سی کی کاپی) کمپنی کے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کریں۔ اگر ممبر کے پاس فزیکل صورت یا ممبر کے متعلقہ پارٹیسپنٹ / انویسٹر اکاؤنٹ سروسز میں شیئرز موجود ہیں یا گران کے شیئرز بک انٹری فارم میں موجود ہیں۔

3۔ کمپنی کے شیئرز ٹرانسفر بکس بدھ 16 مارچ 2022 تا منگل 22 مارچ 2022 (دونوں دن شامل ہیں) تک بند رہیں گے۔ ہمارے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، نزد قاران ہوٹل، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی PABX نمبر (92-21)

shareholders' information including financial calendar

annual general meeting

The Thirtieth Annual General Meeting of the members of Engro Fertilizers Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL), National Stadium Road, Opp. Liaquat National Hospital, Karachi - 74800 on Tuesday, March 22, 2022, at 10:30 A.M. as mentioned in the Notice of Annual General Meeting.

Shareholders as of March 14, 2022 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Card or passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting to facilitate their identification.

Ownership

On December 31, 2021, there were [illegible] shareholders on record of the Company's ordinary shares.

Electronic transmission of annual reports through company's website and email

As required under section 223(7) of the Companies Act 2017, financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

https://www.engrofertilizers.com/investments/reports

In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2021 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, printed notice of AGM along with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request.

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

E-dividend mandate (mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company is required to pay cash dividend ONLY through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders are requested to provide the information mentioned on an E-Dividend Mandate Form available at the Company's website www.engrofertilizers.com and send the same to your brokers/the Central Depository Company Ltd. if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form. For ease of shareholders, E-Dividend Mandate Form is also provided at the end of the report.

Analyst's briefing held during the year

Engro Fertilizers continued to apprise its stakeholders of the relevant updates about the Company as well as the Fertilizer industry by conducting four Analyst Briefings during the year, one at the end of every quarter. The briefings were attended by analysts as well as our stakeholders. The attendees were briefed on the performance of the Company during the period, both from a financial and an operational perspective. At the end of every session, a Q&A session was conducted to ensure that a comprehensive evaluation of the Company's progress was conveyed. The presentation was also uploaded on the website after every analyst briefing for the benefit of all stakeholders.

Quarterly results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2022 are:

- 1st quarter: April [illegible], 2022
- 2nd quarter: July 28, 2022
- 3rd quarter: October [illegible], 2022

The Company holds quarterly briefings with Security Analysts to discuss the results and the business environment. These sessions are planned to be held on:

- 1st quarter: April 14, 2022
- 2nd quarter: July 28, 2022
- 3rd quarter: October [illegible], 2022

All annual/quarterly reports and presentations from quarterly briefings are regularly posted at the Company's website: www.engro.com and www.engrofertilizers.com

The Company reserves the right to change any of the above dates.

pattern of share holding

as at december 31, 2021

	no. of shareholdings		
no. of shareholders	from	to	total shares
1,007	1	100	195,552
10,100	101	500	4,311,815
4,202	501	1,000	3,859,830
5,799	1,001	5,000	15,709,749
1,991	5,001	10,000	14,832,802
821	10,001	15,000	10,630,279
534	15,001	20,000	9,798,467
405	20,001	25,000	9,298,520
292	25,001	30,000	7,477,833
191	30,001	35,000	6,304,000
179	35,001	40,000	6,596,205
141	40,001	45,000	5,811,848
151	45,001	50,000	6,901,292
104	50,001	55,000	5,511,715
75	55,001	60,000	4,413,140
52	60,001	65,000	3,297,294
59	65,001	70,000	4,019,752
58	70,001	75,000	4,205,060
57	75,001	80,000	4,470,267
30	80,001	85,000	2,506,786
37	85,001	90,000	3,292,780
30	90,001	95,000	2,879,000
117	95,001	100,000	11,665,719
27	100,001	105,000	2,795,850
21	105,001	110,000	2,250,559
18	110,001	115,000	2,020,790
16	115,001	120,000	1,895,906
17	120,001	125,000	2,113,000
18	125,001	130,000	2,307,106
21	130,001	135,000	2,795,030
16	135,001	140,000	2,211,715
9	140,001	145,000	1,290,030
30	145,001	150,000	4,325,846
9	150,001	155,000	1,381,259
12	155,001	160,000	1,899,791
13	160,001	165,000	2,118,052
10	165,001	170,000	1,690,272
10	170,001	175,000	1,727,580
7	175,001	180,000	1,240,512
8	180,001	185,000	1,455,001

as at december 31, 2021

	no. of shareholdings		
no. of shareholders	from	to	total shares
7	185,001	190,000	1,314,390
5	190,001	195,000	971,508
20	195,001	200,000	3,993,760
9	200,001	205,000	1,810,997
4	205,001	210,000	832,525
5	210,001	215,000	1,066,538
5	215,001	220,000	1,092,734
12	220,001	225,000	2,680,965
8	225,001	230,000	1,829,701
3	230,001	235,000	699,806
6	235,001	240,000	1,430,990
2	240,001	245,000	482,578
12	245,001	250,000	2,987,084
3	250,001	255,000	753,503
1	255,001	260,000	260,000
2	260,001	265,000	530,000
7	265,001	270,000	1,881,050
2	270,001	275,000	547,500
2	275,001	280,000	552,500
1	280,001	285,000	284,139
1	290,001	295,000	291,544
17	295,001	300,000	5,081,590
4	300,001	305,000	1,205,945
3	305,001	310,000	920,809
2	310,001	315,000	622,549
2	315,001	320,000	640,000
4	320,001	325,000	1,290,754
3	325,001	330,000	986,509
4	330,001	335,000	1,331,630
2	335,001	340,000	670,900
1	340,001	345,000	345,259
3	345,001	350,000	1,050,000
4	350,001	355,000	1,418,548
4	355,001	360,000	1,430,589
2	360,001	365,000	725,397
1	365,001	370,000	367,576
3	370,001	375,000	1,120,088
1	375,001	380,000	375,258
1	380,001	385,000	383,806
2	385,001	390,000	774,945

as at december 31, 2021

no. of shareholders	no. of shareholdings from	to	total shares
1	390,001	395,000	393,518
14	395,001	400,000	5,600,000
1	400,001	405,000	400,800
2	405,001	410,000	815,410
2	410,001	415,000	823,378
1	415,001	420,000	419,798
2	420,001	425,000	845,003
2	425,001	430,000	851,035
2	430,001	435,000	865,300
2	440,001	445,000	885,800
3	445,001	450,000	1,345,386
1	450,001	455,000	451,500
4	455,001	460,000	1,837,000
3	460,001	465,000	1,387,867
1	465,001	470,000	469,320
1	470,001	475,000	475,000
2	480,001	485,000	960,000
1	485,001	490,000	490,000
9	495,001	500,000	4,500,000
1	500,001	505,000	501,142
2	510,001	515,000	1,029,000
2	515,001	520,000	1,036,000
1	520,001	525,000	520,112
4	525,001	530,000	2,119,000
1	530,001	535,000	530,500
1	535,001	540,000	537,800
3	540,001	545,000	1,631,010
2	545,001	550,000	1,100,000
2	570,001	575,000	1,145,000
2	580,001	585,000	1,165,710
1	590,001	595,000	591,004
1	595,001	600,000	597,500
2	600,001	605,000	1,200,800
1	615,001	620,000	617,000
3	630,001	635,000	1,895,033
2	635,001	640,000	1,275,040
1	640,001	645,000	645,000
1	650,001	655,000	655,000
1	685,001	690,000	690,000

as at december 31, 2021

no. of shareholders	no. of shareholdings from	to	total shares
1	695,001	700,000	700,000
1	705,001	710,000	706,800
1	710,001	715,000	714,229
1	720,001	725,000	723,138
1	745,001	750,000	750,000
3	755,001	760,000	2,273,761
1	765,001	770,000	768,315
1	780,001	785,000	781,908
1	785,001	790,000	785,900
3	795,001	800,000	2,400,000
1	800,001	805,000	803,506
1	820,001	825,000	820,702
2	825,001	830,000	1,655,724
1	835,001	840,000	836,856
1	850,001	855,000	852,844
1	865,001	870,000	869,800
1	885,001	890,000	885,635
1	890,001	895,000	893,800
1	900,001	905,000	900,808
1	925,001	930,000	925,500
2	940,001	945,000	1,885,028
1	975,001	980,000	976,801
1	990,001	995,000	990,364
6	995,001	1,000,000	6,000,000
1	1,000,001	1,005,000	1,003,500
1	1,005,001	1,010,000	1,010,000
1	1,010,001	1,015,000	1,012,041
1	1,015,001	1,020,000	1,015,192
1	1,040,001	1,045,000	1,041,080
1	1,065,001	1,070,000	1,068,614
1	1,080,001	1,085,000	1,081,000
1	1,095,001	1,100,000	1,100,000
2	1,145,001	1,150,000	2,292,217
1	1,150,001	1,155,000	1,151,791
1	1,180,001	1,185,000	1,185,000
2	1,195,001	1,200,000	2,400,000
2	1,245,001	1,250,000	2,500,000
1	1,300,001	1,305,000	1,300,113
1	1,315,001	1,320,000	1,317,795

as at december 31, 2021

no. of shareholders	no. of shareholdings		total shares
	from	to	
1	1,310,001	1,315,000	1,312,592
1	1,345,001	1,350,000	1,350,000
1	1,360,001	1,365,000	1,363,827
1	1,365,001	1,370,000	1,370,000
1	1,410,001	1,415,000	1,413,221
1	1,425,001	1,430,000	1,427,300
1	1,430,001	1,435,000	1,435,000
1	1,480,001	1,485,000	1,481,000
2	1,495,001	1,500,000	3,000,000
1	1,500,001	1,505,000	1,502,953
1	1,520,001	1,525,000	1,522,741
1	1,525,001	1,530,000	1,527,000
1	1,545,001	1,550,000	1,550,000
1	1,560,001	1,565,000	1,561,000
1	1,570,001	1,575,000	1,571,780
1	1,605,001	1,610,000	1,606,000
1	1,625,001	1,630,000	1,627,000
1	1,630,001	1,635,000	1,631,061
1	1,635,001	1,640,000	1,637,000
1	1,645,001	1,650,000	1,649,450
1	1,690,001	1,695,000	1,692,894
1	1,725,001	1,730,000	1,726,475
1	1,745,001	1,750,000	1,750,000
1	1,790,001	1,795,000	1,795,100
1	1,815,001	1,820,000	1,817,105
1	1,855,001	1,860,000	1,857,540
1	1,870,001	1,875,000	1,873,246
1	1,895,001	1,900,000	1,900,000
1	1,910,001	1,915,000	1,912,608
1	1,945,001	1,950,000	1,945,101
1	1,995,001	2,000,000	1,996,700
1	2,035,001	2,040,000	2,036,300
1	2,085,001	2,090,000	2,085,000
1	2,105,001	2,110,000	2,109,659
1	2,110,001	2,115,000	2,111,080
1	2,155,001	2,160,000	2,159,445
1	2,205,001	2,210,000	2,205,500
1	2,255,001	2,260,000	2,255,753
1	2,265,001	2,270,000	2,267,342

pattern of share holding

as at december 31, 2021

no. of shareholders	no. of shareholdings		total shares
	from	to	
1	2,345,001	2,350,000	2,346,130
1	2,405,001	2,410,000	2,407,442
1	2,595,001	2,600,000	2,596,897
1	2,630,001	2,635,000	2,634,260
1	2,715,001	2,720,000	2,715,282
1	2,795,001	2,800,000	2,800,000
1	2,870,001	2,875,000	2,871,060
2	2,995,001	3,000,000	6,000,000
1	3,075,001	3,080,000	3,080,000
1	3,150,001	3,155,000	3,154,780
1	3,210,001	3,215,000	3,215,080
1	3,350,001	3,355,000	3,352,665
1	3,620,001	3,625,000	3,625,000
1	3,855,001	3,860,000	3,856,062
1	3,915,001	3,920,000	3,915,171
1	3,995,001	4,000,000	4,000,000
1	4,430,001	4,435,000	4,434,720
1	5,010,001	5,015,000	5,015,056
1	5,345,001	5,350,000	5,350,000
1	5,370,001	5,375,000	5,373,000
1	5,815,001	5,820,000	5,816,650
1	6,195,001	6,200,000	6,197,120
1	6,205,001	6,210,000	6,208,074
1	6,585,001	6,590,000	6,587,270
1	6,600,001	6,605,000	6,600,500
1	6,665,001	6,670,000	6,669,000
1	6,995,001	7,000,000	7,000,000
1	8,145,001	8,150,000	8,150,000
1	8,940,001	8,945,000	8,945,000
1	13,390,001	13,395,000	13,391,336
1	14,005,001	14,010,000	14,006,291
1	20,695,001	20,700,000	20,698,847
1	711,310,001	711,315,000	711,312,819
30,342			1,335,286,376

categories of shareholding

as at december 31, 2021

s.no.	shareholders category	no. of shareholder	no. of shares	percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	8	1,891,844	0.13
2	Associated Companies, Undertakings and related Parties	1	757,212,049	56.27
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	56	44,203,019	3.30
5	Insurance Companies	26	26,470,808	1.96
6	Modarabas and Mutual Funds	107	42,201,948	3.14
7	Share holders holding 5%	1	757,212,049	56.27
8	General Public (Individual)			
	local	29,721	321,755,369	24.78
9	Others	438	145,324,308	10.93
10	Executives	437	1,491,012	0.11
Total (excluding : share holders holding 5%)		30,292	1,335,200,375	100.00

key shareholding and shares traded

Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

S.NO.	Name	Holding
1	Mr. Ghias Uddin Khan	1,883,865
2	Mr. Javed Akbar	28,521
3	Mr. Mazhar Abbas Hasnani	1
4	Mr. Khawaja Iqbal Hussain	1
5	Mr. Nadir Salar Qureshi	1
6	Dr. Shamshad Akhtar	1
7	Mr. Asad Said Jafar	1
8	Mr. Asim Murtaza Khan	1,220
TOTAL		1,891,844

Associated Companies, Undertakings and related Parties (to be confirm by Company)

Engro Corporation Limited	757,212,049
Banks, Development Financial Institutions, Non Banking Financial Institutions	47,200,815
Insurance Companies	26,470,808

Modarabas and Mutual Funds

S.No.	Name	Holding
1	Meezan Islamic Fund	13,301,508
2	Atlas Stock Market Fund	3,213,500
3	Meezan Tahaffuz Pension Fund - Equity Sub Fund	2,150,445
4	Al Meezan Mutual Fund	2,008,300
5	Atlas Islamic Stock Fund	1,240,451
6	KSE Meezan Index Fund	1,212,036
7	Al-Ameen Shariah Stock Fund	1,687,600
8	NIT Islamic Equity Fund	1,264,000
9	MCFSL - Trustee JS Growth Fund	1,550,000
10	National Investment (Unit) Trust	1,260,827
11	Faysal Islamic Dedicated Equity Fund	1,101,781
12	NIT - Equity Market Opportunity Fund	1,069,014
13	Meezan Balanced Fund	976,394
14	Al Ameen Islamic Ret. Sav. Fund Equity Sub Fund	617,000
15	Alfalah GHP Islamic Stock Fund	581,064
16	MCB Pakistan Stock Market Fund	570,000
17	ABL Islamic Stock Fund	570,000
18	Lakson Equity Fund	541,000
19	Faysal Stock Fund	415,728
20	Alfalah GHP Stock Fund	410,000
21	Meezan Asset Allocation Fund	393,348
22	Meezan Dedicated Equity Fund	384,387
23	Al Ameen Islamic Asset Allocation Fund	303,654
24	First Habib Modaraba	300,000
25	APF - Equity Sub Fund	251,065
26	Atlas Islamic Dedicated Stock Fund	210,081
27	First UDL Modaraba	200,000
28	First Habib Modaraba	200,000
29	Alfalah GHP Alpha Fund	176,500
30	APF - Equity Sub Fund	157,000
31	AKD Index Tracker Fund	149,575
32	UBL Stock Advantage Fund	105,111
33	Lakson Islamic Tactical Fund	102,700
34	MCBFSL Trustee Alfalah Islamic Dedicated Stock Fund	100,000
35	NITPF Equity Sub Fund	100,000

S.No	Name	Holding
36	JS Islamic Dedicated Equity Fund	105,000
37	NIT Asset Allocation Fund	100,000
38	NIT Modaraba	95,000
39	Lakson Tactical Fund	91,700
40	First Habib Islamic Stock Fund	90,500
41	JS Islamic Pension Savings Fund Equity Account	90,000
42	JS Pension Savings Fund - Equity Account	81,000
43	Alfalah GHP Value Fund	75,000
44	JS Islamic Fund	60,000
45	Nafeesa (Pvt) Limited	55,000
46	UBL Pakistan Enterprise Exchange Traded Fund	52,481
47	Faysal MTS Fund - MT	51,756
48	Alfalah GHP Islamic Dedicated Equity Fund	51,607
49	NITPF Equity Sub Fund	50,000
50	First Habib Stock Fund	39,000
51	NBP Pakistan Growth Exchange Traded Fund	37,926
52	First Equity Modaraba	35,000
53	UBL Asset Allocation Fund	27,081
54	ABL Islamic Pension Fund - Equity Sub Fund	27,000
55	HBL Ipf Equity Sub Fund	23,000
56	HBL PF Equity Sub Fund	20,000
57	First Capital Mutual Fund	20,000
58	ABL Pension Fund - Equity Sub Fund	9,000
59	First Habib Asset Allocation Fund	8,000
60	First Alnoor Modaraba	3,000
61	HBL Income Fund - MT	2,175
62	Al Ameen Islamic Dedicated Equity Fund	200
63	Tri Star Mutual Fund Limited	97
64	First Interfund Modaraba	44
65	ABL Stock Fund	4
66	First UDL Modaraba	2
67	Asian Stocks Funds Ltd	1
TOTAL		49,251,016

Shareholders holding 5% or more voting rights in the Company

Engro Corporation Limited	757,212,618
General Public (Individual)	391,153,308
Others	145,924,656
Executives	1,884,637
Total Shareholding	1,335,258,375

key shareholding and shares traded

Details of Purchase/ sale of shares by Directors, Executive* and their spouses / minor children during 2021.
* For the purpose of declaration of shares trades, all employees of the Company are considered as "Executive"

s.no	executive name	date of transaction	transaction	number of shares	price per share
1	Nadir Ahmed	04-Jan-2021	Bought	5,000	63.80
2	Imtiaz Ali	05-Jan-2021	Bought	10,500	63.10
3	Farooq Ahmed Qureshi	06-Jan-2021	Bought	10,200	63.55
4	Shahzad Ali	08-Jan-2021	Bought	2,200	63.10
5	Muhammad Arshad	08-Jan-2021	Bought	300	63.80
6	Rasheed Ahmed	14-Jan-2021	Sold	11,000	65.85
7	Ali Akbar	20-Jan-2021	Bought	3,000	65.38
8	Muhammad Zahid	20-Jan-2021	Bought	5,000	65.25
9	Ghulam Qadir	21-Jan-2021	Bought	4,000	65.70
10	Ghulam Qadir	21-Jan-2021	Bought	15,010	65.40
11	Ali Akbar	21-Jan-2021	Bought	5,000	65.01
12	Muhammad Zahid Chhipa	22-Jan-2021	Bought	5,000	65.80
13	Muhammad Arshad Aziz	22-Jan-2021	Bought	1,000	65.47
14	Shoaib Muhammad Qureshi	25-Jan-2021	Sold	2,000	65.15
15	Shoaib Muhammad Qureshi	26-Jan-2021	Sold	2,000	65.10
16	Muhammad Arshad Aziz	29-Jan-2021	Bought	500	65.15
17	Ahmed Abu Al Aziz Shaheen	02-Feb-2021	Bought	300	65.36
18	Farooq Ahmed Qureshi	03-Feb-2021	Bought	3,400	65.50
19	Faraz Ali	10-Feb-2021	Bought	4,000	60.00
20	Faraz Ali	15-Feb-2021	Bought	4,500	64.00
21	Jawad Hussain Abbasi	17-Feb-2021	Bought	10,000	65.37
22	Muhammad Arshad Aziz	22-Feb-2021	Bought	500	61.98
23	Farooq Ahmed Qureshi	24-Feb-2021	Bought	6,370	64.37
24	Muhammad Arshad Aziz	26-Feb-2021	Bought	500	63.36
25	Asad Ali	01-Mar-2021	Sold	500	63.24
26	Muhammad Ateeq Ul Hassan	03-Mar-2021	Bought	33,300	63.63
27	Waseullah Khan	17-Mar-2021	Sold	2,000	65.00
28	Ali Muhammad	01-Apr-2021	Bought	10,000	62.10
29	Ali Akbar	05-Apr-2021	Bought	3,000	62.00
30	Ahmed Abu Al Aziz Shaheen	08-Apr-2021	Bought	290	62.28
31	Ali Muhammad	20-Apr-2021	Bought	6,000	65.99
32	Raheel Mirza	30-Apr-2021	Bought	2,201	67.17
33	Raheel Mirza	03-May-2021	Bought	17,000	66.01
34	Ali Akbar	03-May-2021	Bought	7,000	65.70
35	Noorhamuddin	21-May-2021	Sold	21,000	68.19
36	Syed Talha Raza	25-May-2021	Bought	1,200	70.00
37	Syed Talha Raza	26-May-2021	Bought	2,514	70.00

s.no	security name	date of transaction	transaction	number of shares	price per share
38	Syed Talha Raza	26-May-2021	Bought	9,000	70.70
39	Syed Talha Raza	26-May-2021	Bought	5	71.90
40	Syed Talha Raza	26-May-2021	Bought	5,585	71.96
41	Ansar Ullah	30-Jul-2021	Bought	1,500	76.75
42	Usama Qadir	30-Jul-2021	Bought	22,000	78.80
43	Rafaqat Mirza	02-Aug-2021	Bought	13,000	78.80
44	Allah Bux	05-Aug-2021	Bought	12,700	77.80
45	Muhammad Hamza Khan	23-Aug-2021	Bought	7,000	77.80
46	Arbab Ali Butto	23-Aug-2021	Sold	10,000	77.80
47	Muzaffar Islam	01-Sep-2021	Bought	51	77.90
48	Ahmed Abu Al Aala Shaheen	03-Sep-2021	Sold	700	76.61
49	Arbab Ali Butto	07-Sep-2021	Sold	15,000	77.20
50	Ali Muhammad	14-Sep-2021	Sell	70,000	73.01
51	Ali Muhammad	15-Sep-2021	Sell	44,000	73.03
52	Syed Abul Abbas Naqvi	28-Sep-2021	Bought	3,000	72.10
53	Syed Abul Abbas Naqvi	29-Sep-2021	Bought	3,000	72.30
54	Talal Mahmood	30-Sep-2021	Bought	100	70.00
55	Ghulam Nabi	18-Oct-2021	Sell	3,000	70.99
56	Safiullah	25-Oct-2021	Bought	22,000	70.05
57	Farooq Ahmed Qureshi	26-Oct-2021	Bought	2,100	70.80
58	Bashir Ahmed	27-Oct-2021	Sell	28,000	72.80
59	Faraz Ali	01-Nov-2021	Sell	8,500	72.90
60	Ali Nawaz	19-Nov-2021	Bought	3,000	77.80
61	Muhammad Awais Qamar	23-Nov-2021	Bought	3,200	76.25
62	Asad Aleem	09-Dec-2021	Bought	7,000	70.90
63	Danish Ali	13-Dec-2021	Sell	2,000	75.45

forms for the shareholders including proxy form
form 1) proxy form

I/We ________________________________

of ______________________ being a member of ENGRO FERTILIZERS LIMITED

and holder of ________________________________
(Number of shares)

Ordinary shares as per share Register Folio No. ______________ and / or CDC

Participant I.D. No. __________ and Sub Account No. ______________, hereby appoint

______________ of ______________ or failing him / her

______________ of ______________

as my / our proxy to vote for me / us and on my / our behalf at the 13th Annual General Meeting of the Company to be held on the 22nd day of March, 2022 and at any adjournment thereof.

Signed this __________ day of __________ 2022.

____
Signature
(Signature should agree with the specimen registered with the Company)

Witnesses:

1) Signature	______________	2) Signature	______________
Name	______________	Name	______________
Address	______________	Address	______________
CNIC or	______________	CNIC or	______________
Passport No.	______________	Passport No.	______________

Note:
Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with the proxy form before submission to the Company.

پراکسی فارم

میں / ہم ______________ اینگرو فرٹیلائزرز لمیٹڈ کے ممبر کی حیثیت سے
______________ شیئرز رجسٹرڈ فولیو نمبر ______________ اور / یا سی ڈی سی پارٹی سپنٹ آئی ڈی
نمبر ______________ اور سب اکاؤنٹ نمبر ______________ عام شیئرز کی
تحویل رکھتا ہوں۔ ______________ میں / ہم یہاں ______________ کو 22 مارچ
2022 کو ہونے والے کمپنی کے 13ویں سالانہ اجلاس یا ملتوی ہونے کی صورت میں [illegible]
کے لیے اپنا / ہمارا پراکسی مقرر کرتا / کرتے ہیں۔

آج بروز دستخط ______________ تاریخ ______________ 2022

____

دستخط

دستخط کمپنی میں رجسٹرڈ دستخط کے نمونے جیسے ہونے چاہئیں۔

گواہان

دستخط: دستخط:

نام: نام:

ایڈریس: ایڈریس:

سی این آئی سی / پاسپورٹ نمبر سی این آئی سی / پاسپورٹ نمبر

نوٹ:

پراکسی کے مؤثر ہونے کے لیے پراکسی فارم کا اجلاس عام سے کم از کم 48 گھنٹے قبل کمپنی میں موصول ہونا لازمی ہے۔ پراکسی کے لیے کمپنی کا ممبر ہونا ضروری ہے۔

سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز سے درخواست کی جاتی ہے کہ وہ کمپنی میں پراکسی فارم جمع کرانے سے قبل اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل منسلک کریں۔

Form 2) electronic credit mandate & standard request

engro fertilizers limited

Dear Shareholder,

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. Please note that in case of non-communication of Bank account details by the shareholders to their respective Registrar, Participant / CDC IAS within the above mentioned time frame, the Company would be constrained to act in accordance with the provisions of the law for withholding the amount of dividend.

In order to receive your dividends directly in your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your CNIC to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

CDC shareholders are requested to submit their dividend mandate and CNIC directly to their broker (participant) / CDC.

Yours faithfully,
For Engro Fertilizers Limited

Company Secretary

SHAREHOLDERS SECTION
I hereby communicate to receive my dividends directly in my Bank account as detailed below:

i) Shareholder details	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. / CDC IAS	
CNIC / NICOP / Passport / NTN No. (Please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholders Address	
ii) Shareholder's Bank account details	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No	
Branch Address	

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in future.

____
Shareholder's Signature

Note: Please provide complete IBAN after checking with your concerned branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the IBAN number alone. The Company is entitled to rely on the IBAN number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and / or due to any event beyond the control of the Company.

الیکٹرانک کریڈٹ مینڈیٹ (لازمی)

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

(i) شیئر ہولڈر کی تفصیل

شیئر ہولڈر کا نام	
فولیو نمبر / CDC اکاؤنٹ نمبر	
[illegible]	
[illegible]	
[illegible]	
(ii) شیئر ہولڈر کے بینک اکاؤنٹ کی تفصیل	
بینک اکاؤنٹ کا نام	
IBAN	
بینک کا نام	
برانچ کا نام اور پتہ	
[illegible]	

[illegible]

[illegible]

[illegible]

(Form 3) Standard Request Form

[illegible] of annual audited accounts.

Date ____________

The Share Registrar
Engro Fertilizers Ltd.
FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6, P.E.C.H.S.
Karachi

Subject : Request for Hard Copy of Annual Audited Accounts of Engro Fertilizers Limited

Dear Sirs,

Dear Sirs,

I / We, ______________________ S/O, D/O, W/O ______________________ being registered shareholder of Engro Fertilizers Limited with the particulars as mentioned below would request that my / our name be added to the list of shareholders of the Company who opt for delivery of a hardcopy of the Annual Audited Accounts of the Company and hereby request you to send me / us the Annual Audited Accounts in hard copy form at my / our registered address as contained in the member register instead of providing the same through email.

Particulars	
Name of Shareholder	
Folio No. / CDC ID No.	
CNIC / NICOP / Passport No.	
Land Line Telephone No. (if any)	
Cell No. (if any)	

Yours truly

Copy to: Company Secretary
Engro Fertilizers Limited
7th & 8th Floor, HC # 3, The Harbor Front Building,
Block 4, Karachi – 75600

فارم (3) اسٹینڈرڈ ریکوئسٹ فارم

[illegible]

شیئر رجسٹرار
[illegible] لمیٹڈ
[illegible]
[illegible]
[illegible]

مضمون: [illegible] لمیٹڈ کے سالانہ آڈٹ شدہ [illegible] کی [illegible] کے لیے درخواست

محترم جناب،

میں / ہم .... ولد / زوجہ ....

[illegible] لمیٹڈ کے [illegible] شیئر ہولڈر کی حیثیت میں [illegible] کے ساتھ [illegible] سالانہ آڈٹ شدہ [illegible] کی ہارڈ کاپی [illegible]

[illegible]

کوائف	
شیئر ہولڈر کا نام	
فولیو نمبر / CDC آئی ڈی نمبر	
سی این آئی سی / این آئی سی او پی / پاسپورٹ نمبر	
لینڈ لائن ٹیلی فون نمبر (اگر ہے)	
موبائل فون نمبر (اگر ہے)	

آپ کا مخلص

کاپی برائے:
کمپنی سیکرٹری
[illegible] لمیٹڈ
[illegible] HC#3 [illegible] بلاک 4
گلشن، کراچی 75600

annexures

annexure A – best corporate report awards 2022 evaluation criteria

No.	Framework Review for Annual Reporting	Pg No.
1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
1.01	Principal business activities and markets (local and international) including key brands, products and services.	50-59
1.02	Geographical location and address of all business units including sales units and plants.	42-43
1.03	Mission, vision, code of conduct, culture, ethics and values.	12, 64-69
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	18-19, 20-23
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	44-45
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	94-97
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	99
1.08	Significant factors effecting the external environment and the associated organization's response. Also describe the effect of seasonality on business in terms of production and sales. (External environment includes commercial, political, economic, social, technological, environmental and legal environment).	100-101
1.09	The legitimate needs, interests of key stakeholders and industry trends.	98
1.10	SWOT Analysis of the company.	102-103
1.11	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	104-105
1.12	The legislative and regulatory environment in which the organization operates.	94-97, 100-101
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	100
1.14	Significant changes from prior years (regarding the information disclosed in this section).	71
1.15	History of major events.	60-63
1.16	Details of significant events occurred during the year and after the reporting period.	71

2	STRATEGY AND RESOURCE ALLOCATION	
2.01	Short, medium and long term strategic objectives.	196-198
2.02	Strategies in place or intended to be implemented to achieve the strategic objectives.	194-195
2.03	Resource allocation plans to implement the strategy and financial capital structure. Resource mean CAPITALS including: a. financial capital (e.g. liquidity, cash flows, financing arrangements); human capital; b. manufactured capital (e.g. building, equipment, infrastructure); c. intellectual capital (e.g. patents, copyrights, software, licenses, knowledge, system, procedures); d. human capital; e. social and relationship capital; and f. natural capital. Explanation: Disclosures about the capitals should include the factors that affect the availability, quality and affordability of relevant capitals and the organization's expectations of its ability to produce flows from them to meet future demand. Demonstrating the connectivity of financial performance with performance and outcomes regarding the other capitals & how the organization's strategy and resource allocation plans affect key capitals and risk management arrangements related to them should be included under capital reporting.	194-195, 196-198, 199, 209-245, 246-253, 254-255, 262-263
2.04	Key resources and capabilities of the company which provide sustainable competitive advantage.	102-103, 104-105, 272
2.05	Value created by the business, and for whom, using these resources and capabilities.	99
2.06	The effect of technological change, societal issues such as population and demographic changes, human rights, health, poverty, collective values and educational systems, environmental challenges, such as climate change, the loss of ecosystems, and resource shortages on the company strategy and resource allocation.	199
2.07	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	110, 122
2.08	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	196-198
2.09	Board's statement on the following: a) significant plans and decisions such as corporate restructuring, business expansion, or discontinuance of operations; b) business rationale of major capital expenditure or projects started during the year and those planned for next year etc.	116, 230
2.10	Significant changes in objectives and strategies from prior years.	195

3	RISKS AND OPPORTUNITIES	
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	130-135
3.02	Risk Management Framework including risk management methodology and principal risk and uncertainties facing the company.	126-129
3.03	Sources of risks and opportunities (internal and external).	135-138
3.04	The initiatives taken by the company in promoting and enabling innovation.	254, 256
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	130-135
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	130-135
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	126-129, 110
3.08	Statement from the board that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	126
3.09	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	199
3.10	Inadequacy in the capital structure and plans to address such inadequacy.	141, 199
4	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	
4.01	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility as per best business practices including: a) environment related obligation applicable on the company; b) company progress towards environmental, social and & governance initiatives during the year; and c) company's responsibility towards the staff, health & safety.	200, 246, 259
4.02	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	Disclosure in 'about our report'
4.03	Certifications acquired and international standards adopted for best sustainability and CSR practices.	Disclosure in 'about our report'

5	GOVERNANCE	
5.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non executive director.	24-39, 110, 118, 150
5.02	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	185
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	110
5.04	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	109, 110, 113, 117
5.05	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	n/a
5.06	Details of formal orientation courses for directors.	109
5.07	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	109
5.08	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	119, 143
5.09	a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	110, 116, 116, 148
5.10	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances. l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Providing reasonable opportunity to the shareholder for participation in the AGM.	109 - 123

5.11	Board review statement of the organization's business continuity plan or disaster recovery plan.	115, 119, 139
5.12	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	19, 45, 119
5.13	Compliance with the Best Practices of Code of Corporate Governance	109, 120, 141, 149
5.14	A brief description about role of the Chairman and the CEO.	109, 117
5.15	Shares held by Sponsors / Directors / Executives.	149, 298-299
5.16	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	112, 150
5.17	Timely Communication: Date of authorization of financial statements by the board of directors: within 40 days —6 marks within 60 days —3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee)	118
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	112, 276-277
5.19	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	118

5.20	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) management support in the effective implementation and continuous updation; c) details about user training of ERP software; d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties.	119
5.21	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	109
5.22	Chairman's significant commitments and any changes thereto.	109
5.23	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	139-141
5.24	How the organization's implemented governance practices have been exceeding legal requirements.	120
6	**ANALYSIS OF FINANCIAL INFROMATION**	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: (a) Past and current performance; (b) Performance against targets /budget; and (c) Objectives to assess stewardship of management. The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	141, 209-230
6.02	Analysis of financial ratios (Annexure I) (this includes marks of ratios for Shariah compliant companies and companies listed on Islamic indices)	232-238
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	214-229
6.04	Graphical presentation of 5.02 and 5.03 above.	214-229
6.05	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed in 5.02 and 5.03 above.	213
6.06	Any significant change in accounting policies, judgements, estimates and assumptions with rationale.	Standalone financial statements note 3, note 4, note 13, note 22
6.07	Information about defaults in payment of any debts and reasons thereof period.	141, 199
6.08	Methods and assumptions used in compiling the indicators.	245
6.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	244
6.10	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities	141
6.11	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning . b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations	239

6.12	Brief description and reasons: a) for not declaring dividend despite earning profits and future prospects of dividend. b) where any payment on account of taxes, duties, levies etc. is overdue or outstanding	Not applicable to EFERT
6.13	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook.	EFERT website
7	**DISCLOSURES ON IT GOVERNANCE AND CYBER SECURITY**	
7.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	115, 124-125
7.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	
7.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	
7.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	
7.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	
7.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	
7.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	
7.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	
7.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	
8	**FUTURE OUTLOOK**	
8.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	141, 272-273
8.02	Explanation of the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	
8.03	Explanation as to how the performance of the company meets the forward looking disclosures made in the previous year.	
8.04	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	
8.05	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	
8.06	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	

9	**STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT**	
9.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	87-89
9.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees and g) Analysts.	88-92
9.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	89
9.04	Investors' Relations section on the corporate website.	Available
9.05	Issues raised in the last AGM, decisions taken and their implementation status	118
9.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	88-90
9.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	89-90
9.08	Highlights about redressal of investors' complaints.	119
10	**BUSINESS MODEL**	
10.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework (IR Framework).	94-97
11	**STRIVING FOR EXCELLENCE IN CORPORATE REPORTING**	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	118
11.02	Adoption of IR Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles' in the IR Framework.	Disclosure in 'about our report'
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	Included
11.04	Disclosures beyond BCR criteria (The participating organization to send the list of additional disclosures to BCR Committee).	256-257, 259-261

Definition & Glossary of terms

ACT	Alternative Corporate Tax
AGM	Annual General Meeting
Agritrade	Agricultural trade
AHEPL	Arif Habib Equity (Private) Limited
APTMA	All Pakistan Textile Processing Mills Association
ASEAN	Association of South East Asian Nations
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Taxpayer List
BAC	Board Audit Committee
BCP	Business Continuity Plan
BN	Billion
BOD	Board of Directors
BOT	Build, Operate and Transfer
BPC	Board People Committee
BSC	British Safety Council
BV	Private Limited Company (in Dutch)
CABI	Centre for Agriculture and Bioscience International
CAER	Community Awareness & Emergency Response
CAT	Competition Appellate Tribunal
CCG	Code of Corporate Governance
CCP	Competition Commission of Pakistan
CDC	Central Depository Company
CEO	Chief Executive Officer
CIRA	Commissioner Inland Revenue Appeals
CNIC	Computerized National Identity Card
COED	Committee for Organizational and Employee Development
COVID-19	Novel Coronavirus Disease
CPLA	Civil Petition for Leave to Appeal
CSD	Crop Science Division
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
D&I	Diversity and Inclusion
DAE	Diploma in Associated Engineering
DAP	Di-Ammonium Phosphate
DFA	Dealer Finance Agreement
DFAT	Department of Foreign Affairs and Trade
DRP	Disaster Recovery Plan
DSC	Defence Savings Certificate
EAPL	EFert Agritrade (Private) Limited
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization
ECL	Expected Credit Losses
ECORP	Engro Corporation Limited
EDL	Engro Digital Limited

EEAPL	Engro Eximp Agriproducts (Private) Limited
EEF	Engro Eximp FZE
EEL	Engro Energy Limited
EESL	Engro Energy Services Limited
EETPL	Engro Elengy Terminal (Private) Limited
EFERT	Engro Fertilizers Limited
EFP	Employers Federation of Pakistan
EPCL	Engro Polymer & Chemicals Limited
EPIH	Engro Power International Holding
EPII	Engro Power Investments International
EPQL	Engro Powergen Qadirpur Limited
EPS	Earnings Per Share
EPSH	Engro Power Services Holding
ETPL	Elengy Terminal Pakistan Limited
EPTL	Engro Powergen Thar Limited
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
EU	European Union
EVTL	Engro Vopak Terminal Limited
FBR	Federal Board of Revenue
FCEPL	FrieslandCampina Engro Pakistan Limited (FCEPL)
FID	Fertilizer Import Department
FIPRC	Fertilizer Industry Public Relations Committee
FMPAC	Fertilizer Manufacturers of Pakistan Advisory Council
FY	Financial Year
GCC	Gulf Cooperation Council
GDIB	Global Diversity & Inclusion Benchmark
GEL	GEL Utility Limited
GIDC	Gas Infrastructure Development Cess
GM	General Manager
GoP	Government of Pakistan
GoS	Government of Sindh
GRI	Global Reporting Initiative
GSPA	Gas Sale Purchase Agreement
GTE	Graduate Trainee Engineers
HACCP	Hazard Analysis and Critical Control Point
HAZOP	Hazard and Operational Study
HSE	Health, Safety and Environment
IASB	International Accounting Standards Board
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICLAB	IBA Corporate Leaders Advisory Board
ICMAP	Institute of Cost & Management Accountants of Pakistan
IFA	International Fertilizer Association
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards

IIRC	International Integrated Reporting Council
ILO	International Labor Organization
IPO	Initial Public Offer
IR framework	International Reporting framework
ISA	International Standards on Auditing
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
ITO	Income Tax Ordinance 2001
JV	Joint Venture
JVA	Joint Venture Agreement
KIBOR	Karachi Interbank Offered Rate
KPI	Key Performance Indicators
KSBL	Karachi School for Business & Leadership
KT	Kilo Tons
LED	Light Emitting Diode
LNG	Liquified Natural Gas
LOAM	Limits of Authority Manual
LPG	Liquified Petroleum Gas
LPS	Late Payment Surcharge
LQSI	Laboratory Quality Services International
LTU	Large Taxpayer Unit
LWI	Loss Workday Injury
MAP	Mono-Ammonium Phosphate
MAP	Marketing Association of Pakistan
MD	Managing Director
MIP	Ministry of Industries and Production
MNC	Multi National Company
MOP	Muriate of Potash
MPNR	Ministry of Petroleum and Natural Resources
MT	Metric Tons
MW	Mega Watt
NFEH	National Forum for Environment & Health
NGL	Natural Gas Liquid
NGOs	Non-Governmental Organizations
NMPT	Non Management Part Time
NOPAT	Net Operating Profit After Tax
NRV	Net Realizable Value
NSC	National Safety Council, USA
NTN	National Tax Number
NTR	Normal Tax Regime
OHIH	Occupational Health and Industrial Hygiene
OICCI	Overseas Investors Chamber of Commerce & Industry
PACRA	Pakistan Credit Rating Agency
PAT	Profit After Tax
PAVE	Partnerships and Value Expansion
PESTEL	Political, Economic, Social, Technological, Environmental, Legal

PICG	Pakistan Institute of Corporate Governance
PIP	Petroleum Institute of Pakistan
PPL	Pakistan Petroleum Limited
PS	Pakistan Standards
PSX	Pakistan Stock Exchange
PVC	Poly Vinyl Chloride
R&D	Research & Development
RIC	Regular Income Certificate
RLNG	Regasified Liquefied Natural Gas
RoSPA	Royal Society for Prevention of Accidents
SAFA	South Asian Federation of Accountants
SCP	Supreme Court of Pakistan
SECMC	Sindh Engro Coal Mining Company Limited
SECP	Securities and Exchange Commission of Pakistan
SEL	Siddiqsons Energy Limited
SFB	Specialty Fertilizer Business
SHC	Sindh High Court
SL	Siddiqsons Limited
SLA	Service Level Agreement
SNGPL	Sui Northern Gas Pipeline Limited
SOP	Standard Operating Procedures
SSC	Special Savings Certificate
TERF	Temporary Economic Refinancing Facility
TRIR	Total Recordable Incident Rate
TTC	Technical Training College
TY	Tax Year
UK	United Kingdom
UNGC	United Nations Global Compact
SDG	Sustainable Development Goal
USA	United States of America
VCM	Vinyl Chloride Monomer
VTC	Vocational Training Courses
WWF	World Wildlife Fund
YTD	Year To Date
ZU	Zabardast Urea

Definition

Conflict of interest	Situation where an individual is confronted with choosing between the requirements of his or her function and his or her own private interests
Employee	Individual who is in an employment relationship with the organization, according to national law or its application
Local community	Persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by an organization's operations
Product	Article or substance that is offered for sale or is part of a service delivered by an organization
Reporting period	Specific time span covered by the information reported
Sector	Subdivision of an economy, society or sphere of activity, defined on the basis of some common characteristic
Service	Action of an organization to meet a demand or need
Stakeholder	Entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives
Supplier	Organization or person that provides a product or service used in the supply chain of the reporting organization
Supply chain	Sequence of activities or parties that provides products or services to an organization
Sustainable development/sustainability	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs
Benefit	Direct benefit provided in the form of financial contributions, care paid for by the organization, or the reimbursement of expenses borne by the employee
Community development program	Plan that details actions to minimize, mitigate, or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community
Corruption	'Abuse of entrusted power for private gain', which can be instigated by individuals or organizations
Discrimination	Act and result of treating persons unequally by imposing unequal burdens or denying benefits instead of treating each person fairly on the basis of individual merit
Financial assistance	Direct or indirect financial benefits that do not represent a transaction of goods and services, but which are an incentive or compensation for actions taken, the cost of an asset, or expenses incurred
Infrastructure	Facilities built primarily to provide a public service or good rather than a commercial purpose, and from which an organization does not seek to gain direct economic benefit
Occupational health and safety management system	Set of interrelated or interacting elements to establish an occupational health and safety policy and objectives, and to achieve those objectives
Renewable energy source	Energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes

Value chain	An organization's value chain encompasses the activities that convert input into output by adding value. It includes entities with which the organization has a direct or indirect business relationship and which either (a) supply products or services that contribute to the organization's own products or services, or (b) receive products or services from the organization.
Business model	An organization's system of transforming inputs through its business activities into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term.
Capitals	Stocks of value on which all organizations depend for their success as inputs to their business model, and which are increased, decreased or transformed through the organization's business activities and outputs. The capitals are categorized in this Framework as financial, manufactured, intellectual, human, social and relationship, and natural.
Inputs	The capitals (resources and relationships) that the organization draws upon for its business activities.
Outcomes	The internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.
Outputs	An organization's products and services, and any by-products and waste.
Performance	An organization's achievements relative to its strategic objectives, and its outcomes in terms of its effects on the capitals.
Strategy	Strategic objectives together with the strategies to achieve them
Value creation	The process that results in increases, decreases or transformations of the capitals caused by the organization's business activities and outputs.

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