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Annual Report 2021

watan ke naam

وطن کے نام

watan ke naam

Watan ke Naam – translation: In the Name of My Country – is a depiction of Engro's humble efforts toward helping solve some of Pakistan's most pressing issues. It is our commitment to continue improving the lives of all Pakistanis by acting upon our dream for a promising future, our resolve to be and do better, and our ambition to empower Pakistan while inspiring the world.

For over 5 decades, we have been honoured to be able to serve Pakistan. As a homegrown Company, Engro has invested in and set up businesses that are the need of the hour, created jobs, contributed to the National Exchequer, and uplifted & empowered the communities in which we operate – all in the name of Pakistan. With a group-wide unified focus, our extensive and specialized employee base works tirelessly, putting to use innovative global best practices and engineering excellence to deliver their best and continue learning to raise their own standards so they may keep doing better for their fellow Pakistanis.

As we look ahead to the new year and reflect on the ones past, we pledge to continue contributing under our four verticals of telecommunications infrastructure, food & agriculture, energy & related infrastructure, and petrochemicals with a clear purpose to impact every Pakistani life by facilitating connectivity with loved ones, improving food security so no one goes hungry, fueling a future where children learn and families prepare warm meals together, and enabling economic growth through greater potential for exports. We maintain our resolve to do what we can, Watan Ke Naam, for every Pakistani.

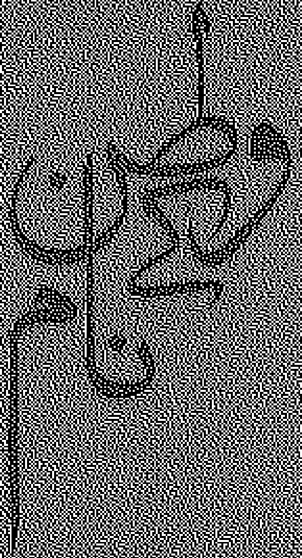
contents

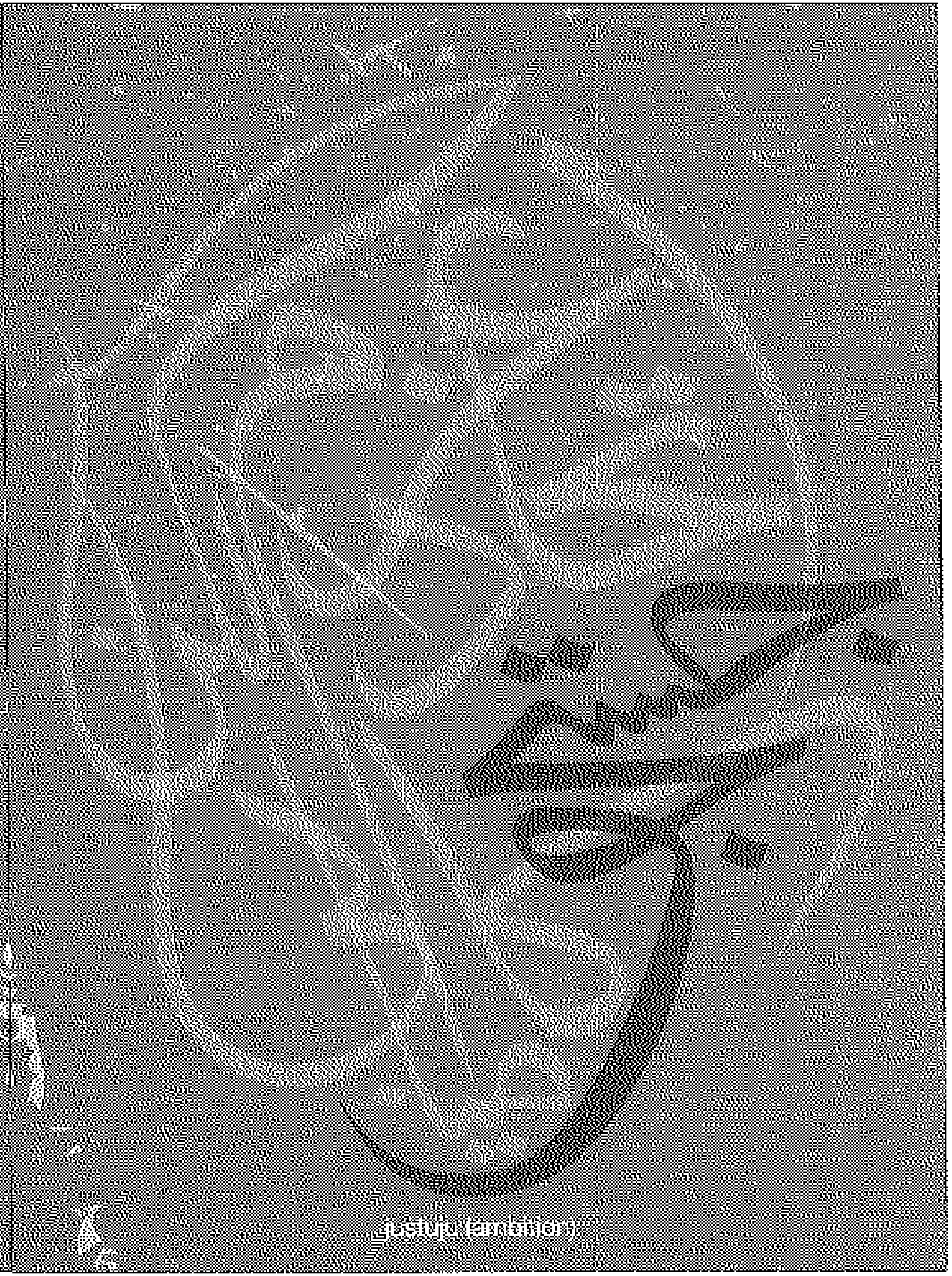
engro corp

energy & related infrastructure

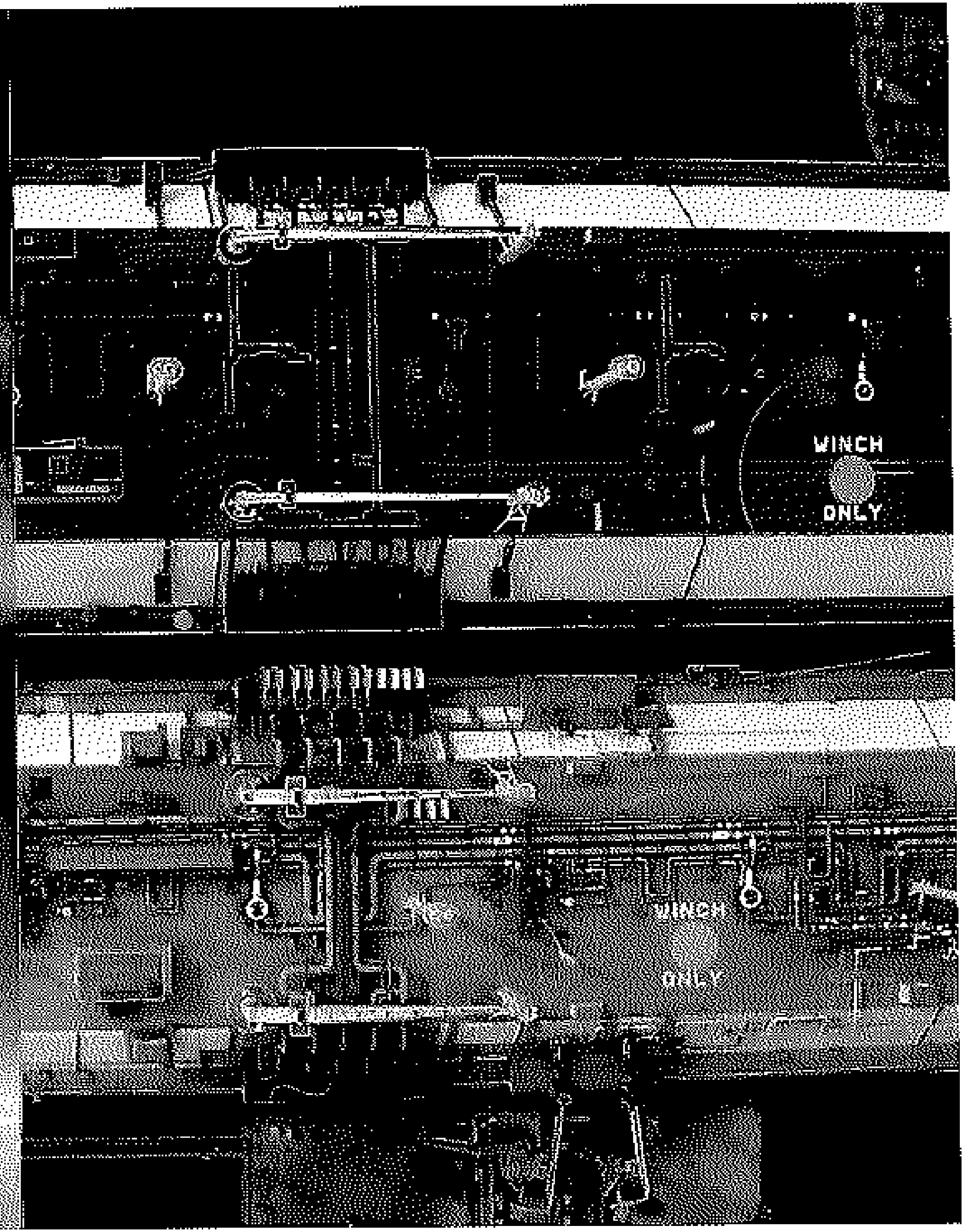
Under our energy & related infrastructure vertical, we are in continuous **pursuit** of helping solve the Country's energy crisis. Our ongoing quest has resulted in fulfilling more than 15% of Pakistan's domestic daily natural gas requirements in 2021 through our Liquefied Natural Gas (LNG) terminal. We pledge to work for our homeland each day so that our children stay cozy and families may prepare warm meals together.

Engro barhata hai apna har qadam – Watan Ke Naam





justuju (ambition)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company information

Board of Directors
Mr. Hussain Dawood (Chairman)
Mr. Shahzada Dawood (Vice Chairman)
Mr. Muhammad Abdul Aleem (Chairperson, BAC)
Ms. Henna Inam (Chairperson, BPC)
Mr. Abdul Samad Dawood
Ms. Sabrina Dawood
Mr. Rizwan Diwan
Mr. Khawaja Iqbal Hassan
Ms. Dominique Russo
Mr. Ghias Khan (President and Chief Executive Officer)

President and Chief Executive Officer
Mr. Ghias Khan

Company Secretary
Ms. Shomaila Loan

Chief Financial Officer
Mr. Mazhar Abbas Hasnani

Bankers
Allied Bank Ltd
Askari Bank Ltd
Bank AlFalah Ltd
Bank Al Habib Ltd
Citi Bank N.A
Faysal Bank Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
JS Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
United Bank Ltd

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

Share Registrar
FAMCO Associates (Private) Limited
8-F, Near Faran Hotel, Nursery, Block-6
PECHS, Shahrah-e-Faisal, Karachi

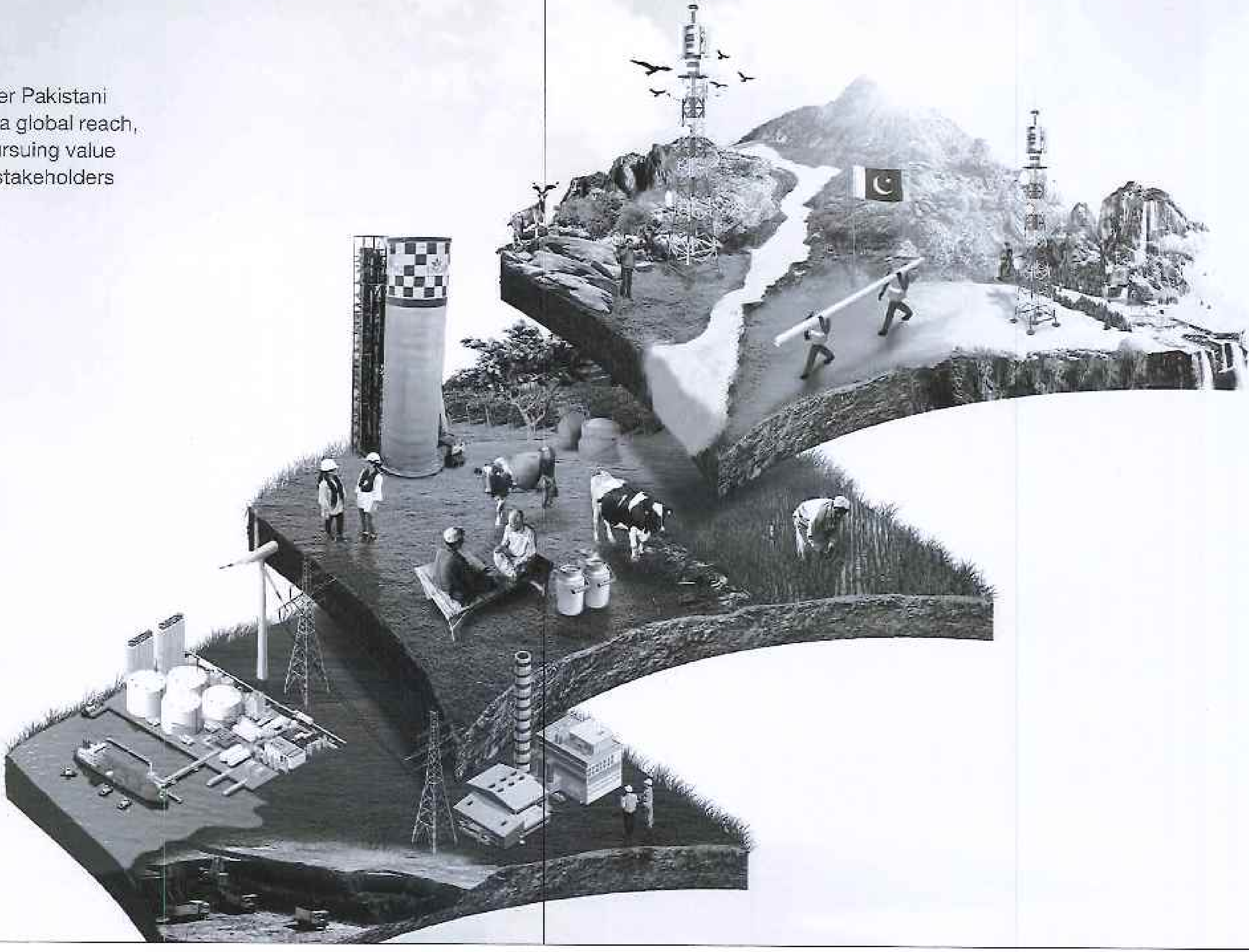
Registered Office
7th & 8th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92(21) 35297501 – 35297510
Fax: +92(21) 3581 0669
e-mail: info@engro.com
Website: www.engro.com

key figures

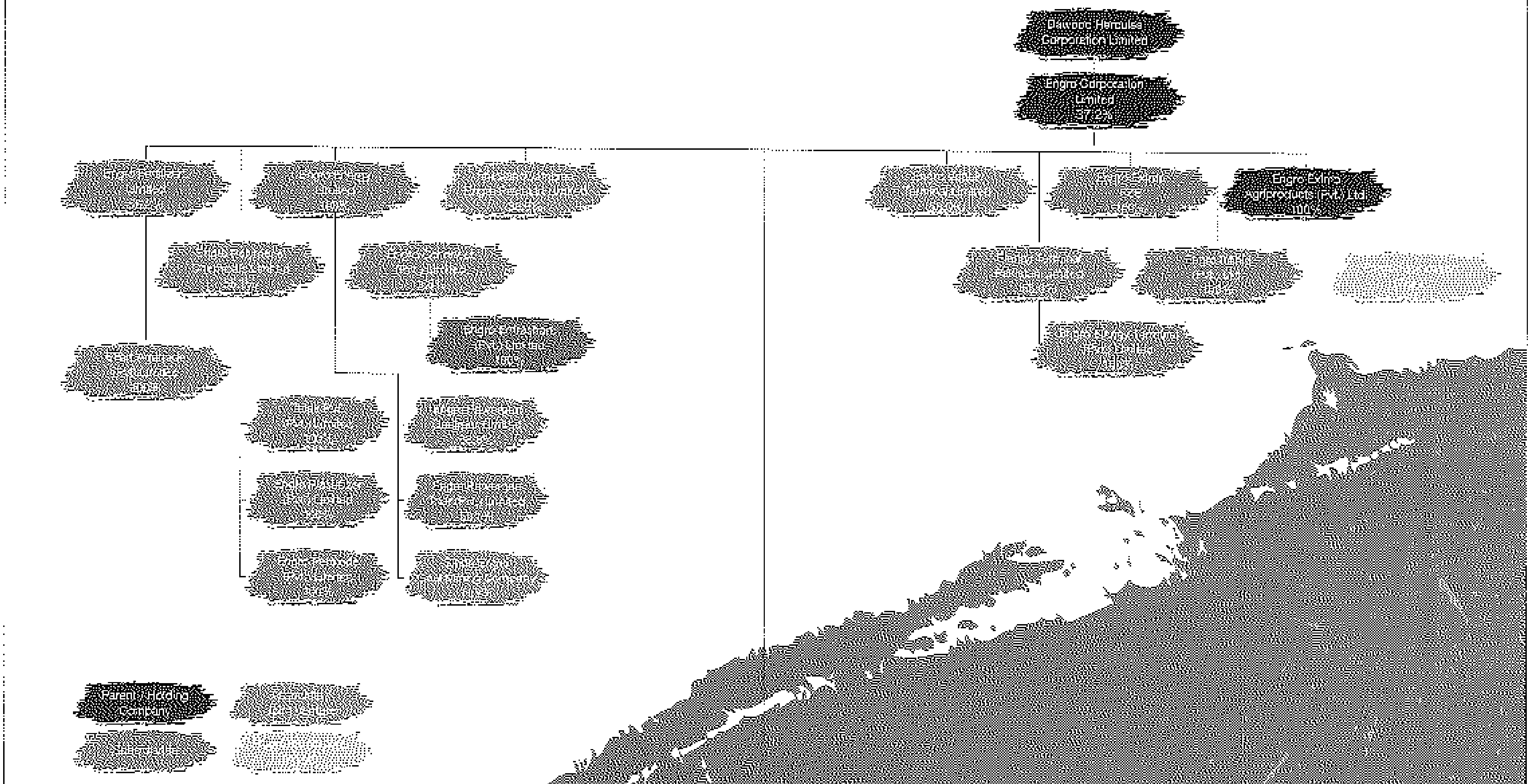
Revenue	311,587	225,765	248,818
EBITDA	97,153	71,263	85,245
Earnings per Share	48.50	28.09	45.57
Total Assets	644,321	550,245	580,457
Total Equity	242,800	195,249	212,565
Capital Expenditure	20,500	46,227	18,610
Cash Flow From Operation	48,605	35,867	65,392
Dividend Paid	28,785	23,615	22,221
Market Capitalization	156,958	198,920	177,090

our vision

to be the premier Pakistani enterprise with a global reach, passionately pursuing value creation for all stakeholders



group structure



Note: The [illegible] active business entities under Engro Corporation

core values

Operating in diverse industries and spread over geographical landscapes, the Engro employees are knit into one big family, united by a drive for success, passion for Pakistan, and the same core values. Our values form the basis of everything we do – from open communication to fostering an environment of trust and guaranteeing the well-being and safety of our people. At Engro, we never forget what we stand for, and each Engro employee –

Health, Safety & Environment

cares deeply about environmental impact and safety of people

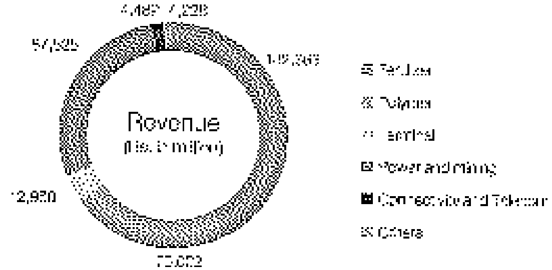
Ethics & Integrity

has impeccable character and lives by highest standards of integrity and accountability

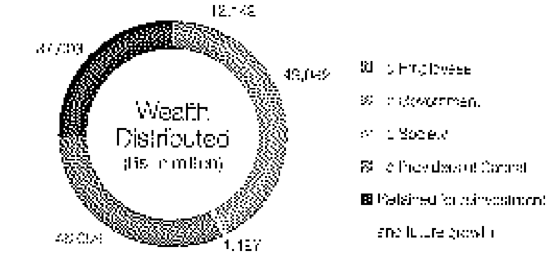
Community & Society

nurtures passion to serve country, community, and company, with strong belief in the dignity and value of people

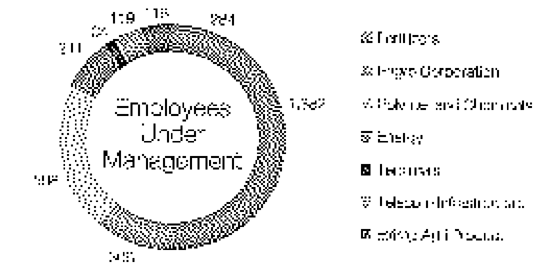
2021 at a glance



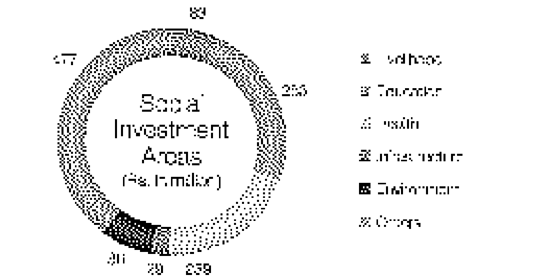
311,587
Consolidated Revenue (Rs. in millions)



145,490
Wealth Distributed (Rs. in millions)



2,766
Total Employees



1,197
Total Social Spend (Rs. in millions)

2021 snapshot

Engro Corp

contributed USD 324 million
in taxes to the national exchequer

$324mn

Engro Fertilizers

saved Pakistan USD 1.3 billion in
import substitution through local
urea manufacturing

$1.3bn

Engro Energy

illuminated over 7 million
lives of Pakistan through
its power generation projects

7mn+

Engro Enfrashare

enabled connectivity by deploying
more than 2,200 telecom towers
across Pakistan

2,200+

Engro Vopak Terminal

contributed towards the energy
security of Pakistan through handling
LPG imports serving 1 million+
households

1mn+

Engro Elengy Terminal

fulfilled 15% of Pakistan's domestic
daily natural gas requirements

15%

Engro Eximp Agriproducts

generated more than USD 19 million
for Pakistan's forex reserves through
rice exports

$19mn

Engro Polymer & Chemicals

contributed USD 165 million in import
substitution through local PVC & VCM
production and generated USD 26 million
in foreign exchange through exports

$193mn

FrieslandCampina Engro

helped provide sustainable livelihoods
to 116,000 farmers & milk suppliers
through 1,300+ milk collection centers

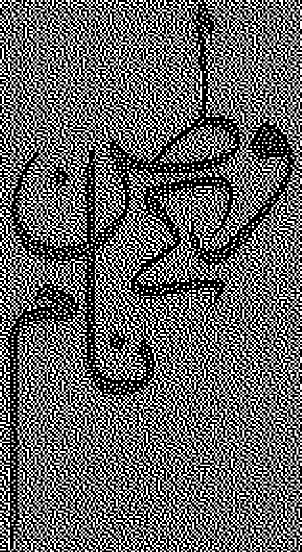
116,000

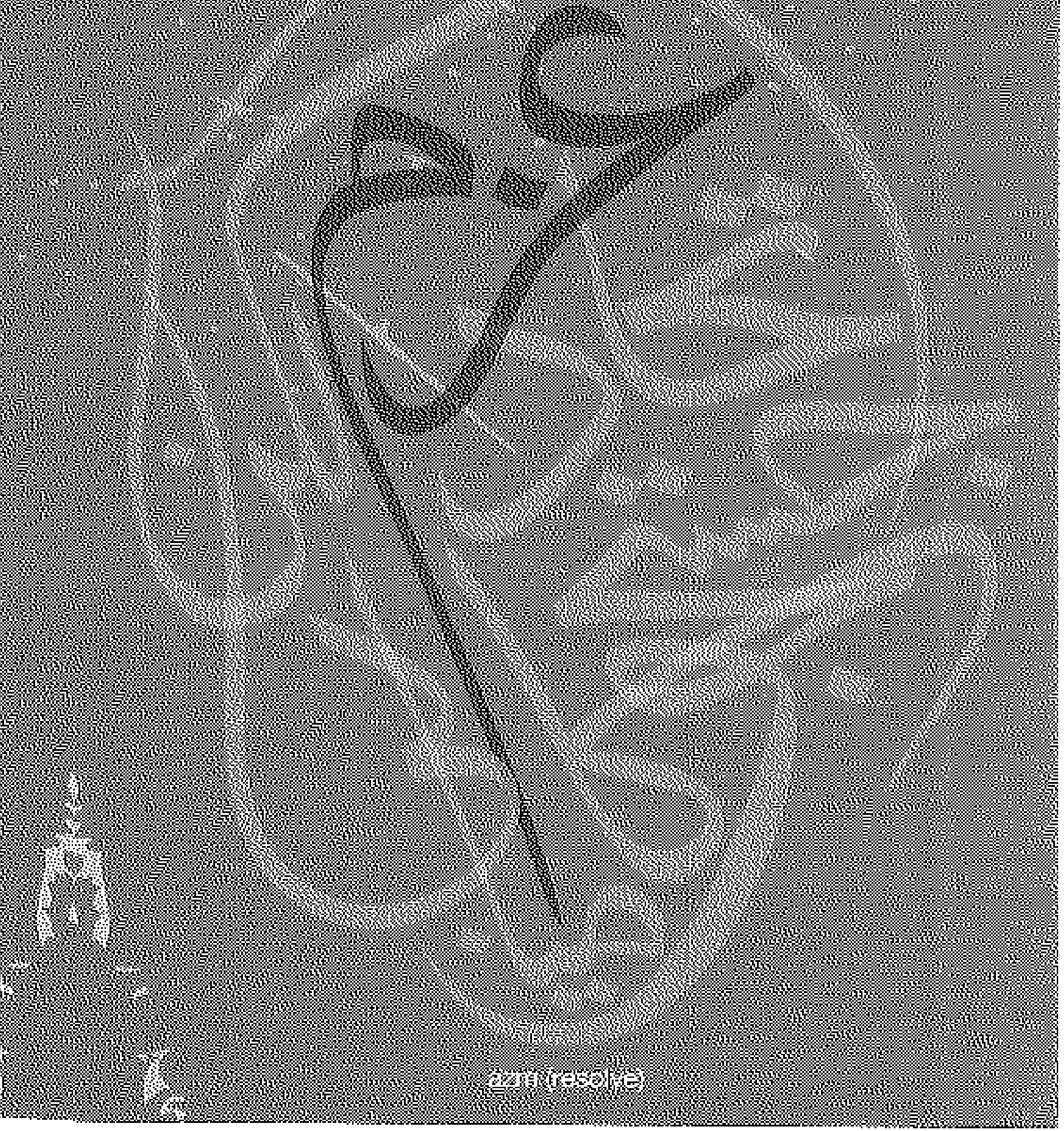
engro corp

food & agriculture

In pursuit of enhancing nutrition and contributing toward food security, we are **determined** to improve Pakistan's agri-value chain through innovative solutions that aim to help all Pakistanis serve wholesome food on their dining tables. With the introduction of a dealer management app, e-payment solutions, video tutorials, free mobile soil testing, and cross-sector partnerships, we have pledged to empower our dealers while our social interventions build capacity of farmers to help increase their productivity and livelihoods.

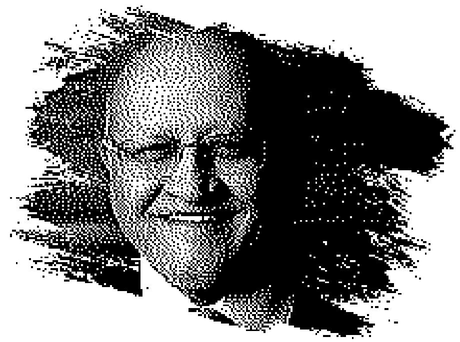
Engro barhata hai apna har qadam – Watan Ke Naam





azm (resolve)

board of directors



Hussain Dawood
Chairman

Mr. Hussain Dawood joined the Board in 2003, and serves as the Chairman of Engro Corporation since 2005, focusing on solutions to pressing issues faced by the country. Under his stewardship, Engro has emerged as a partner of choice for international companies that are exploring investments in Pakistan. During this period Engro has expanded existing businesses, entered into new fields of business, and achieved new levels of revenue growth. He also serves as Chairman of the Dawood Hercules Corporation.

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

Mr. Dawood is the Chair of the Board of Trustees for The Dawood Foundation (TDF) which focuses on Education Inspiring Social Change. The MagnifiScience Centre, Pakistan's first interactive science museum, conceptualized and developed by TDF was inaugurated by the President of Pakistan Dr. Arif Alvi on 13th November 2021.
Mr. Dawood is the Founder & Chairman of the Board of Governors at KSBL (the Karachi School of Business & Leadership), a graduate management school focused on inspiring Effective Leaders. Within KSBL, the Engro Leadership Academy strives to embody the principles of CGM for all who pass through its doors. Mr. Dawood is also a member of the Board of Governors of the Islamabad Policy Research Institute.

Mr. Dawood has been leading the Group's engagement with the World Economic Forum since 1992.

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

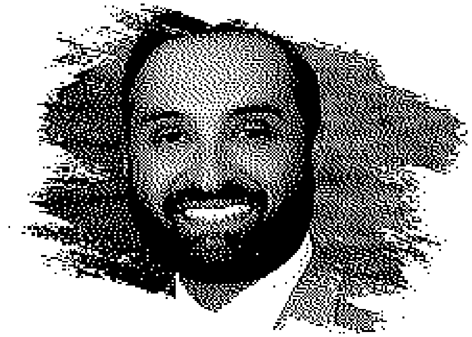
Shahzada Dawood
Vice Chairman

Shahzada Dawood joined the Board of Engro Corporation in 2003 and currently serves as the Vice Chairman. He has over two decades of experience in corporate governance and transformation of industries, including growth and innovation opportunities through mergers and acquisitions of diversified publicly listed companies across textiles, fertilizers, foods, and energy.

Shahzada is a leading voice in the institutionalization of key international networks and contacts. He aspires to a sustainable future and believes in inclusive business models involving low-income communities building value chains along business interests. In line with this, Shahzada serves as Trustee on the Boards of both Engro Foundation and The Dawood Foundation. In addition, he is a member of the Global Advisory Board for Prince Charles' Charity, Prince's Trust International. In December 2020, he also joined the Board of Trustees of the SETI Institute.

Shahzada serves as Director across Boards of various industries, including investment holdings like the Dawood Corporation (Pvt) Ltd., Dawood Hercules Corporation Ltd and Patek (Pvt) Ltd.

Shahzada holds a M.Sc. in Global Textile Marketing from Philadelphia University, USA and a LLB from Buckingham University, UK.



Ghias Khan
President

Ghias Khan is the 4th President & CEO of Engro Corporation. Since he came on board 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, ambitious 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 stewarded Engro's renewed commitment in 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, benefiting around 7 million Pakistanis in the process. Ghias' contribution to the robust turnaround of the Engro Eximp agri products rice business helped win it the coveted Top Exporter Award in 2018 and the significant achievement of more than USD 20 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 that have established it as one of the largest e-sales companies in the country. Further, with a firm belief that connectivity is the cornerstone of progress, social and financial inclusion, Ghias was involved in the launch of a new vertical – Engro telecommunications infrastructure, under which Engro Enfrashare has already partnered with all major telcos and deployed over 2,300 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 OneSAP 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-founced in 2001 and remained with till 2015, Ghias grew the employee base to over 1,500 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 2013, 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.

board of directors

Abdul Samad Dawood
Director

Mr. Abdul Samad Dawood joined the Board of Engro Corporation in 2006. He currently serves as the Vice Chair of the Board of Dawood Hercules Corporation, where he has been a director since 2002 and has also previously served the company in an executive capacity.

Mr. Dawood's rich and diverse experience of management and governance spans 20 years, with a special interest in mergers and acquisitions. He has led more than $4 billion worth of M&A deals, including the Dawood group's acquisition of HUBCO from National Power International Holdings B.V. in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company Ltd in 2015. He also played a leading role in the merger of Engro Foods into global dairy giant, Royal FrieslandCampina N.V., based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges. He has since served as the Chair of the Board of FrieslandCampina Engro Pakistan. In addition to this, Mr. Dawood is an active director on the board of Pakistan Business Council, a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. In line with his areas of interest, he is a director and trustee on Boards across varied industries including financial investments, energy, and education, some of which are the Dawood Foundation, KSBL, Cyan Ltd, Dawood Lawrencepur Ltd and Reon (Pvt) Ltd. In addition to these responsibilities of governance, Mr. Dawood has previously served as the Chief Executive Officer for Dawood Hercules Corporation Ltd and Cyan Ltd, and is an active member of the Young Presidents Organization.

Mr. Dawood is a graduate in Economics from University College London, UK and a certified director of corporate governance from the Pakistan Institute of Corporate Governance.

Sabrina Dawood
Director

Sabrina Dawood is the Chief Executive Officer of The Dawood Foundation (TDF), a philanthropic organisation promoting education and informal learning.

Some of the projects under TDF are the Ghari Nature School, The Karachi School of Business & Leadership and The MagnifiScience Centre, Pakistan's first interactive science museum opened in 2021.

Sabrina is Director on the Boards of the Engro Corporation Ltd., Engro Foundation, Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited and Karachi Education Initiative (KEI). She is also the member of Board of Governors of the National Management Foundation (NMF) of Lahore University of Management Sciences (LUMS) and the Board of the World Wildlife Fund (WWF) – Pakistan.

Sabrina Chairs the Hussain Dawood Pledge. The HD Pledge is a multiple corporate billion-rupee contribution of services, kind and cash for the mitigation and/or relief of COVID and its ramifications.

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

Henna Inam
Director

Henna Inam joined the Board of Engro Corporation in 2017 and serves as Chair of the Board People Committee. She also serves on the Board Audit Committee.

Ms. Inam is the CEO of Transformational Leadership Inc. Her personal mission is to grow transformational leaders who make the world better for all. She is a former C-suite executive who drove transformation throughout her corporate career at Novartis and Procter & Gamble, including roles such as Global Head of Innovation at Novartis, and Chief Marketing & Innovation Officer and Region President for the Americas at Ciba-Vision.

She believes that our fast-changing world needs each of us to be inspired leaders who lead with agility from the core of who we are. Ms. Inam helps C-level leaders and teams thrive in the most of meaningful and complex challenges. As a trusted advisor to boards and CEOs she also works to groom leaders for CEO successions.

Ms. Inam is the author of two books, Wired for Authenticity and Wired for Disruption and a contributor to Forbes on leadership. She is also the host of the popular Transformational Leadership podcast. She brings a global perspective having lived or worked in seven countries across four continents. She is passionate about advancing women in leadership and on boards and is also a founding charter member of OPEN Atlanta. OPEN is the largest Pakistani entrepreneurship and leadership community in the world.

Ms. Inam completed her MBA from Wharton Business School at the University of Pennsylvania, and participated in Executive Education programs at Harvard Business School.

Muhammad Abdul Aleem
Director

Muhammad Abdul Aleem joined the Board of Engro Corporation in 2015 and is Chairman of its Audit Committee.

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he has worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he ultimately served as CEO of BAT Operations in Cambodia, Mauritius and Indian Ocean territory. Since 2004, he has served in senior positions with large Government-owned organizations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Ltd.

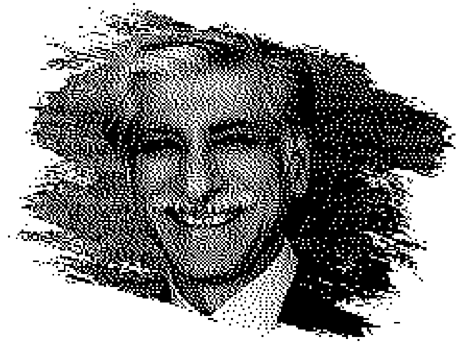
Mr. Abdul Aleem has been a Director and Chairman of Audit Committee of Dawood Hercules Corporation and Meezan Bank until 2019. Since October 2020, Mr. Abdul Aleem has been re-elected as a Director of Pakistan Refinery Limited (PRL) and is also the Chairman of Pakistan Refinery Limited (PRL) Board Audit Committee. Effective November 2021 Mr. Aleem has been re-elected as an Independent Director / Chairman Audit Committee of Meezan Bank Limited.

In the past, Mr. Aleem was also a Director of Pakistan Tobacco, Lahore University of Management Sciences, Pakistan Institute of Corporate Governance and Pakistan Refinery Ltd. and Chairman of Faysal Asset Management Company.

As a supporter of leading non-profit organizations in the field of education, Mr. Abdul Aleem is currently Vice Chairman of Professional Education Foundation and Chairman of Institute School Governing Board.

Muhammad Abdul Aleem is a Fellow Chartered Accountant (Gold Medalist) and a Fellow Member of the Institute of Cost & Management Accountants. He has also attended extensive international management training programs including at Stanford University.

board of directors



Khawaja Iqbal Hassan
Director

Khawaja Iqbal Hassan joined the Board of Engro Corporation in 2018.

Mr. Hassan currently also serves as a Director on the Board of ICI Pakistan Ltd and Lucky Cement Limited. He is a Trustee on the Boards of the Karachi Grammar School, the Layton Rahmatulla Benevolent Trust and The [illegible] Trust. He is also Chairman of the Advisory Committee of the Development Corporation Advisers, a wholly owned subsidiary of the CDC Group Plc of the United Kingdom.

Mr. Hassan has previously served as a Member of the Monetary Policy Committee of Pakistan and has also been a Member of the Board of Directors of the State Bank of Pakistan, Civil Aviation Authority of Pakistan (CAA), Pakistan Steel Mills, Habib Bank Ltd, National Fullerton Asset Management Company Ltd, NIB Bank, Lahore University of Management Sciences, Global Securities Ltd, Citicorp Investment Bank Pakistan, The Pakistan Fund and the Central Depository Company of Pakistan.

Mr. Hassan holds a diploma in Accountancy from the U.K. and a BSc in Finance and Marketing from the University of San Francisco. He started his career in 1980 with Citibank N.A. and in 1994 founded Global Securities Pakistan Ltd, a former joint venture partner of UBS AG and leading stockbroking and investment banking firm. In 2003 he founded NIB Bank Ltd. which, in partnership with Temasek Holdings of Singapore, became a top 10 ranked commercial bank in Pakistan within a period of 4 years.

Mr. Hassan was awarded the Sitara-i-Imtiaz by the Government of Pakistan for meritorious contribution to national interests.

Rizwan Diwan
Director

Mr. Rizwan Diwan is a family member of the G&T Group which is a 70 years old business group involved in polyester textile, packaging, cotton textile, retail, energy and has operations in the Middle East and North America.

He is the Executive Director of Novatex Ltd, which is in the business of PET Resin, Preforms, Bottles and BOPET film and one of the largest exporter of Pakistan. Over the last 26 years he has led many innovations in the field of rigid & flexible packaging in Pakistan as well as in the region. Mr. Diwan joined the Board of Directors of Engro Corporation in 2016 and serves on their Board Investment as well as Audit Committees.

Mr. Diwan is also a trustee of the MHEF (Memon Health & Education Foundation) and has also taught entrepreneurship at the Institute of Business Administration, Karachi, which is his alma mater from where he holds a Masters Degree in Business Administration.

Dominique Russo
Director

Ms. Dominique Russo brings two decades of investment management, corporate structuring and transaction advisory experience, having commenced her investment management career at Merrill Lynch's New York headquarters and later moving to the GCC with the Financial Services practice of strategy firm Booz Allen Hamilton / Booz & Company.

Ms. Russo has advised various GCC governments and semi-governmental entities on economic development strategy, investment affairs, and related policy development. In addition, she has advised and led multinational family conglomerates in the wider region, including in Pakistan, as an advisor, Chief Executive Officer, and Board Director.

Ms. Russo is a graduate of Columbia, MIT, and Harvard Universities, holding a Bachelor of Arts degree in Economics-Philosophy (Columbia), a Master of Business Administration (MIT), and a Master in Public Administration (Harvard).

notice of meeting

Notice is hereby given that the Fifty-Sixth Annual General Meeting of the members of Engro Corporation Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL), National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Thursday, March 24th, 2022, at 02:00 p.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.engro.com/investor-relations/financial-reports/

(2) To declare, as recommended by the Directors, the payment of a final cash dividend at the rate of PKR 1.00 (10%) for the year ended December 31, 2021. This is in addition to the interim dividends of PKR 24.00 (240%) 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.

By Order of the Board

Karachi,
Dated: February 3, 2022

SHOMAILA LOAN
Company Secretary

N.B.

(1) Participation in the AGM proceeding via the video conference 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 30% 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/5wx8hvK4XM. Members wishing to attend in person must also provide a copy of their vaccination certificates at the above link. Confirmation email for physical meeting or video link and login credentials will be shared with only those shareholders whose registrations 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 with 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.ecorp@engro.com

(2) Electronic transmission of Annual Report 2021
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 their 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.

(3) The Share Transfer Book of the Company will be closed from Friday, March 18, 2022 to Thursday, March 24, 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, Shahrah-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.) Thursday, March 17, 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 to attend, speak and vote instead of him/her, and a proxy so appointed shall have all such rights, in respect of attending, speaking and voting at the Meeting as are available to a 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 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 owners 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 dividend 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 then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers/ 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 could 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, and readily available for sale and purchase in open market at better rates. 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.

UPDATE UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

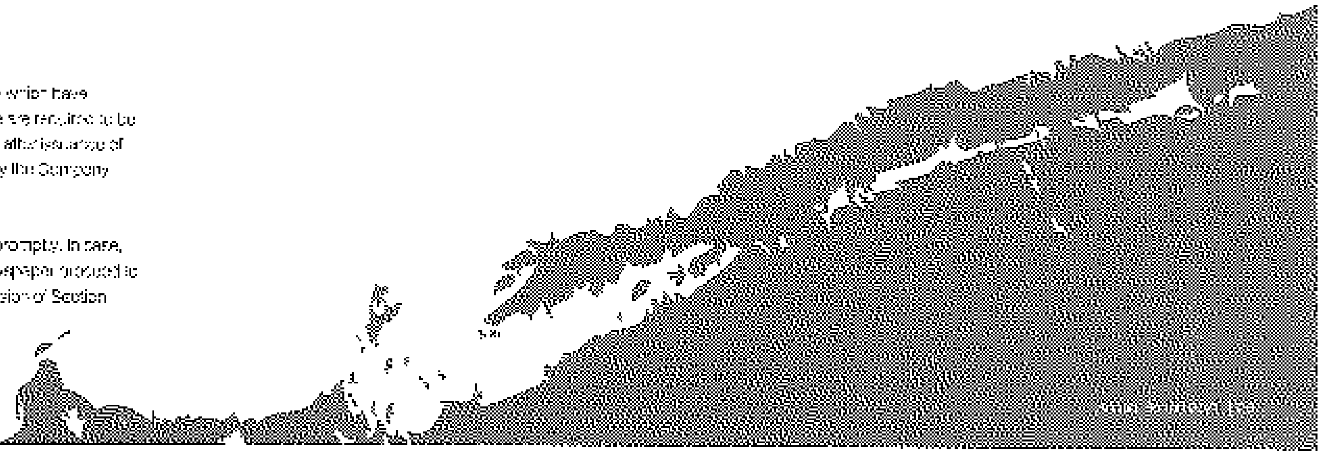
In the Annual General Meeting held on April 24, 2018, the shareholders of the Company approved to lend/provide to the following associated companies, short term funded and unfunded financing facilities / security of up to the amounts stated below in respect of each. The facility was approved for one year but renewal of the same for further periods of one year each was also approved.

Engro Fertilizers Limited	PKR 9 billion
Engro Polymer & Chemicals Limited	PKR 3 billion
Engro Elengy Terminal Pvt. Limited	PKR 2 billion
Engro Powergen Qadirpur Limited	PKR 2 billion
Engro Vopak Terminal Limited	PKR 1 billion
Elengy Terminal Pakistan Limited	PKR 1 billion

During the year, Engro Fertilizers Limited has utilized the above facility of PKR 5.8 Billion as a funded facility.

Furthermore, Engro Powergen Qadirpur Limited has utilized the above facility of PKR 1 billion as a funded facility and same was repaid during the year.

The above facility is being renewed as earlier approved by the shareholders.



sustainable impact

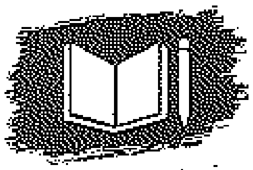
Since its inception, Engro has placed utmost importance on benefiting the people of Pakistan. Committed to our goals across the group, we channel our efforts to positively impact Pakistanis by focusing on education, healthcare, livelihood, infrastructural development, and environmental sustainability. Our commitment to bringing about meaningful change is not only philanthropic, but also strategically aligned with the United Nations' Sustainable Development Goals (UN SDGs).

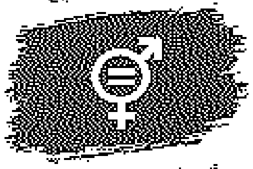
Engro strives to be a Company that takes a long-term inclusive approach. We collaborate with several social development partners on a variety of challenges, aiming to maximize social impact while contributing to Pakistan's achievement of the Sustainable Development Goals.

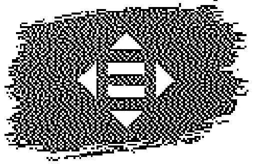
Our desire to inspire change that can result in positive socio-economic impact and help those in need led to the development of Engro Foundation (EF). Founded in 2010, EF is the dedicated CSR arm for all Engro companies, and it strives to improve the lives of people living in and around the communities in which we operate. In congruence with our values, we have actively been aligning with the SDGs through several impactful initiatives.

In 2021, the following UN SDGs were actively worked on by Engro:

Education and Skills Development







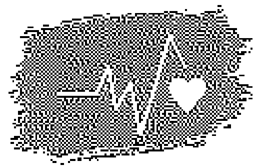
We continued to provide formal education to more than 6,000 students this year. These education programs were widespread, including School Adoption Programs at Ghotki, Sukkur, and Sahiwal with 4,152 students, the Katcha Schools Program with 1,049 students, and the Sahara School with 807 students. In parallel, our partnership with The Citizens Foundation (TCF) continues to thrive as a further 2,130 students were enrolled. Various measures were taken to continue the education process during lockdowns which included weekly homework and partial classes. School operations fully restored in October 2021.

All adopted schools were run meticulously, adhering to operating guidelines recommended during the COVID-19 pandemic. Schools were provided with sufficient stock of hygiene kits and relevant safety equipment including masks, sanitizers, thermometers, and temperature guns. Teachers were also given training on implementing these safety protocols as well as taking necessary health measures as per the directive of the Education Department.

We continued our efforts to provide for quality education as per our Sustainability Plans and completed the construction of rooms in Noor Lakhan School under the Katcha Schools Program. The school has now been upgraded to high school level with Sukkur Board's affiliation, becoming the first high school in the area. Students will now be able to continue education till matriculation in Katcha. Simultaneously, a new Katcha Schools Program has also been rolled out in Rohi area of Ghotki with two non-formalized schools.

The Company has also increased its focus on technical education by enrolling 1,073 students in trainings organized over the last year. Our Technical Training College enrolled a further 371 students and our Vocational Training Center trained 350 students under a project stewarded by the German Agency for International Cooperation (GIZ) further growing the alumni network to 8,218 students. Other technical programs such as The Skills Training for Entrepreneurship and Paid Employment (STEP) Project trained 416 beneficiaries (out of which 175 were females) from the Tharparkar region in six trades. Along with this, multiple guest sessions, a mini-program conference for trainees and business partnerships for On-Job Trainings and potential employment were done as well. Tech Karo, a training program conducted with CIRCLE to teach coding and digital skills, trained 250 students, with the trainees primarily being women. Three boot camps were also organized during the year in addition to digital skills, life skills and mentorship sessions were also conducted.

Health Care

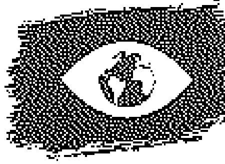


We believe quality healthcare is a right, not a privilege. In the pursuit of fulfilling our commitment to providing quality healthcare to the underprivileged communities in our value chains and beyond, we have established various partnerships over the years. With the country monitoring the COVID-19 pandemic, we entered many new collaborations.

Our healthcare initiatives included treatment of more than 40,200 patients: 7,827 at the Sahara Clinic in Daharki, district Ghotki, 25,000 at the Sina Clinic in Sugher Phatak, 1,357 at the Engro Clinic in Qadirpur, district Ghotki, 266 at the Hearing Aid Camp in Daharki, district Ghotki, and 4,868 at the Engro Clinic in Sukkur. Furthermore, our outreach programs in Daharki, district Ghotki included a Hepatitis Program which successfully administered 7,042 vaccinations and 790 treatments, a Free Snakebite treatment project where 8,008 patients were treated, a Free Dog-bite/ Rabies Centre which treated 830 patients, and an Artificial Limbs Clinic where 294 patients were treated.

Under the PKR 1 Billion Hussain Dawood Pledge, committed to offer support in the relief efforts for COVID-19, various initiatives were undertaken with focus areas of contribution being toward disease prevention, including testing and diagnostics, protecting and enabling healthcare professionals and frontline workers, enabling patient care and facilities, and bolstering livelihoods of the most vulnerable communities of society. At the forefront of the HD Pledge were Mr. Hussain Dawood and family along with Dawood Hercules Corporation and Engro Corporation. Our teams have gone above and beyond to ensure the fastest possible deployment of this funding with the most dedicated partners. Since mid-2020 to date, nearly half a billion rupees have been utilized. For details, please visit hussaindawoodpledge.com.

Environmental Programs



The Sustainable Fisheries Entrepreneurship Program (SFEP) in the fishing villages of Ebrahim Hyder and Rehri Goth completed its second phase in 2021. SFEP conducted 13 training sessions where 221 fishermen benefitted. To further increase the fishing efficiency, the long-line fishing methodology was deployed, and 5 vessels were successfully converted to this function on a cost sharing basis with boat owners. To improve fishing methods and increase the final product quality, 20 iceboxes and 20 engine repair kits were distributed. Moreover, to improve quality of data collection, a specific data collection software was developed and deployed on 15 smartphones.

We also completed plantation of a further 100 hectares of mangroves at the Bhambhan Creeks this year and continued maintaining the already 350 hectares planted earlier. A Letter of Understanding has been signed between Engro and the World Wide Fund for Nature (WWF) for an extensive Carbon Offset Tree Plantation and Forest Protection Project. The project will plant trees and protect forests on 50,000 acres / 20K+ hectares over a period of 10 years. The first plantation activity will be of mangrove forests in Sonmiani, Balochistan in March 2022.

Moreover, strategy for a new Circular Plastics Program was developed. The Partnership with KSBL and Akhtar Hameed Khan Foundation for the Circular Plastics Institute and waste study is in its final stages and project implementation will start in 2022.

Project PAVE

Project PAVE is a prime example of an inclusive business model, which creates value for
Project PAVE is a prime example of an inclusive business model, which creates value for
lower income groups while addressing issues in the value chain in a sustainable way. It provides economic growth to the small farmers of our supply chain, such as seed suppliers and progressive farmers.

In our pursuit of improving lives of those who reside in and around the communities in which we operate, Engro Foundation initiated PAVE Pakistan to make the formal seed system in Pakistan more equitable and inclusive. The Project has made great strides in this direction by training farmers on modern, sustainable farming techniques and building their capacities as users and producers of quality seed.

Over the last 4 years, more than 4,400 farmers have switched to more sustainable agricultural practices, including the use of high-quality seed for their crops and ability to sell those certified high quality seeds onward. This has improved their yield, earning, social status, and economic empowerment – especially for the women who enrolled.

- In Phase 2, trials on different varieties and crops are taking place on 75 acres.
- PAVE itself has successfully secured major funding of PKR 57 Million for chili value chain project from Winrock Pakistan, for a period of 2 years. This will be in addition to ongoing partnership with Centre for Agriculture and Bioscience International (CABI) and University of Agriculture Faisalabad. The next phase of the project will roll out in Q1 2022.

Already recognized with accolades on multiple global platforms for Project Pave, Engro Foundation is proud to have won at the Rushlight UK Awards in the category of "Rushlight Sustainable Agriculture, Forestry & Biodiversity" for 2020-21 for the phenomenal work conducted under the umbrella of this Project.

Project: Enhancing Dairy Skills Through Specialized Trainings

This project is co-funded by Australian Govt's Business Partnership Platform and is being implemented in phases in District Vehari and District Sahiwal. Due to Covid delays, the Project has been extended to March 2022.

So far 3,020 female farmers have been trained in basic animal husbandry practices and over 1,000 male farmers have been sensitized on gender issues. 100 entrepreneurs in extension workers and 14 female village milk collectors were also trained as a special initiative.

Impact Venture: FeedSol

FeedSol, a social enterprise developed by Engro Foundation and Seed Ventures, continued its operations of manufacturing and marketing of animal feed products. It completed its third year of operations in 2021 to offer quality and affordable animal feed products to small and medium-sized dairy farmers to improve livestock health, increase milk yields, and improve the overall dairy farming economics in Pakistan.

Industry, Innovation, and Infrastructure

Bridging the digital divide in Pakistan, Engro Corporation has invested PKR 21.6 Billion to form a dedicated vertical for connectivity and telecom infrastructure related activities by the name of Engro Connect (Pvt) Limited. The initiatives include deployment of towers across Pakistan to make connectivity accessible for all. This endeavour has enabled the Company to achieve the status of market leader in the telecom tower industry with the highest number of operational sites within two years of operations. The Company has achieved a scale of 2,975 tower sites with a 1.10x tenancy ratio, catering to all four Mobile Network Operators (MNOs) in Pakistan. The Company envisions having 6,000+ towers by 2025, with a strong tenancy potential of over 1.5x.

Additionally, multiple other infrastructure schemes were carried out by Engro Corporation, which included installation of benches, community ground fencing, solar panels, and two drainage systems – including solarization of Pakistan's presidency making it one of only a few solarized presidencies in the world.

Diversity and Inclusion at Engro

As a thought leader in the industry, Engro is committed to working toward solving some of Pakistan's most pressing issues. Gender disbalance is certainly one of the most important issues to tackle today, with implications for both human development and national progress.

With the aim to positively impact lives of all, Engro has been at the forefront of leading change towards building a more diverse, equitable, and inclusive culture, firmly focused on women empowerment. Our actions and impact are not limited only to the workforce, but also extend to the communities in which we operate.

Diversity at Engro is well spread across the entire organization, with 3 women on its Board, increase in the upper management positions – which are currently at 6.67% at C-1 level (considering C-1 as Heads of Department reporting directly to the CEO) and 16.8% at C-2 level (considering C-2 as the employees directly reporting to the Heads of Department) – and a commitment at the Management Committee level to continue improving year-on-year.

At the Workplace, since the past two years, Engro has focused on policies and procedures to create a gender diverse and inclusive leadership pipeline, workforce and culture. These include talent acquisition guidelines for 50% gender diversity based on meritocracy, travel policies, maternity and paternity leaves (being amongst the first to give 6 months of maternity leave), and a strict Anti-Harassment Policy with trained committees in place.

For cultural transformations, it is critical to provide support groups for women. This not only creates a sense of inclusion but also assists their career growth. Women in leadership can prove to be the best influence on younger women. For the last 2 years, WE Thrive, as a networking & capability development program for Women of Engro (WE), has provided a platform for women to connect across seniority levels, departments, subsidiaries, and locations for authentic, trustworthy, and supportive connections.

Realizing the challenges of being a manufacturing concern, Engro has made a conscious effort to create a talent pipeline by capitalizing on the untapped potential of women graduating from STEM institutes. These highly-qualified women in engineering are hired in Annual GTE Program across Engro group.

Another intervention to enrich the talent pool is the flagship program called Break the Seal, which is designed to aid women re-entering the workforce after a career break. Through this program, Engro has created opportunities for women who have taken career breaks to pursue other important milestones in their lives. The goal is to enable them to contribute to the corporate sector through their immense intellectual capital and emotional intelligence.

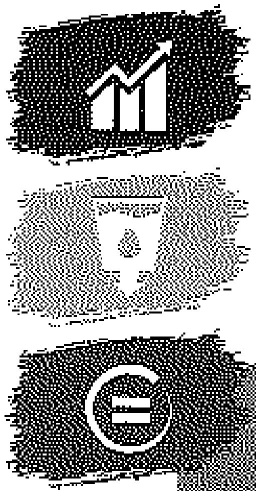
On the community front, to ease the struggle of educated women in entering and staying in the industry, Engro has launched Uraan – a community-based employment program for skill development of women living in the Port Qasim area of Karachi.

In addition, Engro has supported several schools in Karachi, Sukkur, Ghotki, Sherpur, and Sahiwal to promote girls' education.

TechKaro, a program focused on teaching women tech, since its inception in 2019, has successfully completed six technology training programs where tech and life skills were imparted on more than 250 young people, 65% of whom were women, from underserved communities, ultimately placing these graduates in jobs and internships to set them on a path of financial freedom.

Other Initiatives

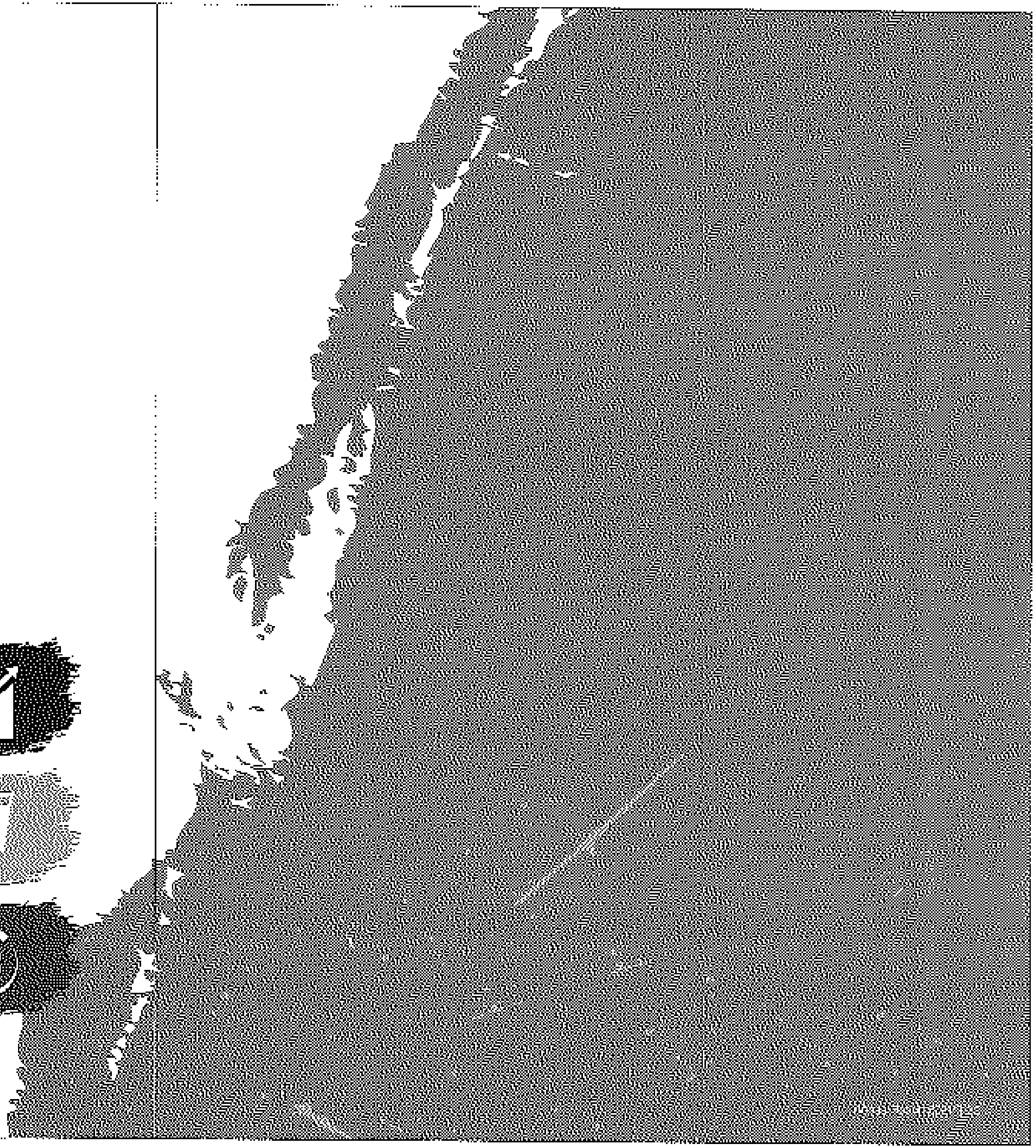
Engro Foundation, in its pursuit of improving lives in its surrounding communities, has established several initiatives to meet various SDGs. By focusing on an inclusive businesses model, Engro Foundation targets low-income communities where Engro businesses are based. We create an ecosystem that spurs economic growth and encourages entrepreneurship by providing opportunities of skill and livelihood development.



Over the last two years, our focus remained on protecting people from adverse effects of the pandemic while creating an economically sustainable environment for local communities. For this purpose, 12 micro enterprises were established in Daharki and Ghotki communities.

As part of the PKR 1 Billion Hussain Dawood Pledge, Engro Foundation donated PKR 70 million for a livelihood project to Pakistan Poverty Alleviation Fund (PPAF), executing partner of the Ehsaas Amdan Program. Under this program, the deserving are given assets in-kind to enable their graduation out of poverty. These assets include livestock (goats, cows, buffaloes, and poultry), agricultural inputs, supply of Chingchi rickshaws, and inputs for small retail outlets and small enterprises, among others.

To provide clean water to our communities, water filtration plants have been installed. Currently 5 water filtration plants are operating in Karachi while 6 are being established – 3 in Karachi and 3 in Daharki.

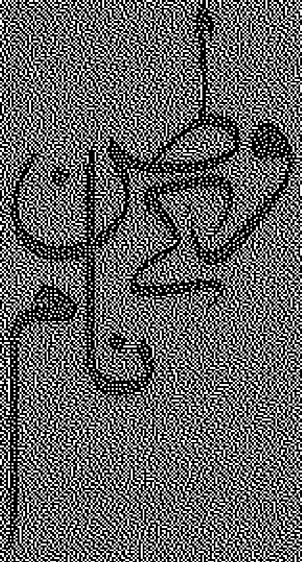


engro corp

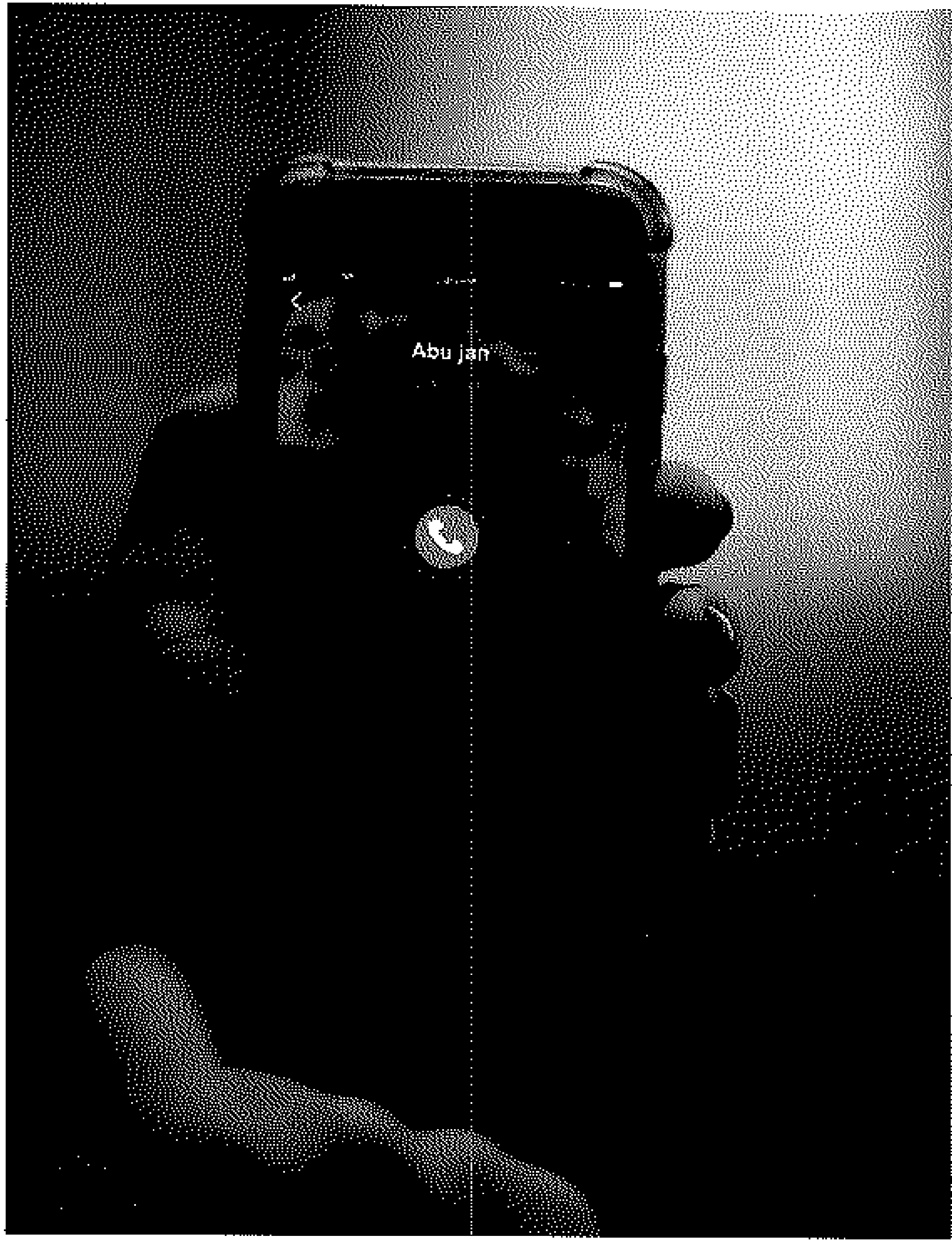
telecommunications infrastructure

Our telecommunications infrastructure vertical foresees a nation in which connecting with loved ones is possible for all, anytime and anywhere. With more than 2,200 operational towers across the Country today, including in the most remote locations, we are making humble strides toward **success** in bridging the digital divide and enabling financial and social inclusion.

Engro barhata hai apna har qadam – Watan Ke Naam



kamyaabi (success)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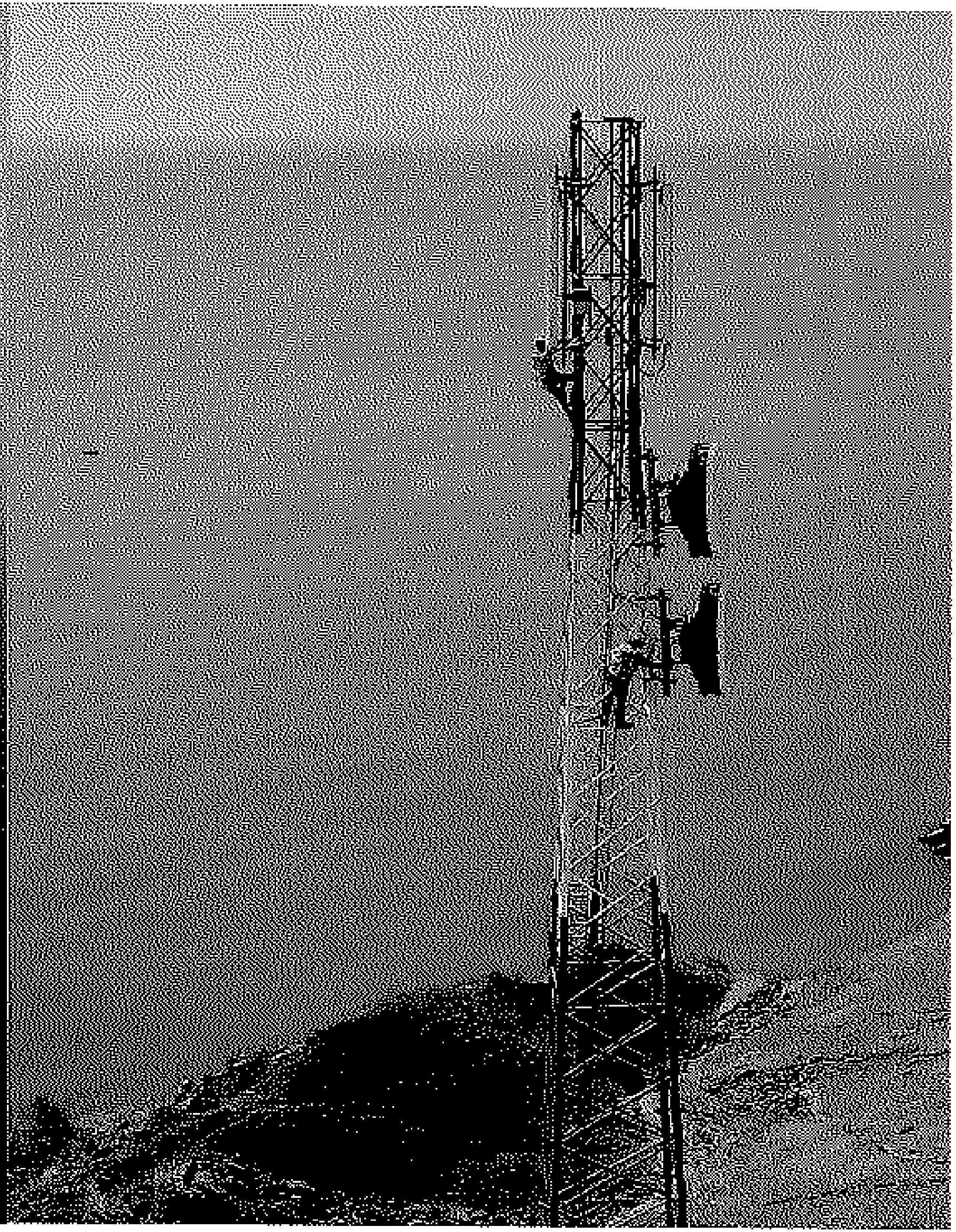
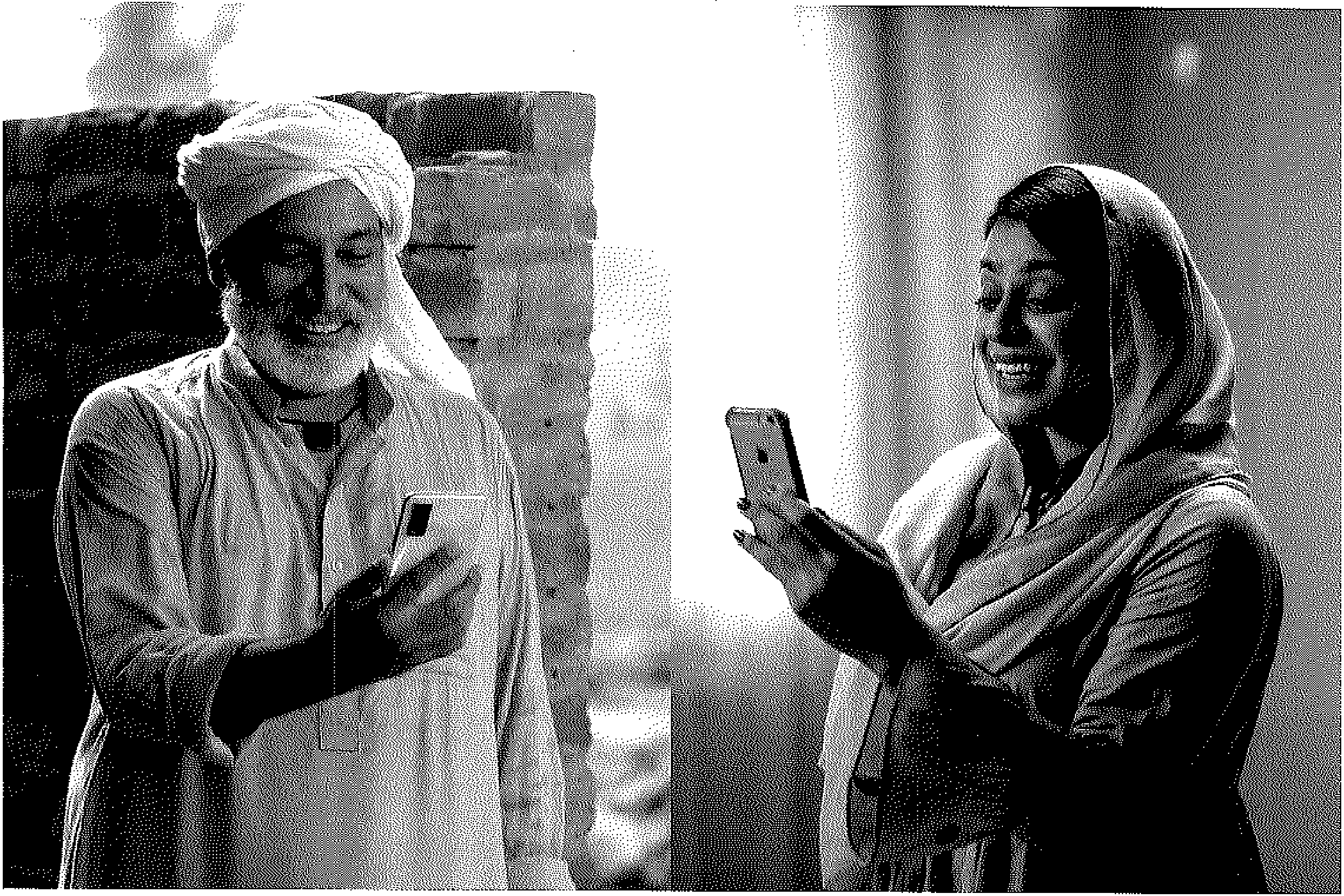




chairman's & vice chairman's message

Dear Shareholders,

On behalf of the Board of Directors of Engro Corporation Limited, we extend our gratitude to all shareholders, partners and collaborators in our business, investment, and social impact endeavours. Your continued trust in Engro is humbling.

We are privileged to present the Annual Report of 2021. It is an opportunity for us to collectively reflect, reset, and rejuvenate our mission to become a growth oriented and sustainable company.

Over the years, Engro's leadership has endeavoured to foster a transparent and continuous business environment. Success is defined by demonstrating resolve, tolerance, and tenacity in all our efforts. As we reflect, we recognize the agility with which Engro has adapted to the formidable challenges posed by the macro environment in the year 2021.

The pandemic, lockdowns and the resulting economic recession have tested our ability to be creative and encouraged us to collaborate beyond our comfort zone. The multifaceted challenges brought the Engro community together in solidarity to support both physical and mental health interventions.

With the spike in Covid cases, we institutionalized comprehensive standard operating procedures to help reduce the spread of COVID-19. This included a fairly flexible and robust Work from Home (WFH) policy for head office-based teams, SOP compliant working schedules for production sites and specialized staff deployed for facilitating on-site testing. The rapid provision of in-house vaccination for the entire Engro family in alliance with a well-known healthcare provider, and booster shots for all employees and their immediate family members, ensuring that their physical health remained uncompromised under all circumstances. We also equipped our employees through our first ever Wellness@Work program with professional counsellors, yoga and fitness instructors, and nutritionists. The leadership maintains the responsibility of leading with empathy to ensure a compassionate environment for our people, one where everyone is truly heard and valued.

With moving into a new year provides us a range of opportunities to explore, we believe it is imperative for us to focus on **futureproofing** our businesses through the culture of continuous learning, sustainability and data driven decision-making. The dynamic future will present new challenges, necessitating investment in building and enhancing leadership competencies. Intertwined with our core values and guiding principles, and a relentless pursuit of excellence, Engro prides itself on its ***learning culture***, which helps us maintain our position as one of the leading employers in Pakistan. Our learning and development frameworks are designed to promote collaboration, encourage problem solving, critical thinking, and data-driven decision-making. Last year, we launched initiatives hinged on diversity, inclusion, innovation, adaptability, and creativity, like the returnship program for women who wish to return to the workforce after a long break, the Green Associate Training Program where fresh women graduates who reside in Port Qasim are placed at the Terminal, and a new learning management system which gives free access to online learning platforms. These initiatives aim to ensure that Engro has a gender-balanced, diverse workforce, which is encouraged to flourish and evolve. Our people have been and will always be our top priority.

We strongly believe that a robust and prosperous society is imperative for the growth of our businesses. Our focus on environmental aspect of ***sustainability*** is to leave the planet in a better shape than the one we inherited. Some highlights from this year include: Engro's first Sustainability Week where extensive open dialogues were held to ensure Engro is replete with thinkers who understand the gravity of the transition to sustainability in all spheres, and its impact on the global economy; Engro Polymer & Chemicals becoming Pakistan's first affiliate member to join World Economic Forum's Global Plastic Action Partnership; Engro Foundation's signing with the Ministry of Climate Change, Government of Pakistan, and World Wide Fund for Nature to implement a forest restoration & carbon offset program, committing PKR 300mn over 10 years with the goal of planting and protecting 50,000 acres across Pakistan. We believe unwaveringly that shareholder value maximization is possible on a long-term basis by incorporating best in class ESG standards and therefore, one of our key strategic imperatives is Engro's transition to sustainability.

In the evolving global and local arena, we advocate that companies must incorporate ***data and analytics into decision-making cycles*** to make them informed, effective, and reliable. During the pandemic, we conducted a thorough exercise to incorporate the daily update on infection rates, regional perspective on disease prevention, availability of patient care infrastructure and facilities, and impact on livelihoods. The informed decision-making process enabled a focus on the Hussain Dawood Pledge which contributed towards testing & diagnostics and expanding healthcare facilities on the pandemic relief efforts nationwide.

Engro has employed a complex end-to-end integrated ERP system, OneSAP, which has reengineered business processes, centralized master data and enabled the availability of quality information across the organization. As one of the few 'Digital-Ready' organizations in Pakistan in unprecedented times, the ERP system has helped Engro mitigate COVID-19 induced challenges by ensuring business continuity and agility, integrating processes, and enabling data-based decision making. SAP has recognized Engro's implementation globally. We also continued our efforts towards the HSE front by adopting the 'out-of-the-box' Element Risk-based Safety Mechanism.

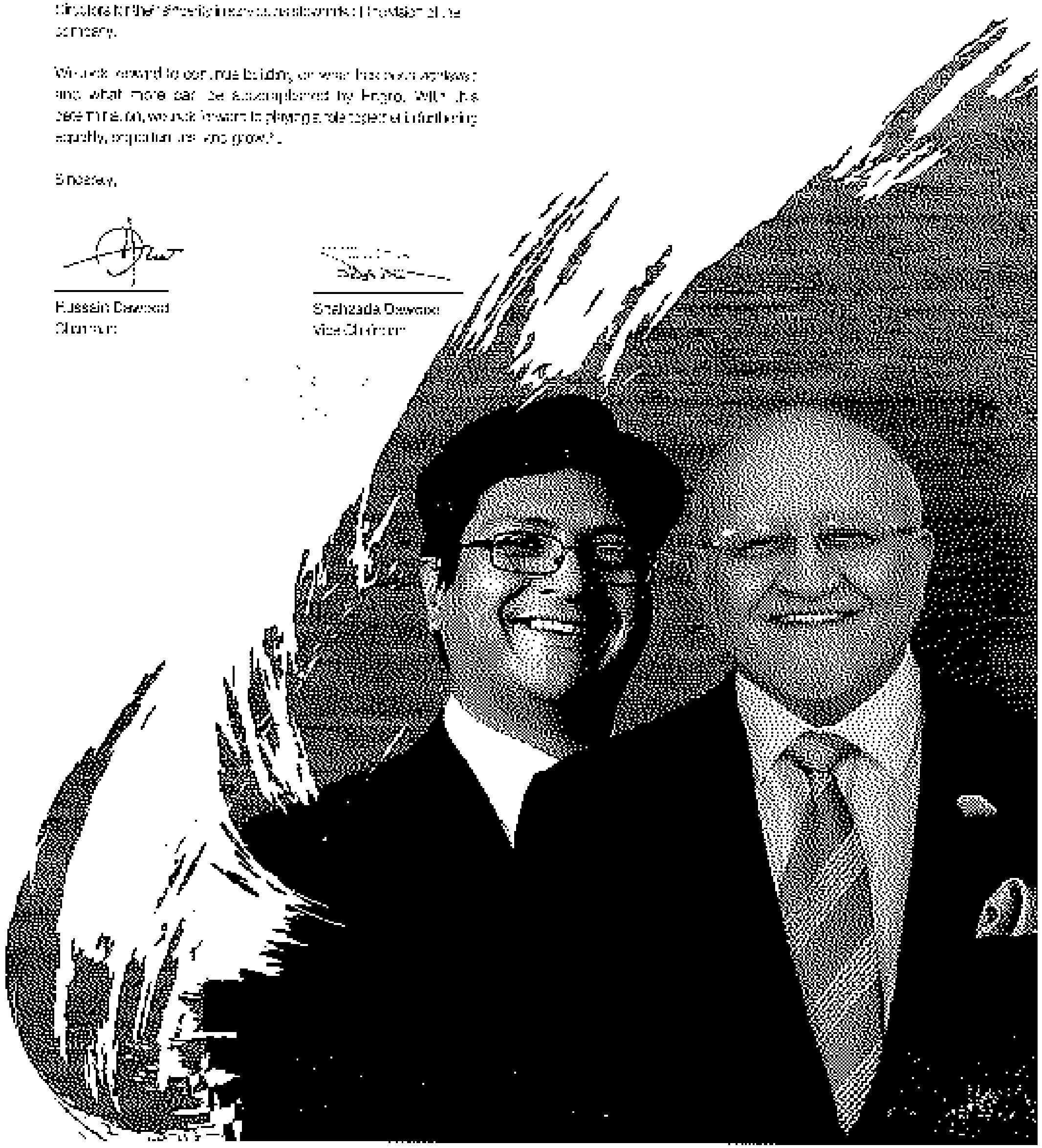
We are **thankful** to the Government of Pakistan, regulators, service providers, customers, partners, our people, and all stakeholders. We take this opportunity to applaud each Member of the Board of Directors for their steadfast support towards the success of the company.

We look forward to continue building on what has been achieved and what more can be accomplished by Engro. With this determination, we look forward to playing a role together in furthering equality, opportunities and growth.

Sincerely,

Hussain Dawood
Chairman

Shahzada Dawood
Vice Chairman



president's message

Dear Shareholders,

By the grace of the Almighty, I am humbled to share that 2021 was a year of accomplishments and growth for Engro Corporation and its subsidiary companies. Despite the challenges that came our way, the Group posted healthy business results and achieved significant milestones. It is my pleasure to share with you the highlights of Engro Corporation's performance in 2021 and our commitment to help solve some of Pakistan's most pressing issues.

Throughout the year, our company's efforts were directed toward tackling and recovering from the problems posed by the COVID-19 pandemic. Uncertainty associated with public health and well-being of people, inflation spurred by monetary and fiscal stimulus, supply chain limitations, and commodity price volatility were a few of the challenges faced during the year. Together, we managed to rise above these challenges, stronger and more united than before. Apart from playing an integral role in providing value for the Country, we also made continued efforts to protect our people and provide inclusive contributions to support the wider communities in which we operate and beyond. Engro continued to fulfil its role in combating COVID-19 under the banner of the PKR 1 Billion Hussain Dawood Pledge, which focuses on disease prevention, assisting healthcare practitioners, enabling patient care, and bolstering livelihoods & awareness. To date, total contributions from the Hussain Dawood Pledge stand at PKR 780 Million.

I would like to take this opportunity to thank the Government for its proactive and effective measures taken to contain the pandemic in the Country while also facilitating business continuity. It was with the support of the Government, the invaluable guidance from our Chairman, Vice Chairman, the Board of Directors, and our team members that Engro was able to adapt to the changing environment and achieve some notable milestones with great resilience.

At Engro, we believe that our people are the cornerstone of our success and we are driven to facilitate their development while protecting their health. Several emotional and physical wellbeing programmes were introduced to assist our colleagues in tackling the various challenges faced during these unprecedented times. Engro is further determined to create an inclusive work environment and has identified diversity as a key focus area to improve the participation of women in the workforce. We have taken various steps to reinforce our commitment by introducing family friendly policies such as day care solutions at all our working locations and going beyond legally mandated parental leaves to support our employees.

On the business front, Engro Corporation posted a consolidated profit after tax of PKR 50.8 Billion for 2021, up from PKR 41.7 Billion in the previous year. On a standalone basis, our profit stood at PKR 18.6 Billion. Engro Fertilizers registered its highest ever urea sales posting a total revenue of PKR 132.1 Billion, thus saving a potential USD 1.3 Billion in foreign exchange on imports in the process. The expansion of our PVC facility coincided perfectly with high international PVC prices enabling Engro Polymer to register a record profit of PKR 15.1 Billion. Moreover, our rice business continued its focus towards exports and generated an export value of USD 13 Million. With the Country focused on national digitalization, we have made a total equity commitment of PKR 1.6 Billion towards Engro Enfrashare for catering to the growing demand for Build-to-Suit Towers and reaching a scale of 5,000 towers by 2026.

Mining operations at our Engro Powergen Thar ensured a supply of consistent and affordable energy to the Country. Engro is committed to expanding the Thar mine with an expected capacity increase to 7.6 Million tons per annum by 2022 and 12.2 Million tons per annum by 2023. The energy business will continue to endeavor towards development of a bilateral electricity market by working closely with the regulators and industry stakeholders to revamp the power sector. The business will also continue to work extensively to grow its footprint in the renewables market. Engro Energy successfully handled Pakistan's first ever Dry Docking activity of an FSRU while ensuring gas supply continuity through arranging a backup FSRU. The business remains committed to further bridging the energy gap by unlocking opportunities for private LNG import.

In April 2021, the Board of Engro Corporation approved USD 7.4 Million for initiating the FEED study for our flagship PDH project. I am happy to report that significant progress has been made on this front.

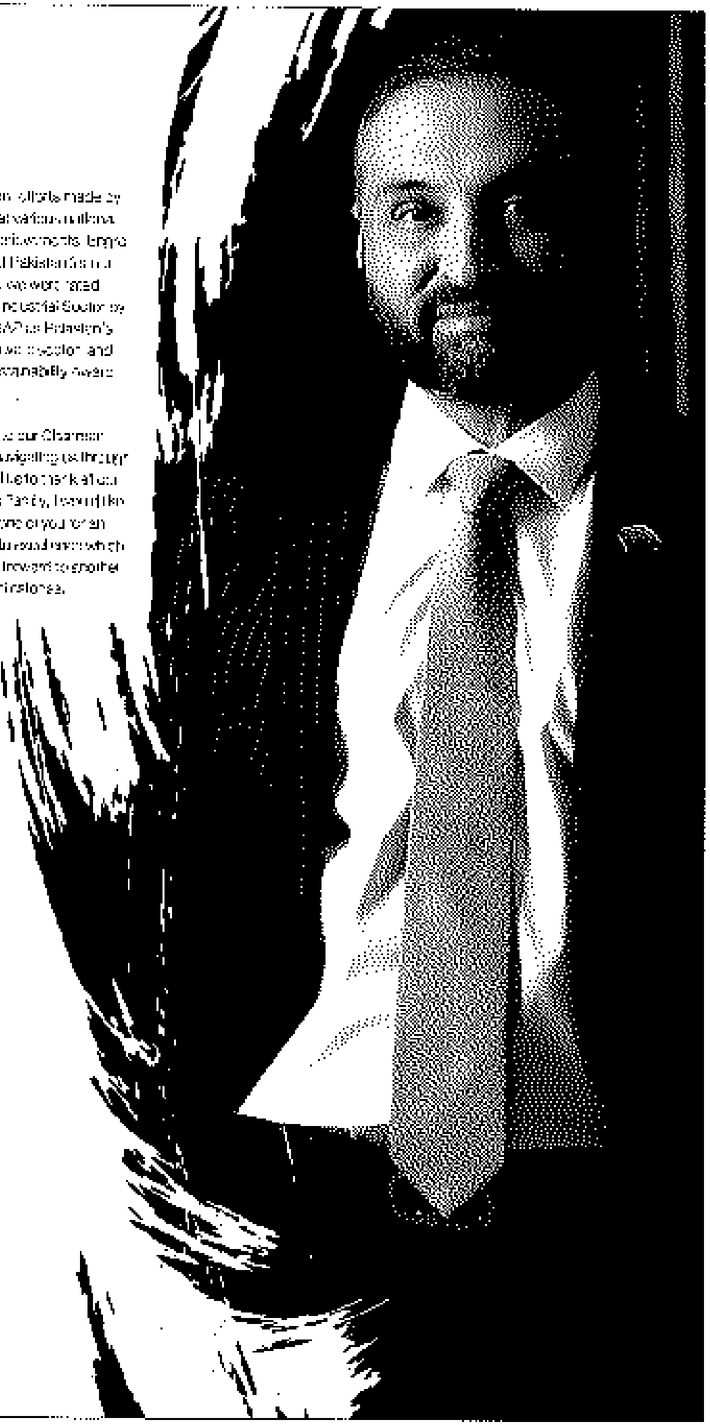
As companies across the world accelerated the pace of digitalization amidst the pandemic, Engro took the initiative to undertake one of the largest digital business transformations in the Pakistani private sector with a singular SAP implementation – Engro OneSAP. The project enables us to ensure business continuity and efficiency through integration of business processes, agility, and data-based decision making. Additionally, our businesses leveraged technology-based solutions for online sales with Engro Fertilizers now becoming one of the largest e-sales companies in Pakistan.

In today's rapidly evolving world, we believe that shareholder value maximization is only possible by ensuring sustainability and implementation of the best-in-class ESG standards in our processes and practices. Therefore, one of our key strategic imperatives going forward will continue to be the transition to sustainability. As a member of the World Economic Forum and the only Pakistani company to sign WEF's Stakeholder Capitalism Metric pledge, we have demonstrated increasing commitment in this space in the past and present, and will continue to do so in the future.

I am delighted to acknowledge that the relentless efforts made by our teams to achieve excellence were lauded at various national and international forums. Among our notable achievements, Engro Corporation was recognized by the PR Society of Pakistan for its excellent investor relations this year. In addition, we were rated Pakistan's Most Outstanding Company in the Industrial Sector by Asiamoney (third year in a row), endorsed by SAP as Pakistan's largest digital business transformation in the private sector, and secured the UN Global Compact Business Sustainability Award (third year in a row).

Once again, I would like to extend my gratitude to our Chairman, Vice Chairman, and the Board of Directors for navigating us through another year of immense success. I would also like to thank all our stakeholders for trusting us. To the entire Engro family, I would like to acknowledge and congratulate each and every one of you for an astounding level of resilience and commitment to excellence which has helped us get to where we are today. I look forward to another year of hope, faith, resilience, and many more milestones.

Ghias Khan
President and Chief Executive



awards and recognitions 2021

Engro Corporation

- Bushlight Awards UK for Sustainable Agriculture
- United Nations Global Compact (UNGC) Sustainability Award
- Environment, Health & Safety Award in the category of Support For Healthcare Organizations for HD Pledge by the Professionals Network
- 2nd Most Preferred Employer Award at the Best Place to Work Awards Gala 2021
- Asia's Outstanding Companies Poll Award for Pakistan's Most Outstanding Company in the Industrial Sector and Pakistan's Most Outstanding Company in the Small/Mid Sector by Asiamoney 2021 (2 awards)
- Investor Relations Runner UP Award in the category of Workplace Award - Corporate Institutions at the 12th Annual Excellence Awards by Chartered Financial Analyst (CFA) Society Pakistan
- SAP Quality Awards in the Business Transformation Category in Middle East North Africa (MENA)

Engro Polymer & Chemicals

- Global Diversity, Equity & Inclusion Benchmark Awards 2022 by HR Metrics (5 awards)
- First affiliate member from Pakistan to join the World Economic Forum's Global Plastic Action Partnership (GPAP)
- Highly Commended for Safety at the Global Awards 2021 conference hosted by Institute of Chemical Engineers
- Environment, Health & Safety Awards in the categories of Health & Safety Risk Assessment & Control, Health & Safety
- Environment Performance, and Water Treatment by the Professionals Network (3 awards)
- Best Corporate Report Awards 2020 held by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP)
- Employer of Choice Emerald Award in the category of Medium National Companies by the Employers Federation of Pakistan (EFP)
- 13th annual CSR awards 2021 in the categories of Community Development & Services, Public Health, Education & Scholarship & Waste Management/Recycling (4 awards)
- Global Diversity & Inclusion Benchmarks Awards 2021 by HR Metrics

Engro Eximp Agriproducts

- Maintains AA rating for the 8th consecutive time by the British Retail Consortium
- Top Exporters Award 2019-20 by the Rice Exporters Association Pakistan (REAP)

Engro Elengy Terminal

- Executive Board Exceptional Achievement Award by Royal Vopak at Annual Global Awards
- Occupational Safety and Health Appreciation Award for best HSE practices by Employer's Federation of Pakistan
- 13th annual CSR award for Vocational Trainings
- Fire Safety Award 2021 from the Fire Protection Association of Pakistan (FPAP) and National Forum for Environmental & Health (NFEH)
- Environmental Excellence Award 2021 from National Forum for Environmental & Health (NFEH)

Engro Vopak Terminal

- Environment, Health & Safety Awards in the category of Health, Safety & Environment Performance by the Professionals Network
- Executive Board Exceptional Achievement Award at the Royal Vopak Annual Global Awards Ceremony
- Team of the Year by Vopak AME division
- Special recognition for work-life integration at the OICCI Women Empowerment Awards 2020
- Occupational Safety and Health Appreciation Award for best HSE practices by Employer's Federation of Pakistan
- 10th Annual International CSR Summit Award in the categories of D&I Leader and Community Impact by The Professionals Network (2 awards)
- 13th Annual CSR Award for Vocational Trainings
- Fire Safety Award 2021 from the Fire Protection Association of Pakistan (FPAP) and National Forum for Environmental & Health (NFEH)
- Environmental Excellence Award 2021 from National Forum for Environmental & Health (NFEH)

Engro Energy

- Global Diversity, Equity & Inclusion Benchmark Awards 2022 by HR Metrics (12 awards)
- Global Diversity & Inclusion Benchmarks Awards 2021 by HR Metrics (8 awards)
- Corporate Social Responsibility during COVID times awards by National Forum for Environmental & Health NFEH 2021
- Women Tech Network awards 2021 in the category of Diversity and Inclusion Best Practices

Engro Powergen Qadirpur

- Best Presented Annual Report Award as a joint winner in the Power and Energy category at the South Asian Federation of Accountants (SAFA)

Engro Powergen Thar

- First NEPRA CSR Awards
- World's Top Coal Plants in coal-fired category by the prestigious forum of POWER Magazine
- Health Safety & Environmental Performance Award by The Professionals Network

SECMC

- Environment, Health & Safety Awards in the category of Health, Safety & Environment Performance by the Professionals Network
- CEO Award by British Safety Council Awards 2021

Engro Fertilizers

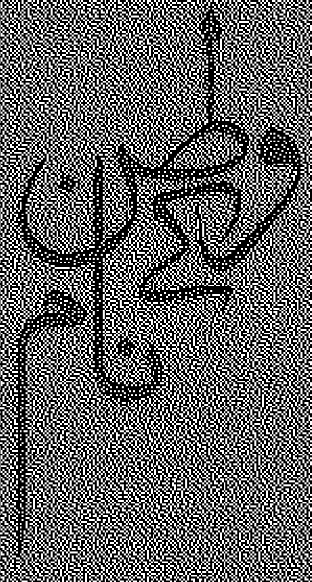
- Global, Diversity, Equity & Inclusion Benchmark Award 2022 by HR Metrics (10 awards)
- UN Women 2021 Asia-Pacific WEPs - Runner Up Award in the category of Leadership Commitment
- Gender Diversity award in the category of Workplace Award - Corporate Institutional at the 15th Annual Excellence Awards by Chartered Financial Analyst (CFA) Society Pakistan
- Amir S Chinoy Corporate Excellence Award in overall Industrial Category
- Annual Environment Excellence Awards in the category of Best Environment performance (NFEH) (3 awards)
- Best Corporate and Sustainability Report Awards 2020 by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP)
- Best in Class Nationally at Pakistan Digital Awards 2021 in the categories of Most Innovative Fintech Solution of the Year, Best payment technology and Best Banking Tech of the Year (3 awards)
- Environment, Health & Safety Awards in the categories of Hazards & Controls Associated with Work Equipment and Transport Safety by the Professionals Network (2 awards)
- Gold Award 2021 by RoSPA Fleet Safety
- International Safety Award with Distinction for Exceptional Performance in Health & Safety by British Safety Council UK
- Best in Country Pakistan Award by British Safety Council UK
- Global Best in Manufacturing Sector Award British Safety Council UK
- 13th annual CSR awards 2021 for Employee Engagement Volunteering, Green Energy Initiatives, Livelihoods, and COVID-19 Crisis Management (4 awards)
- Health & Safety Gold Award – Daharki and Health & Safety Silver Award – Zarkhez by The Royal Society for the Prevention of Accidents (2 awards)
- 10th Annual International CSR Summit Awards in the categories of CSR Events, Community Impact and Employee Volunteer by The Professionals Network (3 awards)
- Industry Stewardship Champion 2021 award by International Fertilizer Association (IFA)
- 11th Annual Fire and Security Convention Award by the National Forum for Environment & Health (NFEH) and Fire Protection Association of Pakistan (FPAP) (2 awards)
- Largest Taxpayer in the Fertilizer sector issued by the Govt. of Pakistan
- Global Corporate CSR Awards 2021 for Promoting Education in KATCHA Sindh by Australian Multicultural Charity Australia

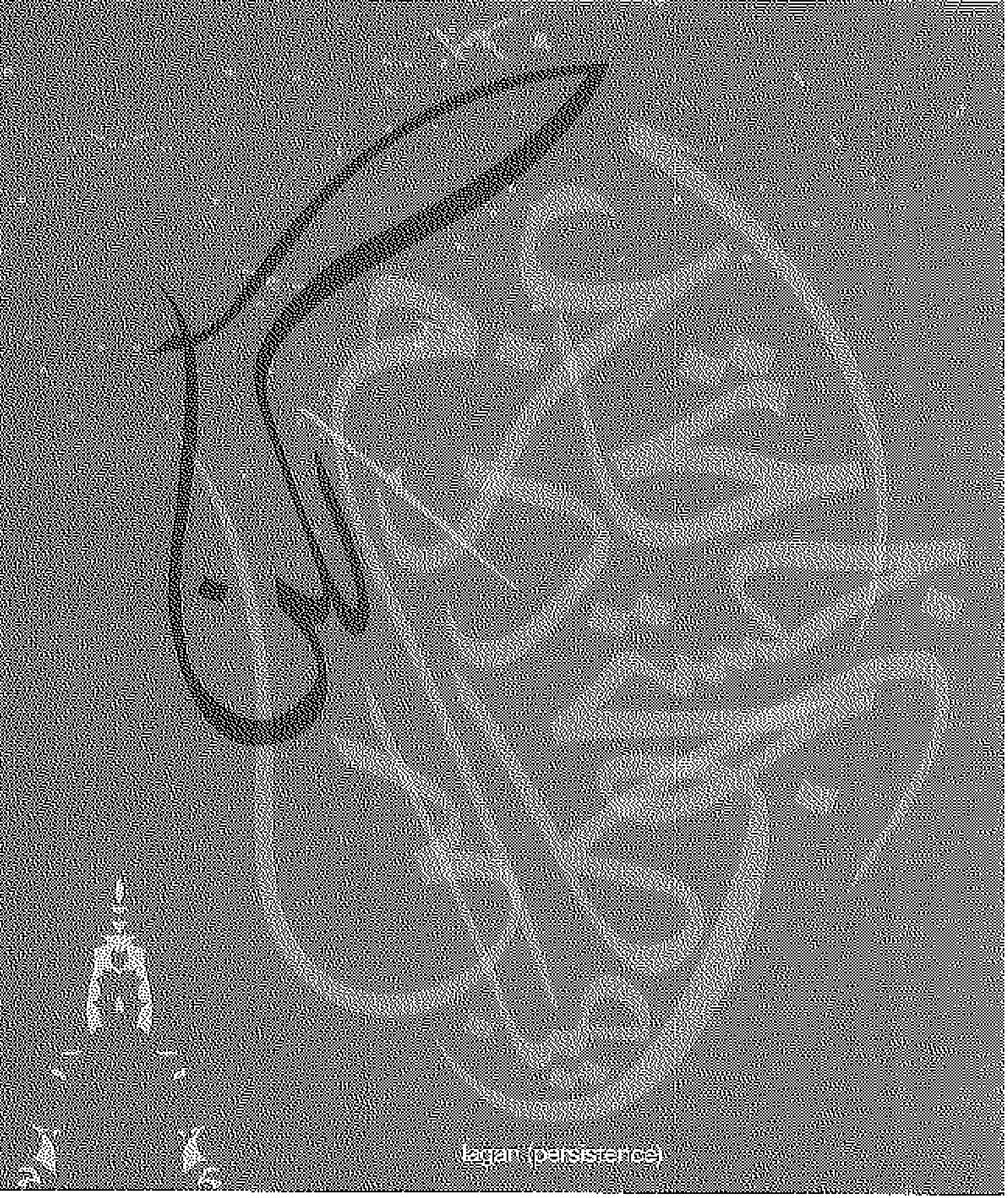
engro corp

energy & related infrastructure

With a zeal to enable energy-efficiency for all Pakistanis, we continuously **strive** to find the most viable solutions through indigenous and renewable resources. Our power generation projects continue to illuminate over 7 Million lives – a testament to our devotion toward a bright and self-sufficient future for every fellow citizen of Pakistan.

Engro barhata hai apna har qadam – Watan Ke Naam





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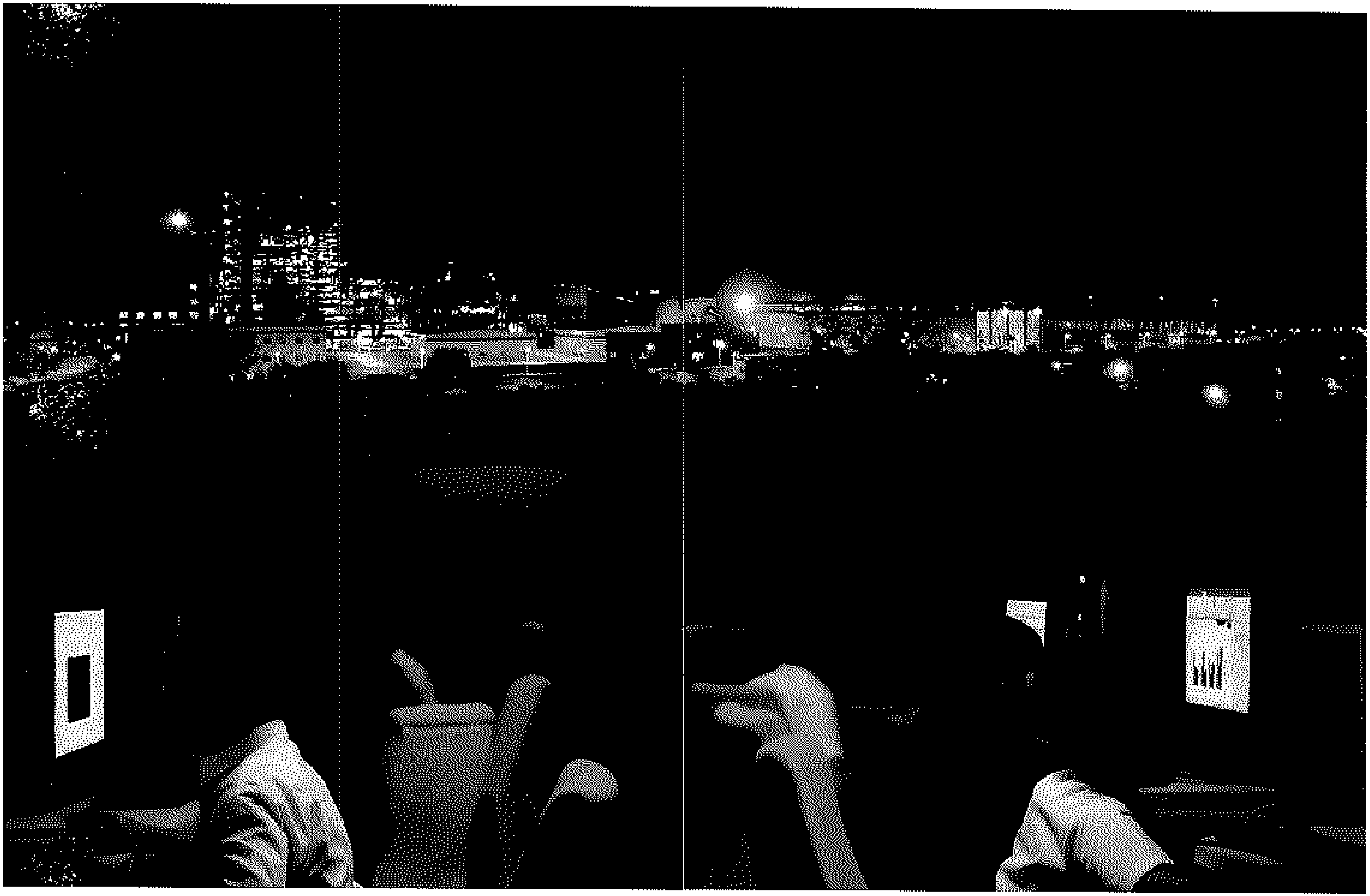
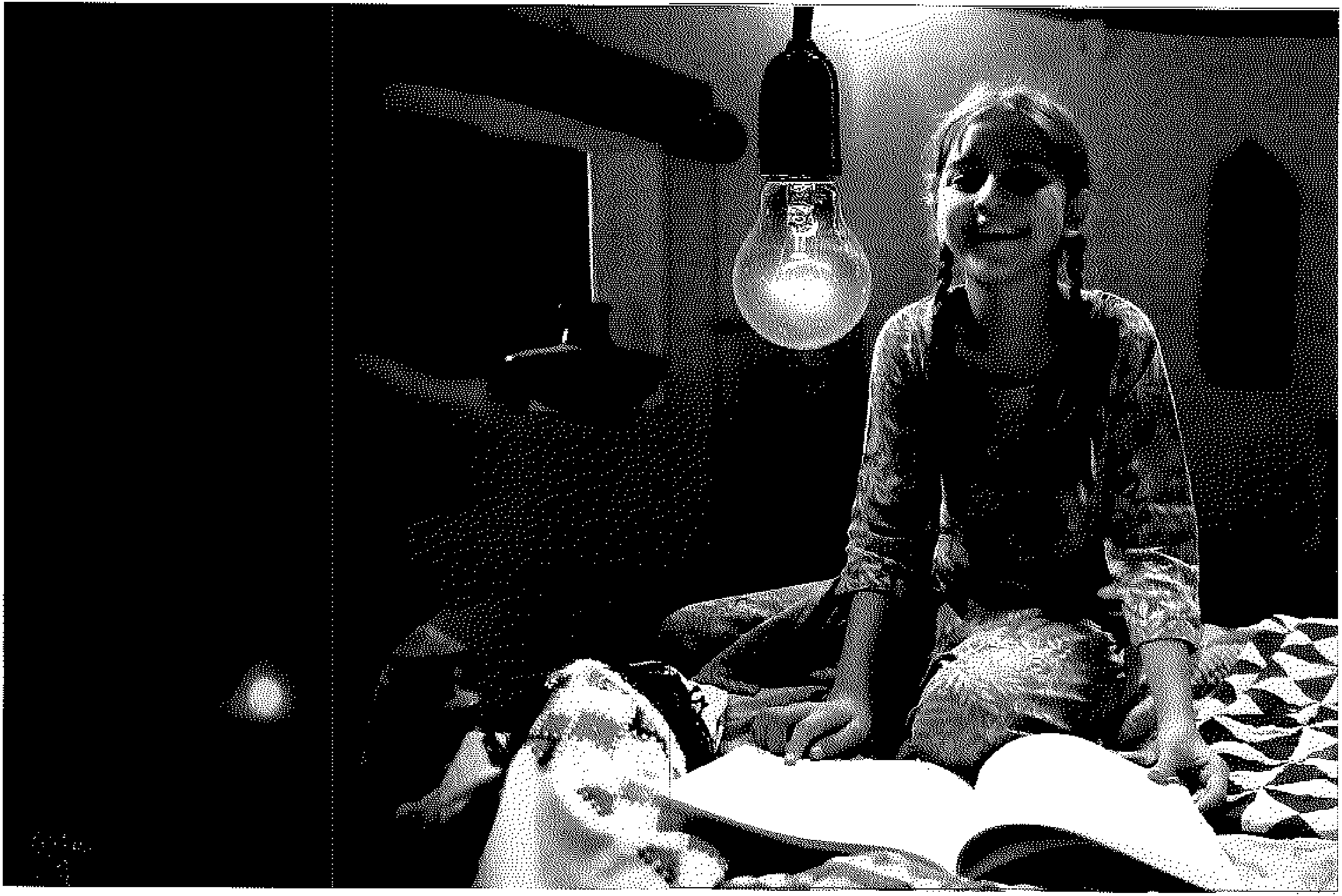




directors' report

The Board of Directors of Engro Corporation Limited has reviewed the performance of the Company and is pleased to submit its annual report and audited accounts for the year ended December 31, 2021.

Principal Activity

The principal activity of the Company is to manage its investments in subsidiaries, associates, and joint ventures which are engaged in manufacturing and trading of fertilizer, manufacturing and marketing of PVC resin, providing critical telecommunication infrastructure, processing and packaging of dairy products, power generation, coal mining, foods, LNG and bulk chemical handling terminal and storage businesses.

Macroeconomic Environment

In 2021, the global economy continued its journey towards revival on the back of fiscal stimuli packages and money supply injections by developing and developed countries. Demand recovery, coupled with supply chain challenges and weather disruptions, caused a global surge in commodity prices. This led to increase in global inflation with food prices rising by almost 28%. To tackle this rise in inflation, Central Banks around the world initiated monetary tightening.

Pakistan economy continues to follow its historical trajectory of growth followed by demand contraction. Due to strengthening demand post relaxation of lockdowns and normalization of COVID, headline inflation remained high amid persistent increases in food prices and energy tariffs. This has led the State Bank of Pakistan to increase monetary policy by a total of 275 bps during the second half of the year.

On the other hand, stimulus packages announced by the Government in 2020 enabled higher consumer and industrial imports, outgrowing relative rise in exports in recent months, leading to a widening trade deficit in fourth quarter of 2021. The recent tranche under the IMF program and issuance of Eurobond will help bridge this gap, but structural reforms need to be undertaken to address the root causes of country's economic challenges.

Due to a rise in inflation and reduced purchasing power, we enhanced our focus on social investments through the PKR 1 billion Hussain Dawood Pledge announced in 2020. The Company signed a Memorandum of Understanding (MoU) with Pakistan Poverty Alleviation Fund (PPAF) to contribute PKR 70 million to the Ehsaas Amdan Program. This collaboration with PPAF, the lead implementing agency for the Ehsaas Amdan program, will support the Government of Pakistan's poverty alleviation program for deserving families whose incomes have been adversely affected by the COVID-19 pandemic. Till date total spend under the Hussain Dawood Pledge stands at PKR 486 million.

For further information, please visit https://www.hussaindawoodpledge.com/

Year at a Glance

Engro's diverse portfolio is well-positioned to persevere through these challenging times. Our portfolio is structured to have a positive impact from upward changes in commodity prices and balanced to the extent that any volatility in foreign exchange rates does not adversely impact the performance. The Group demonstrated strong operational performance and progressed satisfactorily on growth engines alongside making efforts to inculcate sustainability in the DNA and culture of the organization.

On growth front, our journey towards solving some of Pakistan's most pressing issues continued by investing in projects that will serve to be catalysts of growth for the country. During the year, the Company and its subsidiaries achieved various growth and operational milestones:

I. In June 2021, Engro Polymer & Chemicals completed the PVC expansion and VCM debottlenecking project, positioning the business to expand its international footprint with a 295 KT PVC capacity.

II. In our Connectivity vertical, we have made a total equity commitment of PKR 21.5 billion during the year. This investment will be used to capitalize on the growing demand for Build-to-Suit Towers for all Mobile Network Operators and will enable Engro Enfrashare to reach a scale of 5,000+ towers. During the year, the business added 981 new towers to its portfolio taking the total operational sites to 2,248.

III. During the year, Engro Energy signed an MoU with the Government of Sindh to develop the first hybrid 400 MW Renewable Energy Park, with the potential to scale up to 1GW power to the industrial hub of Karachi. This project has the potential to reduce power costs by up to 20% and save up to PKR 13 billion per annum for the economy through import substitution during the first phase.

IV. SECMC Phase II mine expansion for increasing mining capacity to 7.6 million tons per annum is underway with 71% overburden removed from the site. Additionally, during the year, SECMC and the Government of Sindh approved the Phase III expansion of the mine, which will reduce the fuel cost component of Thar coal to less than USD 3 / mmbtu (USD 30 / T levelized) making it the cheapest source of base load energy.

V. The Board granted an approval of USD 31.4 million to conduct engineering, design and technical studies including Front End Engineering Design (FEED) for the PDH based PP project. Honeywell and Grace have been selected as the technology partners for the PDH-PP complex, based on their extensive experience and cutting-edge solutions that have helped to set up such projects globally. Further, carrying the ambitions of making PDH carbon neutral, Engro has partnered with IFC for plastic recycling thereby striving towards reduction of plastic waste.

VI. The Company also completed Pakistan's largest digital business transformation in the private sector (SAP S/4 Hana). As one of the few 'Digital – Ready' organizations in Pakistan in pre-pandemic times, the ERP system has helped Engro mitigate COVID-19 induced challenges by ensuring business continuity and agility, integrating processes and enabling data-based decision making.

Business Performance Review

The Company posted a standalone PAT of PKR 18,515 million against PKR 16,301 million for the comparative year, translating into an EPS of PKR 32.14 per share. The increase of 14% in standalone profitability is primarily on account of strong underlying business performance.

Consolidated revenue grew by 25%, from PKR 248,816 million during 2020 to PKR 311,584 million, primarily attributable to higher PVC and Urea volumes and margins during the year. The consolidated Profit-After-Tax (PAT) for 2021 was PKR 52,612 million, up by 13%, while PAT attributable to the shareholders increased to PKR 27,342 million from PKR 25,300 million in 2020, resulting in an Earnings per Share (EPS) of PKR 47.50 compared to PKR 43.94 for 2020.

[illegible]	[illegible]		[illegible]	
	2021	2020	2021	2020
Fertilizers	132,363	105,846	21,093	18,133
Polymer & Chemicals	70,022	55,001	15,051	5,700
Foods & Rice	56,403	45,858	1,810	210
Telecom Infrastructure	4,429	1,400	(669)	(1,209)
Energy	67,525	55,553	14,849	14,527
Terminals	17,300	17,954	8,913	5,085

engro fertilizers

In 2021, the Fertilizer business showed strong performance and recorded a revenue of PKR 132 billion versus 106 billion in 2020, whereas Profit After Tax stood at PKR 21.1 billion versus PKR 18.1 billion last year, demonstrating a ~17% increase mainly on the back of higher urea offtakes and increase in phosphate prices.

Domestic market witnessed strong agricultural sector performance in 2021. This translated into a historic milestone of highest ever urea sales of 2,295 KT in comparison with 2,057 KT in 2020, while phosphates sales stood at 366 KT versus 465 KT during last year.

On international front, urea prices increased to USD 957 / T (landed equivalent PKR 10,891 / bag) by the end of 2021, with the local fertilizer industry ensuring that farmers continue to benefit from lower domestic urea prices with a discount of 84% over international prices (PKR 1,768 / bag at year end). DAP international and local prices have also witnessed a steep increase during the year with international prices rising to USD 915 / T by the end of 2021.

Presence of domestic urea manufacturing industry enabled import substitution to the tune of USD 3.5 billion wherein Engro Fertilizer's contribution stood at USD 1.3 billion, equating to 36%. Price differential with international market presents the industry an export opportunity which will generate incremental foreign exchange for the country.

Revenue

(2021)

132,363

(Rs. in millions)

engro polymer & chemicals

Engro Polymer & Chemicals announced commercial operations of the new PVC plant on March 01, 2021, increasing the capacity by 100 KT to 295 KT per annum and commercial operations of 50 KT new VCM Debottleneck capacity on June 25, 2021 increasing capacity to 245 KT per annum.

Polymer business recorded highest ever revenue of PKR 70 billion translating into a Profit After Tax of a PKR 15.1 billion as compared to revenue of PKR 35 billion and Profit After Tax of PKR 5.7 billion last year. The business recorded highest ever domestic sale of 207 KT, translating to a market share of 95%. The business also recorded its highest ever export sales of 19 KT.

International PVC prices averaged at USD 1,413 / MT during the year due to high demand along with supply disruptions such as longer than expected turnarounds in Asia, plant closures in USA due to hurricanes and higher freight costs as a result of supply chain constraints. However, supplies to domestic PVC downstream market continued uninterrupted due to Engro Polymer's steady production.

The company continued its awareness and partnership with construction sector stakeholders through its "thinkPVC" outlet, demonstrating the versatility and superior physical properties of PVC downstream products with the aim to change the landscape of construction sector of Pakistan. Through its enhanced capacity and domestic sales, the company saved Pakistan USD 0.2 billion through import substitution and generated foreign exchange of USD 28 million through exports.

Revenue
(2021)

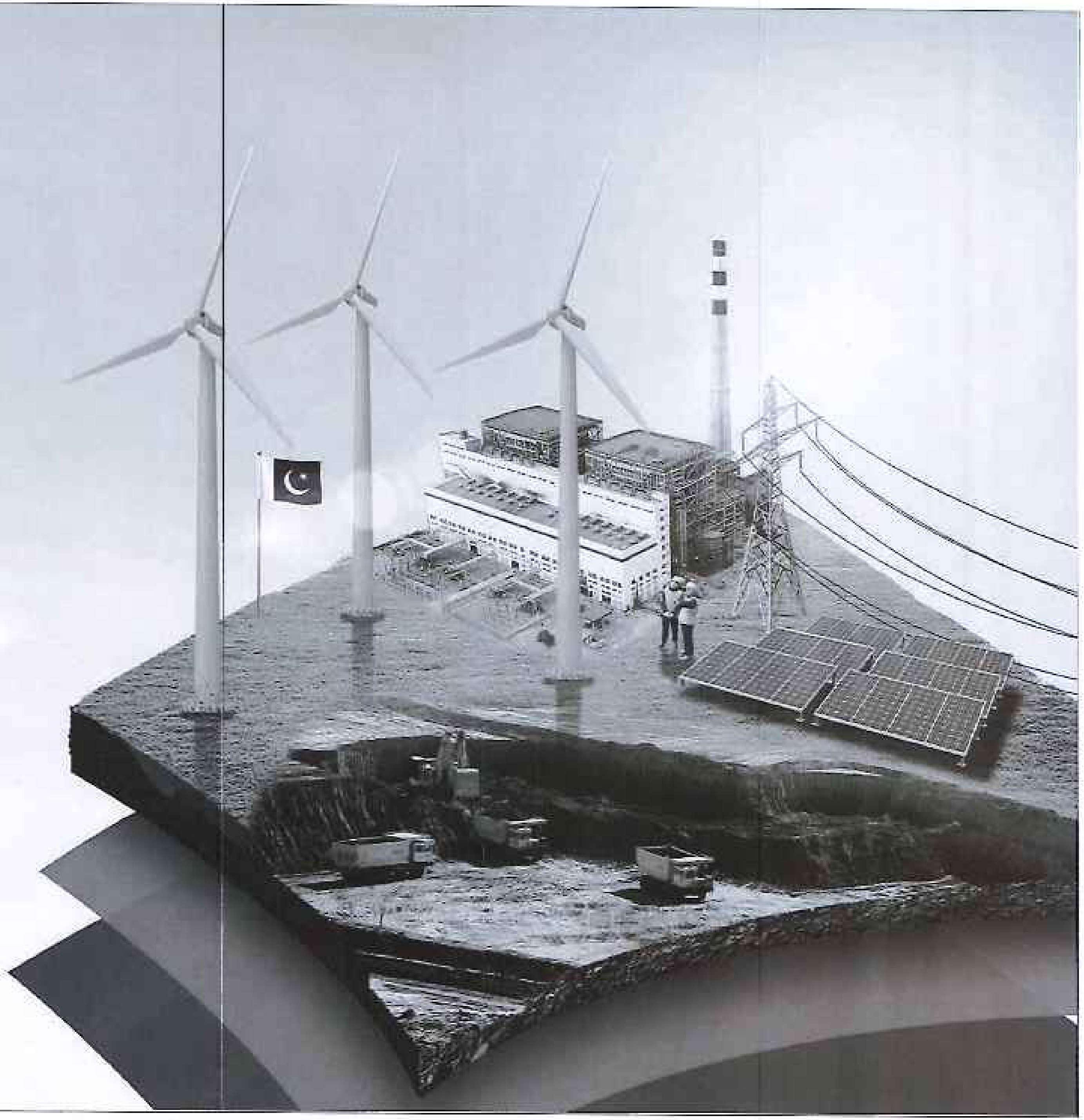
70,022
(Rs. in millions)

engro energy

Coal Mine: Mining operations continued smoothly, and the mine supplied 3.8 million tons of coal to Engro Powergen Thar during the year. The Phase II expansion of the mine to 7.6 million tons per annum is underway with 71% of the overburden removed from the site. Phase III expansion of the mine to 12.2 million tons per annum has also been approved during the year.

Thar Power Plant: Engro Powergen Thar Limited achieved the milestone of highest in year collection of 97%, bringing inception to date collections at par with coal based IPPs despite only two years of operations. The plant also maintained its third position on the merit order list. During the year, the plant achieved an availability of 83% with a load factor of 80% and dispatched 4,225 GwH to the national grid.

Qadirpur Power Plant: During the year, the plant dispatched a Net Electrical Output of 851 GwH to the national grid with a load factor of 46% compared to 30% last year due to higher offtake from the Power Purchaser. The business posted a PAT of PKR 1,594 million for the current period as compared to PKR 2,079 million for 2020. The Company received PKR 3.2 billion in January 2022 to settle 40% of the outstanding receivables, as a result of the Master Agreement with the Government of Pakistan.



Revenue
(2021)

87,525
(Rs. in millions)

engro vopak & elengy terminals

During the year, Engro Elengy Terminal successfully completed Pakistan's first-ever Dry-Docking activity of FSRU Exquisite at Qatar dockyard. During the dry-docking period FSRU Sequoia enabled gas supply continuity ensuring national energy security. Resultantly, the business contributed 15% to national gas supply during the year.

The LNG terminal handled 72 vessels, in line with last year, delivering 216.2 bcf re-gasified LNG in to the SSGC network with an availability factor of 98.5%.

The chemicals terminal throughput volumes normalized to 1,280 KT against 1,142 KT last year. LPG volumes declined, as Taftan Border reopened and importers shifted to land route reducing the marine-import market by ~50% during the year. Overall, profitability of both the LNG and chemical storage terminals remained healthy during 2021.

Revenue
(2021)

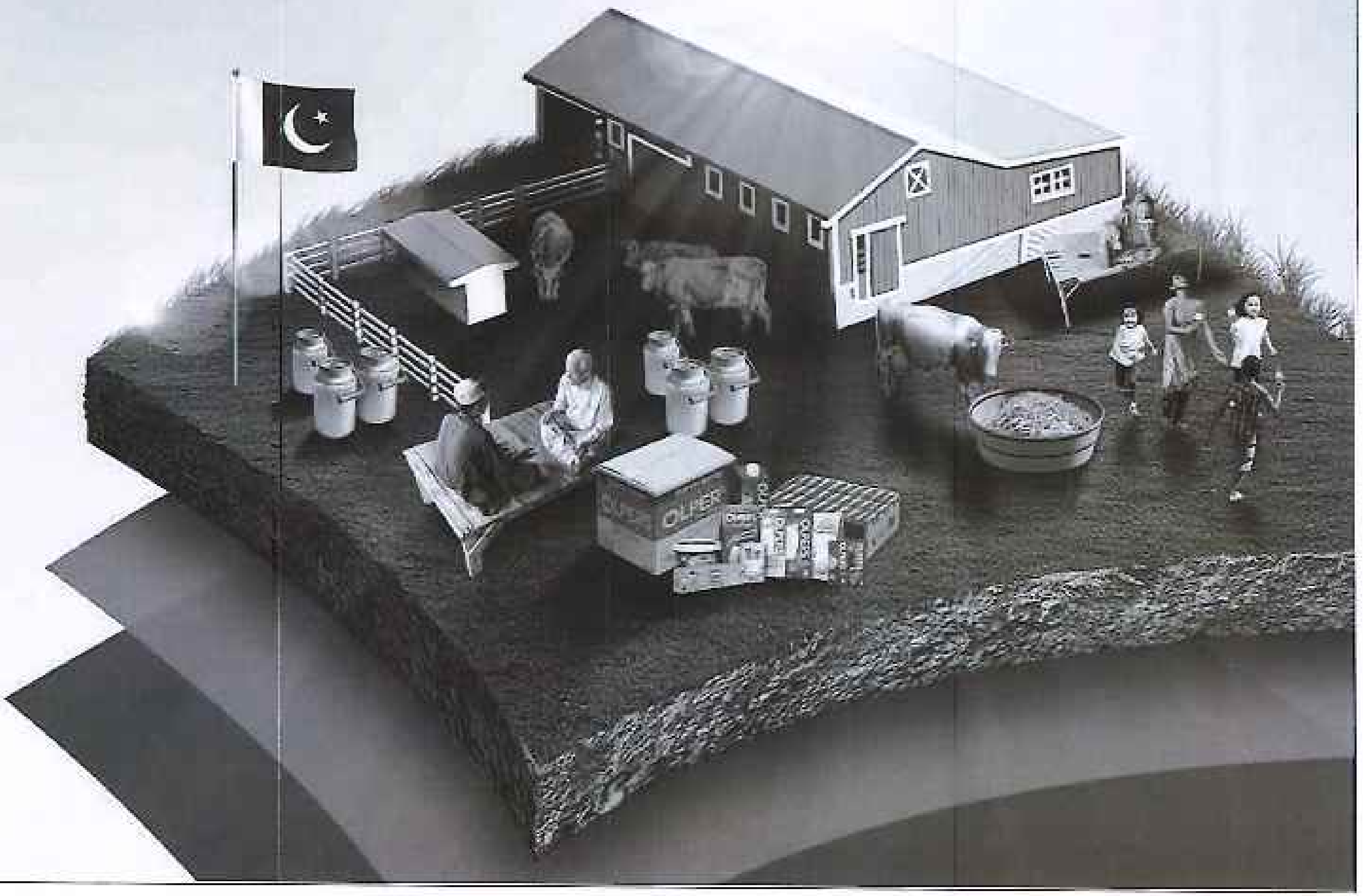
17,390
(Rs. in millions)

frieslandcampina engro

FrieslandCampina Engro Pakistan demonstrated a topline growth of 18%, reporting a revenue of PKR 52 billion against PKR 44 billion last year. The gross margin improved to 17% versus last year's 13% and the business registered a Profit After Tax of PKR 1,804 million versus PKR 177 million last year.

Higher market penetration by the business was driven by leveraging e-commerce channels, whereby the business entered into strategic partnerships with notable fin-techs to digitize the sales and distribution management at a national level. The business also improved reach and route to markets, increased marketing spend to enhance brand equity and increased market penetration.

The business continued to expand its consumer awareness and dairy development programs which has been further supported by restoration of zero-rated taxation on the dairy segment.



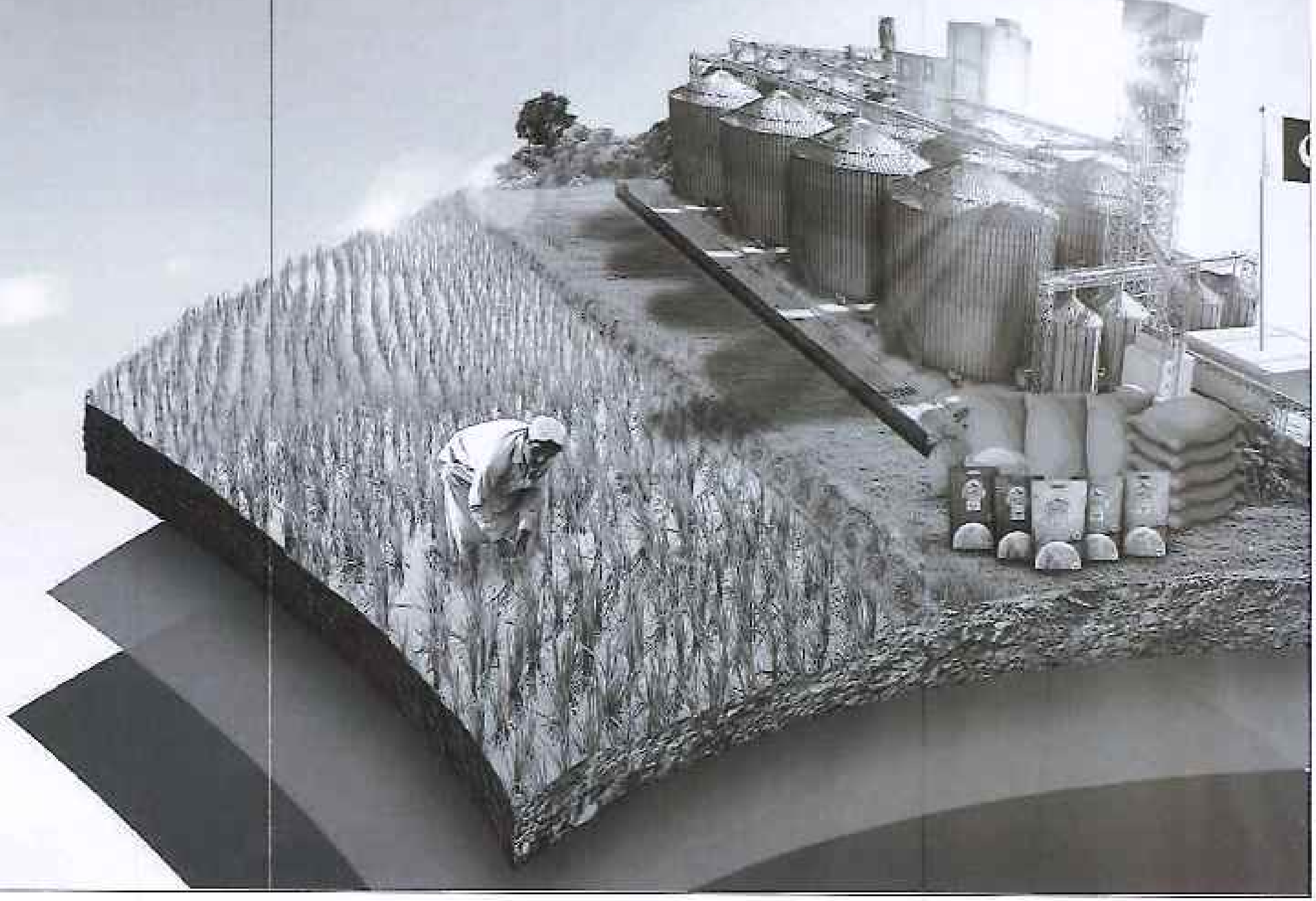
Revenue
(2021)

52,094
(Rs. in millions)

engro eximp agriproducts

Engro Eximp Agriproducts continues its excellence in rice export business getting both local and international recognition for its efforts. The company received Top Exporters Award during the year and maintained its 'AA Rating' for the 5th consecutive time by the British Retail Consortium. The business surpassed industry growth of 16% in the brown rice segment and recorded 2[illegible]% growth versus last year.

As a key contributor to national foreign exchange reserves, the business continued its focus towards export. During the year rice business generated revenue of USD 16.8 million through export of 24 KT rice versus ~28 KT last year. Given the supply chain constraints in the international market, the business pivoted its supply to the local market and increased sales by 39% to ~13 KT during the year.



Revenue
(2021)

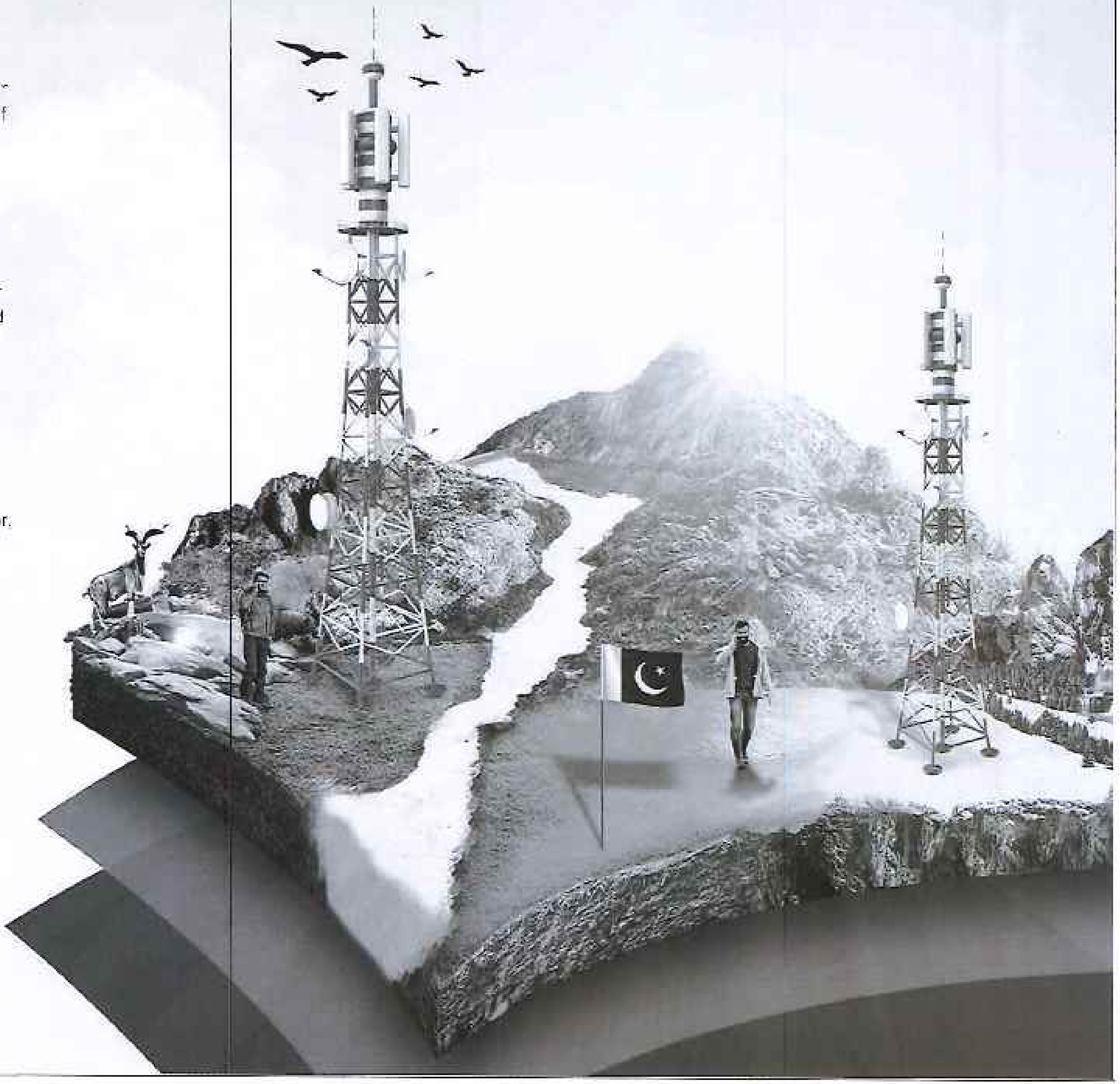
4,309
(Rs. in millions)

engro enfrashare

During the year, Engro Corporation has formed a dedicated platform for connectivity and telecom infrastructure related initiatives by the name of Engro Connect (Pvt.) Limited (EConnect). EConnect is a wholly owned subsidiary of Engro and now holds complete ownership of Engro Enfrashare (Pvt.) Limited (Enfrashare), which is now Pakistan's largest independent telecom tower company.

Enfrashare continued to expand its national footprint and achieved a scale of 2,246 tower sites with a 1.10x tenancy ratio, catering to all four Mobile Network Operators (MNOs) in Pakistan. The company deployed 79% of the new sites as an independent towerco which led to an increase of 3x in the revenue during the year in comparison with last year. The business has secured orders to reach a scale of 3,300+ sites by the end of 2022.

The telecom sector in Pakistan is registering an annual growth of 20% with the 3G / 4G subscriber base expanding beyond 100 million. The business is well positioned to capture the growth expected in the sector, driven by localization of smart phone assembly, resulting from policy level interventions made by the Government of Pakistan. The growth potential in the business is further demonstrated by the co-location opportunities witnessed at Enfrashare within the last two years, where the highest tenancy ratio ranges between 1.25x to 1.34x.



Revenue
(2021)

4,489
(Rs. in millions)

Distribution to Shareholders

The Board endeavors to maximize overall portfolio returns and is pleased to propose a final cash dividend of PKR 1.00 per share for the year ended December 31, 2021. The total dividend attributable to the year is PKR 25.00 per share including the total interim cash dividend of PKR 24.00 per share during the year.

Future Business Outlook

In 2022, we will continue to develop our verticals while making meaningful contributions to the country and our stakeholders at large.

Fertilizers

The growth in domestic demand bodes a promising 2022 for the agriculture sector of Pakistan with both farm yields and farmer's income expected to grow backed by multiple initiatives taken by the Government. Steady production by Engro Fertilizer will continue to meet the fertilizer needs of the domestic market.

With surplus urea installed capacity in the country, the industry can generate foreign exchange reserves through urea exports subject to Government's approval. However, policy interventions are required for consistent allocation of RLNG to the fertilizer sector.

Petrochemicals

As Pakistan's only fully integrated Chlor-Vinyl Complex, Polymer business plays a pivotal role in preserving foreign currency through import substitution, as well as in generating foreign currency through exports.

With the availability of 295 KT capacity post-expansion, the business is well positioned to strongly pursue the agenda of import substitution while capitalizing on the growing PVC market in Pakistan which has shown a historical CAGR of 8%. Engro Polymer & Chemicals is confident to continue strong operational performance and market development activities for the upward trajectory in per capita PVC consumption of Pakistan.

The business outlook for Enfrashare remains strong owing to continued growth in mobile data usage and start of local production of mobile handsets, driving MNOs to enhance availability and quality through aggressive Build-to-Suit roll outs. With an equity commitment of PKR 21.6 billion and an optimal capital structure, the business is well equipped to pursue its growth agenda.

Enfrashare would strive to maintain its market leadership as an independent TowerCo business through organic and inorganic growth opportunities. Enfrashare envisages to become a 5,000-tower with a strong tenancy potential of over 1.5x by the year 2025.

Foods

The business continues to leverage FrieslandCampina's global expertise to introduce new products and innovations as a key driver of future business growth. Keeping focus on consumer awareness to drive conversion and penetration in early stage milk, the business also plans to optimize their supply chain and raw material costs to improve its profitability. Also, a tremendous 14x increase in e-commerce sales during 2021 will enable the company to continue to leverage the channel for sustainable growth.

Energy

The energy business remains committed to the development of a bilateral electricity market by working closely with the regulators and industry stakeholders to revamp the power sector. The business will also continue to work extensively to gain a foothold in the renewables market. With the aim of providing indigenous affordable energy for the country, we will continue to expand our coal mine which is expected to increase capacity to 7.6 million tons per annum by 2022 and 12.2 million tons per annum by 2025.

Terminal Operations

The LNG terminal is positively playing its role in partially alleviating the energy shortage faced by the country. Elengy terminal business remains one of the most utilized terminals in the world with availability factor for over 99% playing its role in ensuring continuity of national gas supply.

Market dynamics in the chemicals sector have been stable and Engro Vopak continues to retain its status as the market leader. However, LPG marine imports have declined due to increased movement through the land routes at Taftan and the "Post-250" entry point at border. As a result, it is expected that the LPG handling business segment would remain under pressure in the short to medium term.

The Company would continue its long-standing relationship with Royal Vopak to pave the way for collaboration on other ventures at home and abroad using the combined resources and expertise.

Credit Ratings & Gearing

During 2021, credit rating agencies reaffirmed the long-term credit ratings of the Company and its subsidiaries while maintaining their highest short-term ratings in its annual review.

Company	[illegible]	[illegible]	[illegible]
Engro Corporation Limited	PACRA	AA+	A1+
Engro Fertilizers Limited	PACRA	AA	A1+
Engro Polymer & Chemicals Limited	PACRA	AA-	A1+
Engro Eximp Agriproducts (PVT.) Limited	PACRA	A-	A2
Engro Enfrashare (Private) Limited	VIS	A-	A2
Engro Powergen Thar (Private) Limited	PACRA	AA-	A1
Engro Elengy Terminal (Private) Limited	PACRA	AA-	A1

These credit ratings reflect the entities' financial and management strengths as well as favorable credit standing and are a testament to our strong balance sheet and robust performance with consistent dividend payouts.

Consolidated long-term borrowings at year-end remained stable at PKR 222,293 million from PKR 213,449 million as at 31 December 2020. The gearing for the year ended 2021 is 47.9% versus 48.3% as at 2020 year-end, leaving sufficient room to increase leverage for future growth opportunities.

Risk Management

Engro Corporation and its subsidiaries use the Enterprise Risk Management framework in assessing and managing risk. It is our policy to view risk management as integral to the creation, protection, and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of corporate goals and objectives.

Engro's diversified businesses operate in a complex business environment, and it requires assessment of each business' strategy and quantum of risk that the business is willing to accept, by adequately assigning responsibilities throughout the organization. Each subsidiary assesses the probability and impact of risk that the entity is exposed to and assigns responsibilities to manage those risks on an on-going basis. Risks are identified across the organization and are ranked based on their impact and probability. Upon identification of risks, a strategy is devised to mitigate its impact which is monitored by the Management Committee and the Board.

Engro Corporation has identified the following significant risks and mitigation strategies:

Economic and Regulatory Risk	Continuous proactive efforts and dialogues with policy makers help our businesses to respond to the challenges posed by economic conditions and regulatory challenges.
Foreign Exchange Risk	Engro's investment portfolio exposes us to foreign exchange risk. By viewing the complete portfolio, it is ensured that maximum adequate natural hedges exist.
Interest Rate Risk	The Company's borrowings and investment of surplus funds exposes us to an interest rate risk. This risk is mitigated by regular monitoring of interest rates for adverse movements and investing surplus funds in short-term instruments.
Liquidity Risk	The purpose of Engro's treasury policies is to ensure availability of sufficient funds to meet contractual commitments and requirements for potential portfolio growth. Liquidity risk is mitigated through internal cash generation and committed facilities with financial institutions.
Credit Risk	Careful selection of strong financial institutions with strong credit ratings help in mitigating this risk.

Board of Directors

The Board of Directors reviews all significant matters of the Company. These include Company's strategic direction, annual business plans and targets, decision on long-term investments and borrowings. The Board of Directors is committed to maintain high standards of Corporate Governance.

The existing Board was elected on April 26, 2021. It comprises of 10 directors including the Chief Executive Officer and possess a diverse mix of gender, knowledge and expertise to enhance its effectiveness. The Board consists of 3 female directors and 7 male directors, categorized as follows:

- 3 Independent Male Directors
- 2 Independent Female Directors
- 3 Non-Executive Male Directors
- 1 Non-Executive Female Director
- 1 Executive Director

Following are the names of the persons who at any time during 2021 were directors of the Company:

- Mr. Hussain Dawood
- Mr. Shahzada Dawood
- Mr. Muhammad Abdul Aleem
- Ms. Henna Inam
- Mr. Abdul Samad Dawood
- Ms. Sabrina Dawood
- Mr. Rizwan Diwan
- Mr. Khawaja Iqbal Hassan
- Mr. Raihan Merchant*
- Ms. Dominique Russo
- Mr. Ghias Khan

Mr. Raihan Merchant retired as a director on April 26, 2021 and was replaced by Ms. Dominique Russo.

In 2021, the Board held [illegible] meetings to cover its complete cycle of activities. The Board has established three committees to assist it in carrying out its fiduciary duties. These committees along with their membership details as at December 31, 2021, are as follows:

[illegible]	[illegible]	[illegible]
5 meetings held in 2021	7 meetings held in 2021	14 meetings held in 2021
Mr. Muhammad Abdul Aleem	Mr. Shahzada Dawood	Ms. Henna Inam
Mr. Rizwan Diwan	Mr. Muhammad Abdul Aleem	Mr. Shahzada Dawood
Mr. Khawaja Iqbal Hassan	Mr. Rizwan Diwan	Mr. Khawaja Iqbal Hassan
Ms. Henna Inam	Ms. Dominique Russo	Ms. Dominique Russo

Statement of Directors' Responsibilities

The directors confirm compliance with the Corporate & Financial Reporting Framework of the SECP Code of Governance for the following:

- 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.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes resulting on initial application of standards and amendments or interpretations to existing standards. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures therefrom have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance.

Remuneration Policy for Non-Executive and Independent Directors

The Board of Directors has approved a 'Remuneration Policy for Non-Executive and Independent Directors', salient features of which are:

- The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the directors, aimed at attracting and retaining the directors needed to govern the Company successfully and to encourage value addition. The remuneration shall not compromise nor influence in any way the independence of the directors.
- The Board, if deems appropriate, may engage an independent consultant to determine the appropriate level of remuneration of its directors.
- No remuneration shall be paid to an Executive Director or any Non-Executive Directors who are employees in other Engro entities, for attending meetings of the Board and its committees.
- Any travel and other necessary expenses incurred by the directors for attending meetings of the Board and its committees shall be reimbursed at actual.

Compensation of Directors

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 trips abroad.

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 25 to the unconsolidated financial statements.

Adequacy of Internal Financial Controls

The Board of Directors is ultimately responsible for Engro's system of internal control and for reviewing its effectiveness. The Board, whilst maintaining its overall responsibility, has delegated the detailed design and operation of the system of internal controls to the Chief Executive Officer.

Engro's system of internal controls comprises of clear governance structures, authority limits and accountabilities, well understood policies, procedures and a budgeting process. The Board meets quarterly to consider Engro's financial performance, financial and operating budgets, 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.

Related Parties

The Company maintains a comprehensive list of all related parties. All such parties with whom the Company has entered into transactions during the year, along with the nature of its relationship and percentage holdings have been appropriately disclosed in Note 42 of the financial statements.

Certain back-office business functions e.g., human resources, information technology, treasury, accounts payable, corporate communications etc. have been strategically centralized at the Company to optimize operations, eliminate duplication and reduction of costs through synergy. It ensures robust governance and risk management as well as timely insights due to standardized processes, systems, and reporting. The Company has entered cost sharing agreements with its subsidiaries and associated entities ensuring that all transactions with its related parties arising in the normal course of business are carried out on an arm's length basis at standard commercial terms and conditions.

In compliance with the Code of Corporate Governance and applicable laws, every quarter a comprehensive list of all related party transactions is placed before the Board Audit Committee for review and based on its recommendation, are subsequently approved by the Board.

Auditors

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

Human Capital

At Engro, the development of human capital remains a strategic priority and hence, it is an integral part of our Central Idea and core values. The dynamic future will present new challenges, necessitating investment in building and enhancing leadership competencies. Only by having the best-in-class talent on board can we deliver on our aspirations.

"Putting People First" is at the core of our philosophy. We remain committed to fostering an ideal culture by attracting the right people, enhancing their engagement, and developing their technical and leadership skills. We entrust our senior leadership with people development through coaching and mentoring, ensuring continuous learning, and offering constructive feedback cycles. This is reinforced through our Performance Management and Goal Setting system, Leadership Competency Model, and the newly launched Learning Management System. Our learning and development frameworks are designed to promote collaboration, encourage problem solving and critical thinking, and make data driven decision-making the norm.

Diversity and Inclusion are fundamental parts of our culture. We strive to enable an inclusive culture by offering equal opportunity to all candidates, irrespective of their gender, religion and backgrounds. Our DE&I framework is geared towards embedding Diversity, Equity and Inclusion into our culture which symbolizes our commitment towards leveling the playing field for all. We take immense pride in our highly qualified and diverse human capital, which drives Engro to new heights each year and helps us maintain our position as one of the leading employers in Pakistan.

Social Capital

The performance of a corporate entity in the larger context of environment, society, and economic returns determines an organization's social capital. We believe that a robust and prosperous society is imperative for the growth of businesses.

We take pride in our corporate governance and are cognizant of our responsibility towards the environment and society. We continue to develop programs and interventions to positively contribute towards the pressing issues of Pakistan across our value chains and deploy philanthropic capital for the betterment of the communities we operate in. Our education, skills development, healthcare and other programs provide opportunities to those communities and drive the long-term symbiotic relationship between our businesses and our communities.

Details of our environmental and social programs are available in our Integrated Reports.

Health, Safety and Environment (HSE)

HSE is a core value at Engro and we remain fully committed to the best practices across our vast operational footprint in Pakistan. Our approach builds on continuous learning from our own experience and best-in-class industry practices.

With the drive to continuously excel, we have embarked on a journey to move from a compliance-based approach to a proactive risk-based approach in partnership with DuPont Sustainable Solutions (DSS), a longstanding partner of Engro.

We envision and work towards zero occurrence of occupational injuries and illness as well as safety and environmental incidents. We are duty-bound to practice inherent safety in design, deployment and compliance with regulatory requirements of the Government of Pakistan as well as the provinces in which the Company operates. A comprehensive framework is in place to identify, prevent and mitigate threats that can adversely affect PEAR (People, Environment, Assets, Reputation) through effective safeguards and work processes.

The Group HSE team works with its affiliates to drive the implementation of health, safety and environmental initiatives and provide continuous oversight and guidance. The team maintains corporate HSE standards by reinforcing our agenda of safety for all, through compliance audits, performance tracking, gap analysis and incident investigations. The Company will pursue these obligations based on enforcement of a goal-oriented HSE Management System derived from International Standards and Industry Best Practices. Compliance with HSE standards is a part of our Leadership Competency Model that is used for the evaluation and appraisal of our employees.

A detailed report on HSE performance and development is available in our Integrated Report.

Pattern of Shareholding

Majority shareholders of Engro Corporation are The Dawood Group including Dawood Hercules Corporation Limited. Other shareholders include local and foreign institutions and the general public.

A statement of the general pattern of shareholding along with the pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Executives and their Spouses including Minor Children during 2021 is shown in the shareholding section of this report.

Material Changes due to Subsequent Events

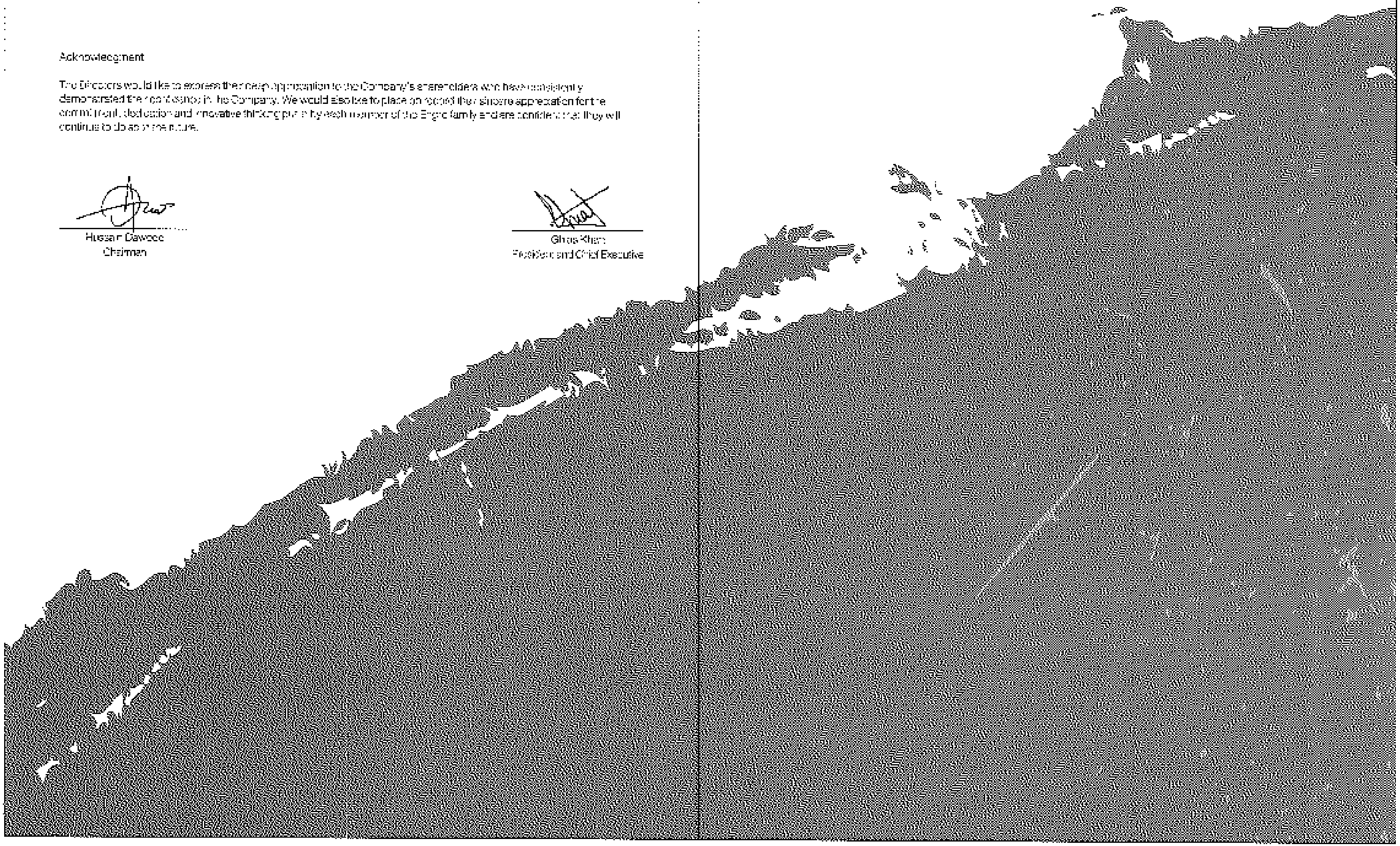
No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Acknowledgment

The Directors would like to express their deep appreciation to the Company's shareholders who have consistently demonstrated their confidence in the Company. We would also like to place on record their sincere appreciation for the commitment, dedication and innovative thinking put in by each member of the Engro family and are confident that they will continue to do so in the future.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive



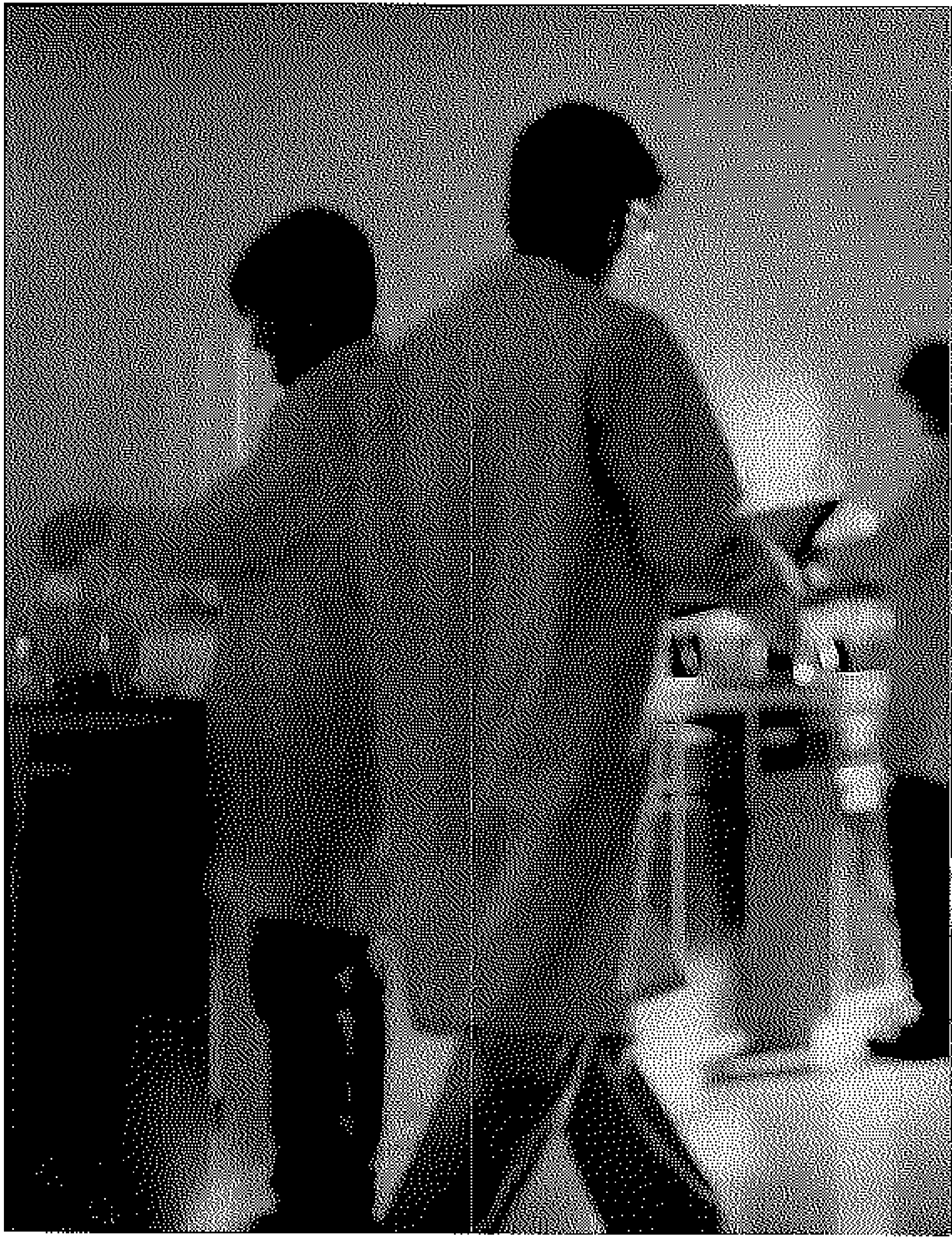
engro corp

Petrochemicals

Our growth is fuelled by a passion for excellence and the undeniable need to pursue export opportunities for Pakistan's economic growth. In order to play a part in making the Country self-sufficient, we stand **united** with all those trying to steer Pakistan forward and put it on the map as a true land of opportunities. On the local front, our concept store, 'ThinkPVC', is a well-thought-out showcase representing the modern usage of PVC in everyday life, sharing with our fellow Pakistanis the material of the future for all construction needs.

Engro banata hai apna har qadam – Watan Ke Naam

ittehad (unity)





PVC
think
PVC
think

governance control framework
internal control framework

Responsibility

The Board is ultimately responsible for Engro'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 and not 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 clear structures, authority limits, and accountabilities, well understood policies and procedures for review processes. All policies and control procedures are documented. 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 quarterly to consider Engro'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.

Audit

Engro has an Internal Audit function. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee.

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, Chief Executive and the divisional management.

Directors

As at December 31, 2021, the Board comprised of one executive director, five independent directors and four non-executive directors. The Board has the collective responsibility for ensuring that the affairs of Engro are managed competently and with integrity.

A non-executive Director, Mr. Hussain Dawood, Chairs the Board and the Chief Executive Officer is Mr. Ghias Khan. Biographical details of the Directors have been provided in the previous section.

A Board of Directors' meeting calendar is issued annually which schedules the meetings of the Board and the Board Audit Committee. The full Board met 10 times including meetings for longer term planning, giving consideration both to the opportunities and risks of future strategy.

All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on businesses and full papers on matters where the Board will be required to make a decision or give its approval.

statement of compliance with listed companies (code of corporate governance) regulations, 2019

Year ended December 31, 2021

Engro Corporation Limited (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 Ten as per the following:

   - Male Directors 7
   - Female Directors 3

   * Including the Chief Executive Officer who is a Deemed Director

2. The composition of the Board is as follows:

Category	Names
Independent directors	Mr. Muhammad Abdul Aleem
	Mr. [illegible]
	Mr. [illegible]
	Ms. Henna Inam
	Ms. Dominique Russo
Non-executive directors	Mr. Hussain Dawood
	Mr. Shahzada Dawood
	Mr. Abdul Samad Dawood
	Ms. Sabrina Dawood
Executive Director	Mr. Ghias Khan
Female directors	Ms. Sabrina Dawood
	Ms. Dominique Russo
	Ms. Henna Inam

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 these 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 these Regulations;

9. Ms. Henna Inam has completed the Directors' Training Program during the year from a foreign institution. Eight directors are duly certified from approved institutions or exempted from the Directors' Training Program;

10. The Board had approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

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:

[illegible]	
Mr. Muhammad Abdul Aleem	Chairman
Mr. Rizwan Diwan	Member
Mr. Khawaja Iqbal Hassan	Member
Ms. Henna Inam	Member

[illegible]	
Ms. Henna Inam	Chairperson
Mr. Shahzada Dawood	Member
Mr. Khawaja Iqbal Hassan	Member
Ms. Dominique Russo	Member

[illegible]	
Mr. Shahzada Dawood	Chairman
Mr. Muhammad Abdul Aleem	Member
Mr. Rizwan Diwan	Member
Ms. Dominique Russo	Member

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:
   - Audit Committee – 5 meetings held during the year;
   - The Board People's Committee – 14 meetings held during the year; and
   - Board Investment Committee – 7 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, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mr. Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

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independent auditor's review report to the members of engro corporation limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Corporation 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.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 3, 2022
UDIN: CR202110118SSwTMdPOQ

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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categories of shareholding as at december 31, 2021

1	Directors, Chief Executive Officer, and their spouse and minor children	12	35,336,7[illegible]	6.14%
2	Associated Companies, Undertakings and related Parties	4	229,527,808	39.84%
3	NIT and ICP	1	105	0.00%
4	Banks, Development Financial Institutions Non Banking Financial Institutions	24	13,960,174	2.42%
5	Insurance Companies	24	33,514,941	5.82%
6	Modarabas and Mutual Funds	74	30,294,322	5.26%
7	Share holders holding 5%	1	214,489,910	37.22%
8	General Public (Individuals) a. local	14,456	137,389,[illegible]	23.85%
9	Others	389	92,525,8[illegible]	16.06%
10	Executive	22	70,852	0.01%
	Total (excluding : share holders holding 5%)	15,156	576,133,230	100.00%

Free float shares as at December 31, 2021

Total outstanding shares	576,133,230
Free float shares	298,357,057
Free float as a % of total outstanding shares	[illegible]

key shareholding and shares traded as at december 31, 2021

Information of shareholding required under reporting framework is as follows:

1. Directors, Chief Executive Officer, and their spouse and minor children

Mr. Hussain Dawood	16,706,927
Mr. Shahzada Dawood	5,735,600
Ms. Sabrina Dawood	3,652,[illegible]
Mr. Abdul Samad Dawood	[illegible]
Mr. Mohammad Abdul Aleem	276,822
Mr. Rizwan Diwan	110
Mr. Khawaja Iqbal Hassan	50,000
Ms. Farrah Azeem	110
Ms. Dominique Russo	1
Ms. Kulsum Dawood w/o Hussain Dawood	[illegible]
Ms. Ayesha Dawood w/o Abdul Samad Dawood	47
Ms. Bushra Aleem w/o Mohammad Abdul Aleem	[illegible]

2. Associated Companies, Undertakings and related Parties

Dawood Hercules Corporation Limited	214,489,910
Dawood Foundation	41,551
Patek (Private) Limited	11,[illegible]
Dawood Corporation (Private) Limited	3,7[illegible]

3. NIT and ICP — 105

4. Banks, Development Financial Institutions, Non Banking Financial Institutions — 13,960,174

5. Insurance Companies — 33,514,941

6. Modarabas and Mutual Funds

Meezan Islamic Fund	[illegible]
Al-Ameen Shariah Stock Fund	1,241,520
NIT Equity Market Opportunity Fund	1,797,[illegible]
NBP Stock Fund	1,6[illegible]
Atlas Stock Market Fund	1,[illegible]
Atlas Islamic Stock Fund	1,326,063
NBP Islamic Stock Fund	1,285,197
MCB Pakistan Stock Market Fund	[illegible]
KSE Meezan Index Fund	1,037,551
Al Meezan Mutual Fund	951,820
ABL Stock Fund	918,708
Meezan Tahaffuz Pension Fund - Equity Sub Fund	[illegible]
NBP Islamic Sarmaya Izafa Fund	481,077
UBL Stock Advantage Fund	755,375
ABL Islamic Stock Fund	729,270
NIT Islamic Equity Fund	[illegible]
National Investment (Unit) Trust	[illegible]
Faysal Islamic Dedicated Equity Fund	597,538

Alhamra Islamic Stock Fund	364,726
Alfalah GHP Islamic Stock Fund	335,301
Alhamra Islamic Asset Allocation Fund	295,000
Lakson Equity Fund	254,750
Alfalah GHP Stock Fund	272,200
Meezan Balanced Fund	249,014
Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	237,175
Al-Ameen Islamic Asset Allocation Fund	207,055
Faysal Islamic Stock Fund	201,895
JS Growth Fund	159,890
APIF - Equity Sub Fund	151,500
Atlas Islamic Dedicated Stock Fund	145,000
Meezan Dedicated Equity Fund	134,054
NBP Sarmaya Izafa Fund	131,075
Alfalah GHP Alpha Fund	127,252
ABL Islamic Dedicated Stock Fund	94,571
NBP Islamic Active Allocation Equity Fund	90,730
APF - Equity Sub Fund	82,750
AKD Index Tracker Fund	79,081
Alfalah GHP Value Fund	76,380
Lakson Islamic Tactical Fund	75,722
NBP Balanced Fund	59,014
UBL Retirement Savings Fund - Equity Sub Fund	55,577
Unit Trust of Pakistan	53,000
Pakistan Capital Market Fund	52,800
JS Islamic Fund	50,000
Alfalah GHP Islamic Dedicated Equity Fund	48,749
Meezan Pakistan Exchange Traded Fund	48,208
Lakson Tactical Fund	48,271
NIT Asset Allocation Fund	47,500
Meezan Asset Allocation Fund	44,580
UBL Asset Allocation Fund	42,875
NBP Islamic Regular Income Fund	38,050
AKD Islamic Stock Fund	35,000
NIT PF Equity Sub - Fund	31,250
UBL Pakistan Enterprise Exchange Traded Fund	23,791
First Habib Islamic Stock Fund	26,040
First Capital Mutual Fund	22,000
B.R.R. Guardian Modaraba	22,429
JS Large Cap. Fund	21,800
NIPF Equity Sub Fund	21,100
JS Islamic Pension Savings Fund - Equity Account	19,500
NIT Pakistan Gateway Exchange Traded Fund	7,598
NBP Pakistan Growth Exchange Traded Fund	16,058
ABL Islamic Pension Fund - Equity Sub Fund	16,740
JS Pension Savings Fund - Equity Account	15,922
First Habib Stock Fund	10,000
ABL Pension Fund - Equity Sub Fund	9,590
Faysal Stock Fund	3,270
HBL IPF Equity Sub Fund	6,400
Al Ameen Islamic Dedicated Equity Fund	2,600
HBL Dedicated Equity Fund	[illegible]

Trust Modaraba	1,500
Tri-Star Mutual Fund Limited	1,074
First Prudential Modaraba	452
First UDL Modaraba	9

7. Shareholders holding 5% or more voting rights in the Company

	Dawood Hercules Corporation Limited	[illegible]
8.	General Public (Individual)	67,589,477
9.	Others	[illegible]
10.	Employees	70,552

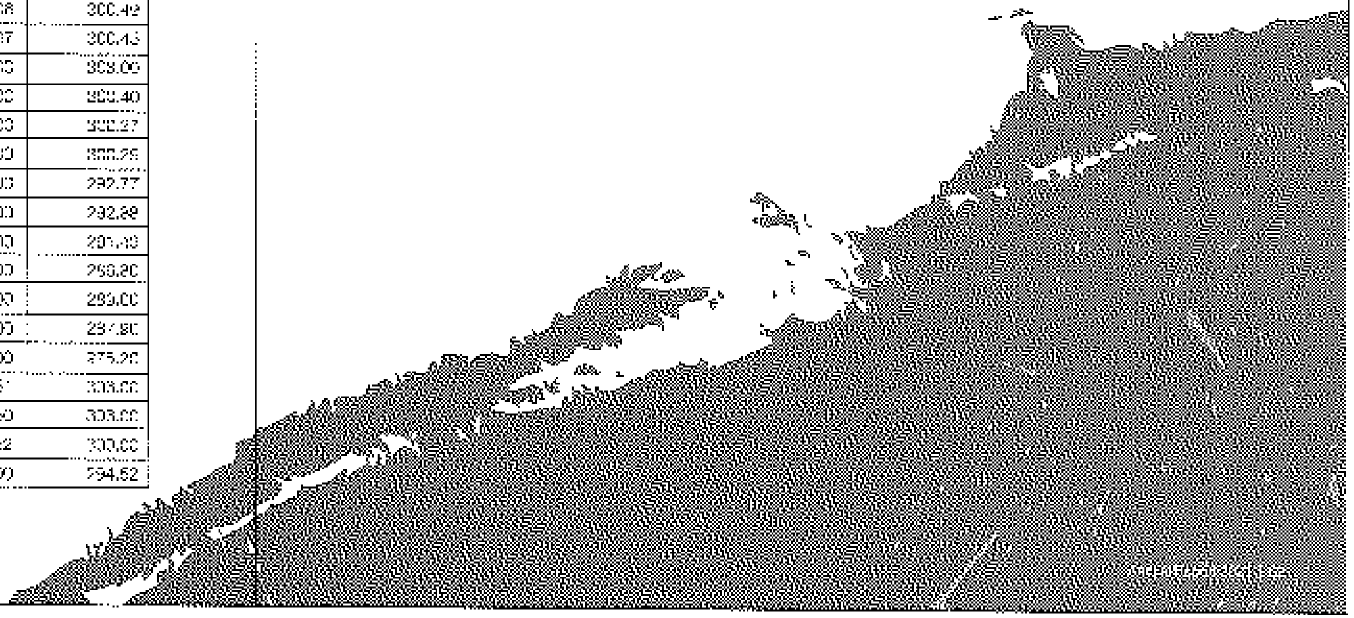
pattern of shareholding
as at december 31, 2021

3,159	1	100	137,708
3,477	101	500	946,254
1,766	501	1,000	1,379,433
3,595	1,001	5,000	8,566,582
1,152	5,001	10,000	8,321,225
493	10,001	15,000	6,060,064
260	15,001	20,000	4,575,913
172	20,001	25,000	3,858,020
153	25,001	30,000	4,326,579
66	30,001	35,000	2,216,903
66	35,001	40,000	2,507,109
69	40,001	45,000	2,945,294
67	45,001	50,000	3,230,203
55	50,001	55,000	2,226,722
34	55,001	60,000	1,948,337
36	60,001	65,000	2,259,789
33	65,001	70,000	2,255,325
24	70,001	75,000	1,762,525
20	75,001	80,000	1,562,594
16	80,001	85,000	1,312,517
14	85,001	90,000	1,220,505
19	90,001	95,000	1,766,427
22	95,001	100,000	2,172,805
11	100,001	105,000	1,120,592
12	105,001	110,000	1,301,934
6	110,001	115,000	674,950
12	115,001	120,000	1,414,040
6	120,001	125,000	734,638
7	125,001	130,000	904,973
8	130,001	135,000	1,068,665
8	135,001	140,000	1,102,706
7	140,001	145,000	996,763
15	145,001	150,000	2,221,747
7	150,001	155,000	1,063,152
6	155,001	160,000	949,380
6	160,001	165,000	984,541
4	165,001	170,000	669,326
6	170,001	175,000	1,032,891
4	175,001	180,000	704,610
3	180,001	185,000	548,250
4	185,001	190,000	749,232
11	190,001	195,000	2,114,615
2	200,001	205,000	402,770
5	205,001	210,000	1,039,682
2	210,001	215,000	423,000
2	215,001	220,000	435,548
3	220,001	225,000	669,696
2	225,001	230,000	457,000
1	230,001	235,000	231,840
3	235,001	240,000	711,798
3	240,001	245,000	728,812
2	245,001	250,000	498,799
2	250,001	255,000	507,190
3	255,001	260,000	780,000
2	260,001	265,000	525,594
4	265,001	270,000	1,072,154
4	270,001	275,000	1,090,358
3	275,001	280,000	829,581
3	280,001	285,000	845,900
7	295,001	300,000	2,098,740
1	300,001	305,000	303,543
1	305,001	310,000	310,000
1	310,001	315,000	313,209
3	315,001	320,000	955,018
2	320,001	325,000	645,314
2	340,001	345,000	683,230
2	345,001	350,000	700,000
2	350,001	355,000	706,045
2	355,001	360,000	714,913
1	360,001	365,000	364,232
2	365,001	370,000	735,514
1	370,001	375,000	372,250
3	380,001	385,000	1,145,345
2	385,001	390,000	774,098
1	390,001	395,000	390,950
1	400,001	405,000	405,000
1	415,001	420,000	420,000
1	420,001	425,000	425,000
1	425,001	430,000	427,025
2	435,001	440,000	869,384
3	440,001	445,000	1,329,792
1	450,001	455,000	453,073
3	455,001	460,000	1,373,150
1	465,001	470,000	468,712
2	495,001	500,000	1,000,000
1	505,001	510,000	509,291
3	520,001	525,000	1,568,400
1	525,001	530,000	528,600
3	535,001	540,000	1,611,007
2	550,001	555,000	1,103,278
1	555,001	560,000	555,750
3	560,001	565,000	1,689,055
1	580,001	585,000	581,000
1	585,001	590,000	587,566
1	595,001	600,000	597,645
1	600,001	605,000	603,650
1	610,001	615,000	612,646
1	625,001	630,000	629,288
2	630,001	635,000	1,263,219
1	640,001	645,000	644,218
1	645,001	650,000	650,000
4	655,001	660,000	2,636,237
1	675,001	680,000	677,827
1	685,001	690,000	689,618
1	695,001	700,000	695,500
1	700,001	705,000	702,865
2	725,001	730,000	1,457,204
1	730,001	735,000	730,086
1	785,001	790,000	785,075
1	805,001	810,000	808,400
1	815,001	820,000	819,426
1	830,001	835,000	832,000
1	850,001	855,000	853,300
3	865,001	870,000	2,603,070
	880,001	885,000	881,047
1	885,001	890,000	887,120
2	895,001	900,000	1,796,500
2	915,001	920,000	1,836,660
1	950,001	955,000	951,829
1	970,001	975,000	973,000
1	995,001	1,000,000	1,000,000
1	1,000,001	1,005,000	1,003,243
1	1,005,001	1,010,000	1,007,159
1	1,025,001	1,030,000	1,025,796
1	1,035,001	1,040,000	1,038,504
1	1,135,001	1,140,000	1,139,134
1	1,155,001	1,160,000	1,156,410
1	1,200,001	1,205,000	1,204,707
1	1,285,001	1,290,000	1,286,000
1	1,300,001	1,305,000	1,302,751
2	1,360,001	1,365,000	2,722,355
1	1,365,001	1,370,000	1,366,053
1	1,470,001	1,475,000	1,470,515
1	1,485,001	1,490,000	1,489,931
1	1,515,001	1,520,000	1,518,000
1	1,530,001	1,535,000	1,530,436
3	1,570,001	1,575,000	4,716,246
1	1,580,001	1,585,000	1,584,201
1	1,590,001	1,595,000	1,592,366
1	1,595,001	1,600,000	1,600,000
1	1,625,001	1,630,000	1,628,300
1	1,665,001	1,670,000	1,667,547
1	1,710,001	1,715,000	1,710,233
1	1,795,001	1,800,000	1,797,619
1	1,840,001	1,845,000	1,841,620
1	1,865,001	1,870,000	1,867,217
1	1,900,001	1,905,000	1,901,725
1	1,930,001	1,935,000	1,934,150
1	1,940,001	1,945,000	1,943,850
1	1,995,001	2,000,000	2,000,000
1	2,140,001	2,145,000	2,145,000
1	2,430,001	2,435,000	2,435,000
1	2,635,001	2,640,000	2,635,230
1	2,770,001	2,775,000	2,772,820
1	3,105,001	3,110,000	3,109,300
1	3,255,001	3,260,000	3,259,045
1	3,435,001	3,440,000	3,439,290
1	3,660,001	3,665,000	3,662,350
1	3,795,001	3,800,000	3,800,000
1	3,925,001	3,930,000	3,927,040
1	4,400,001	4,405,000	4,404,550
1	4,570,001	4,575,000	4,574,007
1	4,785,001	4,790,000	4,785,571
1	5,575,001	5,580,000	5,575,070
1	5,765,001	5,770,000	5,765,906
1	6,020,001	6,025,000	6,021,506
1	6,700,001	6,705,000	6,703,170
1	7,255,001	7,260,000	7,259,321
1	7,355,001	7,360,000	7,358,900
1	11,675,001	11,680,000	11,675,619
1	11,730,001	11,735,000	11,730,957
1	13,830,001	13,835,000	13,832,185
1	16,705,001	16,710,000	16,706,927
1	20,005,001	20,010,000	20,007,692
1	214,765,001	214,770,000	214,769,610
15,156			475,130,520

Details of Purchase / sale of shares by Directors, Executives and their spouses / minor children during 2021

* For the purpose of this disclosure of shares trades, all employees of the Company are considered as "Executive"

1	Kulsum Dawood w/o Hussain Dawood	06-Jan-2021	Bought	30,000	310.85
2	Sabrina Dawood	28-Jan-2021	Bought	12,500	308.02
3	Shahzada Dawood	28-Jan-2021	Bought	12,500	308.02
4	Kulsum Dawood w/o Hussain Dawood	28-Jan-2021	Bought	25,000	305.02
5	Samira Kamil	01-Feb-2021	Bought	2,000	309.00
6	Sabrina Dawood	19-Feb-2021	Bought	25,000	304.82
7	Kulsum Dawood w/o Hussain Dawood	19-Feb-2021	Bought	25,000	304.99
8	Shahzada Dawood	19-Feb-2021	Bought	25,000	305.12
9	Ali Shan Chandwan	22-Feb-2021	Bought	100	301.50
10	Sabrina Dawood	23-Feb-2021	Bought	1,403	300.12
11	Shahzada Dawood	24-Feb-2021	Bought	150,000	302.00
12	Khawaja Iqbal Hassan	24-Feb-2021	Bought	10,000	300.00
13	Sabrina Dawood	24-Feb-2021	Bought	50,000	302.00
14	Shahzada Dawood	25-Feb-2021	Bought	50,000	306.57
15	Samira Kamil	26-Feb-2021	Bought	3,000	302.00
16	Hussain Dawood	02-Mar-2021	Bought	11,598,246	300.42
17	Kulsum Dawood w/o Hussain Dawood	02-Mar-2021	Bought	3,318,450	300.42
18	Sabrina Dawood	02-Mar-2021	Bought	1,937,408	300.42
19	Shahzada Dawood	02-Mar-2021	Bought	2,030,367	300.43
20	Adeel Ahmed	05-Mar-2021	Bought	500	308.00
21	Shahzada Dawood	09-Mar-2021	Bought	30,000	300.40
22	Sabrina Dawood	09-Mar-2021	Bought	35,000	300.27
23	Kulsum Dawood w/o Hussain Dawood	03-Mar-2021	Bought	23,000	300.29
24	Kulsum Dawood w/o Hussain Dawood	12-Mar-2021	Bought	30,000	292.77
25	Sabrina Dawood	12-Mar-2021	Bought	50,000	292.89
26	Shahzada Dawood	12-Mar-2021	Bought	10,000	291.49
27	Kulsum Dawood w/o Hussain Dawood	16-Mar-2021	Bought	50,000	298.20
28	Sabrina Dawood	16-Mar-2021	Bought	6,000	299.00
29	Adeel Ahmed	19-Mar-2021	Bought	700	294.80
30	Mir Usman Kaiser	31-Mar-2021	Bought	3,000	275.20
31	Samira Kamil	12-Apr-2021	Bought	51	303.00
32	Azeem	26-Apr-2021	Bought	50	303.00
33	Muzaffar Islam	28-Jun-2021	Bought	382	300.00
34	Mohammad Abdul Azeem	20-Jul-2021	Bought	40,000	294.62
35	M Abdul Azeem	06-Aug-2021	Bought	10,000	294.79
36	Samira Kamil	06-Aug-2021	Bought	1,000	294.00
37	Samira Kamil	10-Aug-2021	Bought	1,000	292.00
38	Ensharah Zubair Sodha	31-Aug-2021	Bought	100	290.00
39	Abdul Qayyum	16-Sep-2021	Bought	10,250	282.17
40	Abdul Qayyum	16-Sep-2021	Bought	9,710	280.02
41	Abdul Qayyum	17-Sep-2021	Bought	2,500	281.20
42	Afzan Ahmed Ansar	20-Sep-2021	Bought	500	275.99
43	Abdul Qayyum	20-Sep-2021	Bought	7,000	278.70
44	Abdul Qayyum	20-Sep-2021	Bought	7,500	274.55
45	Muzaffar Islam	07-Oct-2021	Inherit	1,108	270.00
46	Talat Mahfooz	09-Nov-2021	Sell	100	280.00
47	Omar Mazhar Qureshi	22-Dec-2021	Sell	5,000	260.50
48	Omar Mazhar Qureshi	23-Dec-2021	Sell	3,019	268.76
49	Omar Mazhar Qureshi	24-Dec-2021	Sell	2,000	269.00



shareholder information

Annual General Meeting

The annual shareholders meeting will be held at Karachi School of Business and Leadership (KSBL), National Stadium Road Opp. Liaquat National Hospital, Karachi on Thursday March 24th, 2022, at 02:00 pm.

Shareholders as of March 17, 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 in order 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 REPORT 2021

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.[illegible].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.

Quarterly Results

The Company issues quarterly financial statements and holds periodic briefings with security analysts to discuss the results and the business environment.

All annual/quarterly reports and periodic briefing presentations are regularly posted at the Company's website.

Change of Address

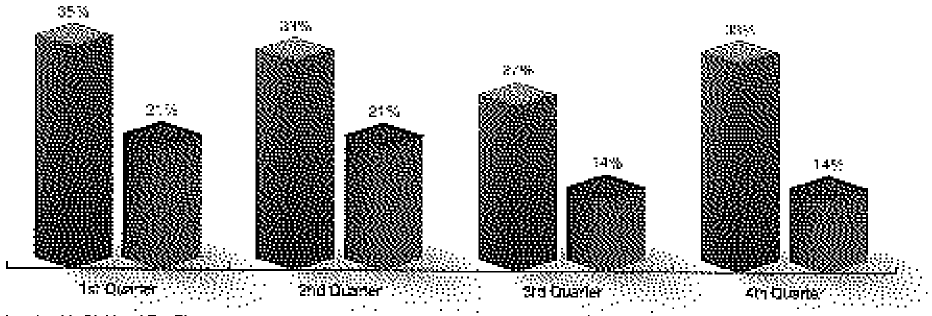
All registered shareholders should send information on changes of address to:

M/s. FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery,
Block 6 P.E.C.H.S. Shahrah-e-Faisal
Karachi-74000

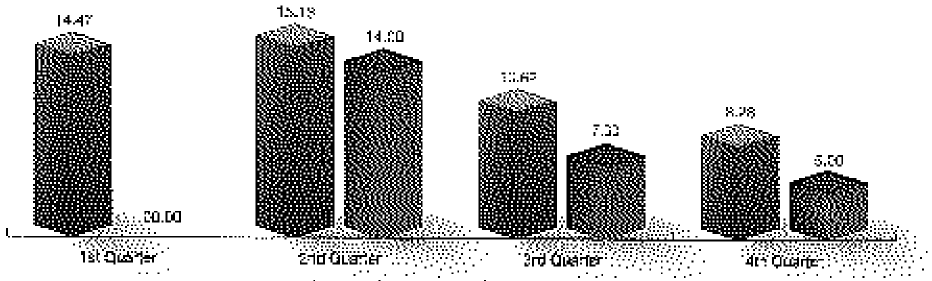
profit and loss quarterly analysis

(Amounts in million)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
			(Rupees)		
CONTINUING OPERATIONS					
Revenue	70,333	59,450	54,262	33,007	[illegible]
Cost of revenue	(49,030)	(35,025)	[illegible]	[illegible]	[illegible]
Gross Profit	21,313	23,425	[illegible]	[illegible]	[illegible]
Selling and distribution expenses	(1,850)	(1,807)	(1,372)	[illegible]	[illegible]
Administrative expenses	(1,240)	(1,556)	(1,458)	(3,574)	[illegible]
Other income	2,440	3,273	2,159	4,372	[illegible]
Other operating expenses	(1,102)	(1,081)	[illegible]	[illegible]	[illegible]
Finance cost	(2,991)	(1,800)	[illegible]	[illegible]	[illegible]
Reversal of [illegible]					
[illegible] from Government of Pakistan	-	101	[illegible]	[illegible]	[illegible]
Share of income from Joint Venture	1,019	[illegible]	[illegible]	[illegible]	[illegible]
Profit before taxation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Profit from continuing operations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DISCONTINUED OPERATIONS					
Loss from discontinued operations attributable to					
Owners of the Holding Company	-	(1)	(1)	[illegible]	[illegible]
Profit for the period	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Profit attributable to:					
Owners of the Holding Company	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Controlling Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Quarterly Gross & Net Profit Margin



Earning Vs Dividend Per Share



horizontal analysis
balance sheet

(Amounts in million)	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.
EQUITY AND LIABILITIES					
EQUITY					
Share Capital	5,762		5,762	-	5,762
Share Premium	13,068		13,068	-	13,068
Unappropriated Profits	137,093	12.4	[illegible]	9.4	[illegible]
Reserves	[illegible]	[illegible]	[illegible]	1.4	[illegible]
Non Controlling Interest	21,063	15.9	[illegible]	[illegible]	[illegible]
	[illegible]	10.6	[illegible]	[illegible]	[illegible]
NON-CURRENT LIABILITIES					
Borrowings	132,215	[illegible]	[illegible]	(2.1)	[illegible]
Government grant	[illegible]	100	-		
Derivative financial instruments	[illegible]	[illegible]	-	-	-
Lease liability	53,300	5.0	50,625	[illegible]	[illegible]
Deferred Taxation	[illegible]	11.0	[illegible]	[illegible]	[illegible]
Others	11,018	(35.9)	17,20[illegible]	105.4	8,332
	[illegible]	1.7	[illegible]	[illegible]	[illegible]
CURRENT LIABILITIES					
Current portion of					
Borrowings	25,110	7.9	22,636	[illegible]	40,5[illegible]
Current maturity of lease liability	5,111	24.8	[illegible]	[illegible]	[illegible]
Others	19,247	54.9	[illegible]	[illegible]	[illegible]
Government grant	104	100.0	-	-	-
Trade and Other Payables	105,565	14.0	[illegible]	16.4	[illegible]
Accrued Interest / Markup	1,068	(0.4)	1,072	[illegible]	[illegible]
Short-term Borrowings	25,270	98.1	[illegible]	[illegible]	[illegible]
Others	1,341	259.8	[illegible]	[illegible]	[illegible]
	190,756	25.8	[illegible]	[illegible]	[illegible]
TOTAL EQUITY AND LIABILITIES	614,521	11.0	[illegible]	5.3	550,245
ASSETS					
NON-CURRENT ASSETS					
Property, Plant and Equipment	252,155	3.7	[illegible]	2.4	[illegible]
Right of use asset	9,018	40.4	[illegible]	[illegible]	[illegible]
Net investment in lease	45,237	1.5	[illegible]	(2.2)	[illegible]
Long term investments	34,917	6.8	[illegible]	[illegible]	[illegible]
Derivative financial instrument	[illegible]	100.0	-	-	
Biological assets			-	-	
Intangible Assets	2,358	[illegible]	[illegible]	[illegible]	[illegible]
Financial assets at amortised cost	[illegible]	(30.4)	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	7.4	[illegible]	2.8	[illegible]
CURRENT ASSETS					
Stock, Spares and Loose Tools	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stock in Trade	31,616	75.7	[illegible]	[illegible]	[illegible]
Trade Debts	[illegible]	17.7	50,617	[illegible]	[illegible]
Advances, Deposits and Prepayments	[illegible]	(22.5)	[illegible]	[illegible]	[illegible]
Other Receivables	31,657	28.5	[illegible]	5.5	[illegible]
Taxes Recoverable			-	-	
Current portion of net investment in lease	[illegible]	[illegible]	3,255	[illegible]	[illegible]
Cash and Bank Balances	40,626	[illegible]	[illegible]	[illegible]	[illegible]
Short-term investments	[illegible]	[illegible]	[illegible]	23.8	[illegible]
Assets classified as held for sale		(100.0)	[illegible]	[illegible]	[illegible]
Others			-	-	
	264,146	[illegible]	[illegible]	5.9	[illegible]
TOTAL ASSETS	[illegible]	[illegible]	582,457	5.5	[illegible]

(Amounts in million)	19 Vs. 18 %	2018 Rs.	18 Vs. 17 %	2017 Rs.	17 Vs. 16 %	2016 Rs.	16 Vs. 15 %	2015 Rs.
EQUITY AND LIABILITIES								
EQUITY								
Share Capital	10.0	5,238		5,238		5,238		5,238
Share Premium		13,068		13,068		13,068		13,068
Unappropriated Profits	[illegible]	[illegible]	[illegible]	108,557	[illegible]	111,078	[illegible]	[illegible]
Reserves	[illegible]	4,303	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non Controlling Interest	[illegible]	48,272	24.4	39,519	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	1.2	[illegible]	[illegible]	[illegible]
NON-CURRENT LIABILITIES								
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	29.3	[illegible]	[illegible]	[illegible]
Government grant		-		-		-		-
Derivative financial instruments		-		-	[illegible]	2	[illegible]	[illegible]
Lease liability	100.0	-		-		-		-
Deferred Taxation	[illegible]	8,425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]	221	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	45.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CURRENT LIABILITIES								
Current portion of								
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12,509	[illegible]	[illegible]
Current maturity of lease liability	100.0		-		-		-	
Others	[illegible]	114	[illegible]	[illegible]	1.4	[illegible]	3.6	[illegible]
Government grant	-		-		-		-	
Trade and Other Payables	23.0	[illegible]	50.5	[illegible]	21.7	[illegible]	[illegible]	[illegible]
Accrued Interest / Markup	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short-term Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	(50.1)	[illegible]
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	77,762	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61,757
TOTAL EQUITY AND LIABILITIES	40.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	185,292
ASSETS								
NON-CURRENT ASSETS								
Property, Plant and Equipment	[illegible]	304,400	29.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Right of use asset	100.0		-		-		-	-
Net investment in lease	100.0	-	-	-	-		-	
Long term investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Derivative financial instrument								
Biological assets	-	-	-		-		(100.0)	[illegible]
Intangible Assets	[illegible]	318	[illegible]	[illegible]	13.7	[illegible]	(75.7)	[illegible]
Financial assets at amortised cost	100.0	-		-	-	-	-	-
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4,858
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CURRENT ASSETS								
Stock, Spares and Loose Tools	[illegible]	[illegible]	[illegible]	[illegible]	5.9	[illegible]	[illegible]	[illegible]
Stock in Trade	[illegible]	17,236	[illegible]	[illegible]	20.1	[illegible]	(21.0)	[illegible]
Trade Debts	[illegible]	15,629	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Advances, Deposits and Prepayments	[illegible]	[illegible]	[illegible]	2,013	[illegible]	[illegible]	[illegible]	[illegible]
Other Receivables	[illegible]	[illegible]	4.8	[illegible]	[illegible]	[illegible]	[illegible]	7,835
Taxes Recoverable	-	-	-		(100.0)	212	[illegible]	2,059
Current portion of net investment in lease	100.0	-		-	-		-	
Cash and Bank Balances	[illegible]	[illegible]	[illegible]	[illegible]	60.0	[illegible]	[illegible]	[illegible]
Short-term investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	64,776	[illegible]	[illegible]
Assets classified as held for sale	100.0		-		-		-	-
Others	-		-		-	-	(100.0)	122
	[illegible]	[illegible]	15.8	[illegible]	12.0	[illegible]	[illegible]	[illegible]
TOTAL ASSETS	40.0	[illegible]	[illegible]	[illegible]	11.5	[illegible]	[illegible]	[illegible]

vertical analysis
balance sheet

(Amounts in millions)	2021 Rs.	2021 %	2020 Rs.	2020 %	2019 Rs.	2019 %	2018 Rs.	2018 %	2017 Rs.	2017 %	2016 Rs.	2016 %
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	6,702	0.9	[illegible]	1.0	5,702	1.0	5,298	1.3	5,298	1.6	5,298	1.8
Share Premium	[illegible]	2.0	[illegible]	[illegible]	[illegible]	[illegible]	13,030	[illegible]	12,030	4.0	13,030	[illegible]
Unappropriated Profits	137,983	21.3	124,425	21.4	133,729	24.7	113,701	28.8	105,557	[illegible]	111,006	[illegible]
Reserves	5,520	0.9	5,101	0.9	5,092	0.9	4,916	1.2	4,633	1.4	4,123	1.4
Non-Controlling Interest	81,031	13.0	[illegible]	12.3	57,653	10.6	49,272	12.5	40,019	12.2	35,238	12.1
	242,303	[illegible]	[illegible]	[illegible]	195,249	[illegible]	[illegible]	[illegible]	[illegible]	52.0	[illegible]	58.2
NON-CURRENT LIABILITIES												
Borrowings	139,414	21.7	135,230	23.3	[illegible]	25.2	[illegible]	30.8	78,351	[illegible]	80,810	[illegible]
Government grant	1,080	0.2	-			-	-		-		-	
Derivative Financial Instruments	-	-	-	-	-		-		-		2	-
Lease liability	53,463	8.3	50,523	8.7	50,241	9.3	-		-		-	-
Deferred Taxation	16,257	2.4	14,358	2.5	13,339	2.4	8,428	2.1	10,058	3.0	[illegible]	3.1
Others	11,015	1.7	[illegible]	2.0	2,353	0.4	230	0.1	224	0.1	127	0.1
	221,382	34.4	[illegible]	[illegible]	[illegible]	37.3	[illegible]	32.0	[illegible]	27.6	89,791	[illegible]
CURRENT LIABILITIES												
Current portion of:												
Borrowings	[illegible]	3.6	23,650	[illegible]	[illegible]	3.6	10,316	[illegible]	12,352	3.8	12,509	[illegible]
Current maturity of lease liability	[illegible]	0.9	[illegible]	[illegible]	4,407	0.8	-	-	-		-	-
Other	[illegible]	6.0	[illegible]	[illegible]	[illegible]	4.8	115	[illegible]	123	0.0	[illegible]	[illegible]
Government grant	184	-	-				-		-		-	
Trade and Other Payables	105,565	[illegible]	85,536	15.0	77,142	14.0	[illegible]	14.0	[illegible]	11.9	[illegible]	13.8
Accrued Interest / Mark-up	1,363	0.2	372	0.2	3,318	0.6	[illegible]	0.6	[illegible]	0.5	[illegible]	[illegible]
Short-term Borrowings	20,270	3.6	[illegible]	2.2	10,512	2.0	[illegible]	1.7	[illegible]	3.1	[illegible]	1.9
Other	1,311	0.2	377	0.1	557	0.5	441	0.1	1,007	0.3	549	[illegible]
	196,105	28.0	[illegible]	[illegible]	[illegible]	27.2	[illegible]	19.0	[illegible]	19.6	[illegible]	17.7
TOTAL EQUITY AND LIABILITIES	647,331	100.0	580,487	100.0	[illegible]	100.0	[illegible]	100.0	320,030	100.0	290,335	100.0
ASSETS												
NON-CURRENT ASSETS												
Property, Plant and Equipment	282,306	43.8	251,957	[illegible]	250,074	46.0	[illegible]	[illegible]	157,356	48.0	131,408	[illegible]
Right of use asset	9,819	1.5	[illegible]	[illegible]	[illegible]	0.9		-	-	-	-	
Net Investment in lease	45,204	7.0	44,857	7.7	45,724	8.3						
Long-term Investments	34,217	5.3	[illegible]	[illegible]	23,950	[illegible]	31,030	[illegible]	[illegible]	9.9	[illegible]	12.0
Derivative financial instrument	10	-	-		-		-	-	-	-		-
Biological Assets	-	-	-	-	-	-		-		-	-	-
Intangible Assets	2,395	0.4	[illegible]	0.2	261	0.2	[illegible]	0.1	252	0.1	223	0.1
Financial asset at amortised cost	5,593	0.8	[illegible]	0.9	[illegible]	1.1		-	-		-	
Others	2,597	0.4	[illegible]	[illegible]	[illegible]	0.6	[illegible]	1.1	5,824	[illegible]	10,405	3.6
	390,173	52.0	[illegible]	[illegible]	[illegible]	[illegible]	210,734	[illegible]	192,637	[illegible]	176,738	60.9
CURRENT ASSETS												
Stores, Spares and Loose Tools	9,215	1.4	[illegible]	1.6	[illegible]	1.4	7,646	2.0	7,609	2.4	[illegible]	2.5
Stock-in-Trade	31,512	4.9	[illegible]	3.1	[illegible]	3.5	17,225	4.4	13,028	4.0	10,704	3.7
Trade Debts	59,565	9.2	[illegible]	2.7	[illegible]	9.4	[illegible]	4.7	[illegible]	[illegible]	13,705	4.7
Advances, Deposits and Prepayments	4,712	0.7	3,961	0.7	4,884	0.9	[illegible]	0.8	[illegible]	0.6	1,585	0.5
Other Receivables	31,567	4.9	[illegible]	[illegible]	[illegible]	4.2	11,972	3.0	[illegible]	[illegible]	9,725	[illegible]
Lease Receivable	-	-	-		-	-	-	-	-		242	0.1
Current portion of investment in lease	4,305	0.6	[illegible]	0.6	[illegible]	0.5	-		-		-	-
Cash and Bank Balances	40,905	6.3	22,950	4.0	[illegible]	3.5	[illegible]	3.0	[illegible]	3.0	[illegible]	2.0
Short-term Investments	[illegible]	12.8	[illegible]	14.1	[illegible]	13.4	[illegible]	20.8	[illegible]	21.8	[illegible]	[illegible]
Assets classified as held for sale	-	-	37	0.0	[illegible]	0.3		-	-		-	-
Others	-	-	-	-	-	-	-	-	-		-	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39.3	[illegible]	[illegible]
TOTAL ASSETS	644,827	100.0	580,487	100.0	550,245	100.0	[illegible]	100.0	[illegible]	100.0	[illegible]	100.0

horizontal analysis
profit and loss account

(Amounts in Rs. million)	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 %	2015 Rs.
Sales	311,567	25.23	248,818	10.21	225,765	31.59	171,563	33.42	128,590	(18.21)	157,200	(13.48)	181,552
Cost of Sales	(212,133)	22.78	(172,773)	9.93	(157,167)	30.47	(120,460)	26.44	(93,786)	(22.72)	(121,365)	(10.81)	(136,224)
Gross Profit	99,455	30.78	76,046	10.85	68,598	34.22	51,103	46.84	34,803	(2.89)	35,843	(21.10)	45,429
Selling and Distribution Expenses	(7,819)	(0.33)	(7,845)	(3.19)	(8,106)	(4.54)	(8,496)	8.13	(7,850)	(34.84)	(12,052)	12.04	(10,757)
Administrative Expenses	(7,659)	6.59	(7,185)	18.96	(6,040)	34.31	(4,497)	13.71	(3,955)	6.65	(3,707)	(6.23)	(3,846)
	83,977	37.53	61,015	12.05	54,455	42.84	38,123	65.74	23,002	13.96	20,184	(34.52)	30,826
Other Expenses	(10,912)	42.54	(7,655)	(5.64)	(8,189)	45.50	(5,619)	128.04	(2,401)	2.24	(2,349)	(27.22)	(3,227)
Other Income	12,222	(31.10)	17,739	30.21	13,643	79.16	5,147	(12.79)	10,469	(94.76)	68,868	1,120.98	5,582
Operating Profit	85,287	19.96	71,098	18.70	59,900	43.47	41,752	34.30	31,069	(64.13)	86,674	161.14	33,181
Finance Cost	(17,274)	(15.62)	(20,473)	38.80	(14,750)	170.45	(5,453)	6.29	(5,131)	(15.03)	(6,038)	(26.54)	(8,425)
Share of Income from Joint Venture	3,227	15.40	2,795	143.55	1,148	782.36	129	(91.21)	1,463	14.80	1,273	24.09	1,019
Net Profit Before Taxation	71,240	33.36	53,421	15.39	46,297	27.10	36,427	32.84	27,422	(68.52)	87,909	217.67	25,735
Provision for Taxation	(18,657)	108.61	(8,930)	(42.62)	(15,710)	22.76	(12,795)	14.94	(11,182)	32.94	(8,411)	(2.41)	(8,616)
Loss from Discontinued Operations	29	(110.49)	(279)	(6.81)	(300)	(100.00)	-		-	-	-	-	-
Net Profit After Taxation	52,612	19.27	44,112	45.64	30,288	26.17	23,632	45.07	16,290	(77.87)	73,558	326.21	17,256
Non-Controlling Interest	24,670	29.77	19,011	26.21	15,755	25.92	10,924	59.72	6,893	50.28	4,491	28.31	3,484
Profit attributable to Owners of the Holding Company	27,942	11.32	25,100	51.87	16,533	30.10	12,708	35.08	9,407	(86.29)	69,107	401.21	13,784

vertical analysis
profit and loss account

Amounts in millions

	2021		2020		2019		2018		2017		2016	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	311,587	100.00	248,818	100.00	225,760	100.00	171,635	100.00	128,580	100.00	157,218	100.00
Cost of Sales	(212,133)	(68.08)	(172,773)	(69.44)	(157,367)	(69.62)	(120,460)	(70.21)	(93,760)	(72.93)	(121,365)	(77.20)
Gross Profit	99,455	31.92	76,045	30.56	68,399	30.38	51,175	29.79	34,820	27.07	35,843	22.80
Selling and Distribution Expenses	(7,819)	(2.51)	(7,845)	(3.15)	(7,903)	(3.50)	(8,208)	(4.78)	(7,938)	(6.17)	(12,052)	(7.67)
Administrative Expenses	(7,659)	(2.46)	(7,186)	(2.89)	(6,040)	(2.68)	(4,797)	(2.80)	(3,956)	(3.08)	(3,607)	(2.29)
	83,977	26.95	61,015	24.52	54,456	24.12	38,125	22.22	23,005	17.83	20,184	12.84
Other Expenses	(10,912)	(3.50)	(7,658)	(3.08)	(8,201)	(3.63)	(5,513)	(3.22)	(2,401)	(1.87)	(2,249)	(1.43)
Other Income	12,222	3.92	17,738	7.13	13,645	6.04	9,147	5.33	10,459	8.12	68,739	43.72
Operating Profit	85,287	27.37	71,096	28.57	59,900	26.53	41,759	24.34	31,069	24.18	86,674	55.13
Finance Cost	(17,274)	(5.54)	(20,473)	(8.23)	(14,789)	(6.53)	(5,463)	(3.18)	(5,121)	(3.99)	(6,032)	(3.84)
Share of Income from Joint Venture	3,227	1.04	2,798	1.12	1,176	0.51	128	0.07	1,463	1.14	1,273	0.81
Net Profit Before Taxation	71,240	22.86	53,421	21.47	46,287	20.51	36,427	21.23	27,411	21.32	81,909	52.10
Provision for Taxation	(18,657)	(5.99)	(9,030)	(3.63)	(15,719)	(6.96)	(12,796)	(7.46)	(11,121)	(8.66)	(8,311)	(5.29)
Loss from Discontinued Operations	29	0.01	(279)	(0.11)	(300)	(0.13)	-	-	-	-	-	-
Net Profit After Taxation	52,612	16.88	44,112	17.73	30,268	13.42	23,632	13.77	16,290	12.67	73,598	46.82
Non Controlling Interest	24,670	7.92	19,012	7.64	13,735	6.09	10,924	6.37	6,883	5.35	4,491	2.86
Profit attributable to Owners of the Holding Company	27,942	8.97	25,100	10.09	16,533	7.32	12,708	7.41	9,407	7.32	69,107	43.96

six years summary

(Amounts in millions)	2021	2020	2019	2018	2017	2016
	(Rupees)					
Summary of Balance Sheet						
Shareholders' Equity	242,502	219,[illegible]	[illegible]	185,957	171,077	159,031
Long term Borrowings	132,524	[illegible]	136,465	[illegible]	90,746	73,118
Lease Liabilities - IFRS 16	139,274	55,501	56,246		-	-
Capital Employed	405,229	[illegible]	[illegible]	317,017	261,036	[illegible]
Property, Plant & Equipment	250,151	231,057	255,274	204,738	[illegible]	[illegible]
Net Current Assets / Working Capital	113,187	112,623	20,825	[illegible]	[illegible]	74,657
Summary of Profit and Loss						
Sales	271,987	246,818	225,765	171,550	[illegible]	[illegible]
Gross Profit	83,465	72,046	20,596	[illegible]	34,806	85,643
EBITDA	157,153	85,240	[illegible]	43,690	58,602	95,959
Profit After Tax	62,819	44,118	30,289	22,625	16,936	[illegible]
Summary of Cash Flows						
Net Cash Flow from Operating Activities	48,505	63,092	36,[illegible]	[illegible]	[illegible]	4,070
Net Cash Flow from Investing Activities	(35,752)	[illegible]	(25,[illegible])	(19,307)	(9,005)	(17,000)
Net Cash Flow from Financing Activities	(44,500)	61,774	(4,892)	14,213	[illegible]	[illegible]
Summary of Actual Production						
	(Units)					
Urea	3,104,722	[illegible]	[illegible]	925,050	1,036,977	1,949,016
NPK	144,[illegible]	140,652	124,704	[illegible]	[illegible]	[illegible]
PVC Resin	245,000	160,000	[illegible]	[illegible]	157,000	172,000
EDC	104,000	70,000	[illegible]	[illegible]	[illegible]	108,000
Caustic Soda	92,000	73,000	105,000	105,000	126,000	100,000
Caustic Flakes	15,000	2,000	4,000	-		-
VCM	203,000	145,000	104,000	[illegible]	[illegible]	[illegible]
Power	5,056,123	4,562,094	[illegible]	[illegible]	[illegible]	264,657
Steam and others	304,958	314,979	[illegible]	781,003	320,344	452,850
Drying Unit of Rice Processing Plant	145,209	[illegible]	82,509	77,000	[illegible]	24,474
Ice Cream	24,212	18,057	[illegible]	[illegible]	[illegible]	18,516

financial ratios

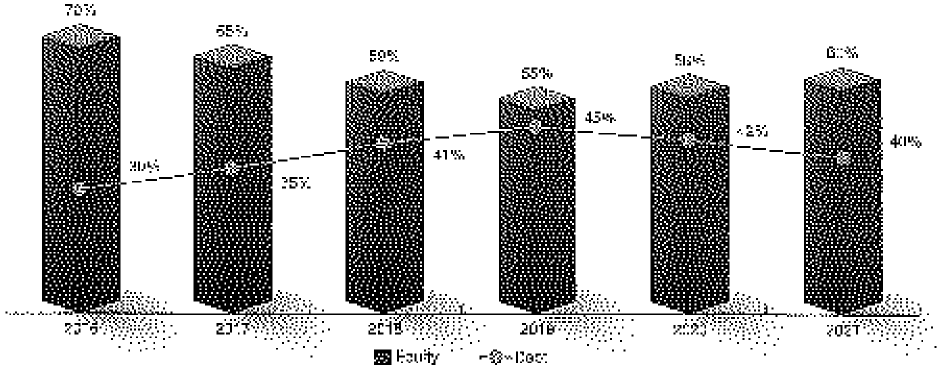
	2021	2020	2019	2018	2017	2016
Profitability Ratios						
Gross Profit Margin	32%	[illegible]	20%	[illegible]	[illegible]	[illegible]
Net Profit Margin	17%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Operating Margin	37%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EBITDA Margin to Sales	61%	[illegible]	[illegible]	29%	[illegible]	[illegible]
Operating Leverage Ratio	0.75	2.00	1.45	0.26	[illegible]	1.57
Return on Equity (Before Tax)	[illegible]	[illegible]	[illegible]	15%	[illegible]	[illegible]
Return on Equity (After Tax)	18%	[illegible]	12%	[illegible]	[illegible]	[illegible]
Return on Capital Employed	22%	[illegible]	10%	[illegible]	18%	[illegible]
Return on Assets	11%	[illegible]	[illegible]	9%	[illegible]	[illegible]
Liquidity Ratios						
Current Ratio	1.47	1.58	1.09	[illegible]	5.08	[illegible]
Quick / Acid Test Ratio	1.21	1.09	[illegible]	1.21	[illegible]	1.68
Cash and Cash Equivalents to Current Liabilities	0.68	[illegible]	[illegible]	1.01	[illegible]	[illegible]
Cash Flow from Operations to Sales	0.16	0.25	[illegible]	[illegible]	0.03	[illegible]
Activity / Turnover Ratios						
Total Assets Turnover Ratio	0.61	0.44	0.48	[illegible]	[illegible]	[illegible]
Fixed Assets Turnover Ratio	1.72	[illegible]	0.89	[illegible]	[illegible]	1.21
No. of Days Inventory	23	[illegible]	43	[illegible]	[illegible]	[illegible]
No. of Days in Receivables	65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No. of Days in Payables	167	75	[illegible]	[illegible]	23	14
Operating cycle	(80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment / Market Ratios						
Earnings per share (Restated)	16.52	[illegible]	26.39	[illegible]	16.33	[illegible]
Price Earnings Ratio	5.62	[illegible]	12.03	15.20	[illegible]	[illegible]
Price to Book Ratio	1.55	1.24	[illegible]	[illegible]	[illegible]	[illegible]
Dividend Yield Ratio	8%	[illegible]	9%	8%	[illegible]	[illegible]
Dividend Payout Ratio	57%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dividend Cover Ratio	1.87	1.74	[illegible]	1.05	[illegible]	[illegible]
Cash Dividend per Share	25.00	25.00	[illegible]	[illegible]	21.00	[illegible]
Market Value per Share						
- at the end of the year end	272.42	[illegible]	316.25	[illegible]	[illegible]	[illegible]
- High during the year	312.90	[illegible]	[illegible]	310.22	[illegible]	[illegible]
- Low during the year	260.31	227.25	[illegible]	[illegible]	255.40	[illegible]
Breakup value per share	221.41	[illegible]	[illegible]	[illegible]	226.62	201.46
Capital Structure Ratios						
Sustainable Growth Rate	8%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial Leverage Ratio	0.77	0.29	[illegible]	[illegible]	[illegible]	0.47
Weighted Average Cost of Debt	10%	[illegible]	[illegible]	[illegible]	6%	[illegible]
Debt to Equity Ratio - Book Value	0.07	[illegible]	0.31	[illegible]	[illegible]	0.42
Debt to Equity Ratio - Market Value	0.04	0.03	[illegible]	[illegible]	[illegible]	[illegible]
Interest Cover Ratio	5.12	[illegible]	[illegible]	7.58	[illegible]	[illegible]
Debt to Asset Ratio	0.05	0.27	[illegible]	[illegible]	[illegible]	[illegible]

financial analysis and graphical presentation of consolidated statement of financial position

Shareholders' Equity

Share Capital has increased from Rs. 5,235 to Rs. 5,722 in 2019 due to issuance of bonus shares in 2019 with the ratio of 1 share for every 10 shares held. Reserves have increased significantly due to better profitability, Energy projects coming online in late 2019 and divestment of [illegible] Engro Pakistan Limited (formerly Engro Foods Limited) [illegible] 20.8% in 2016.

Debt / Equity



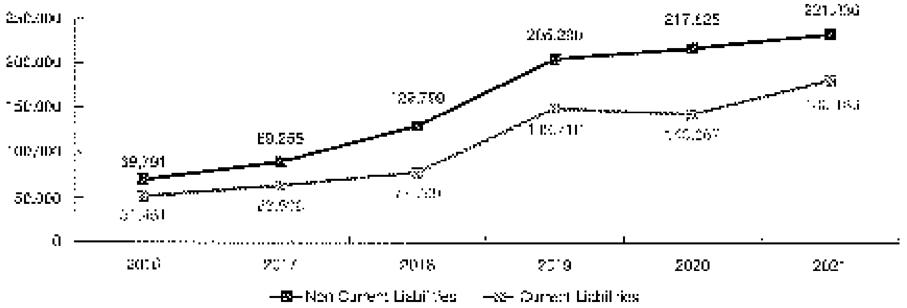
Non-Current Liabilities

Non-current liabilities majorly comprise of Long-term borrowings from Financial Institutions, Deferred Taxation, Lease liability and Deferred Liabilities.

Considering the 6 years trend, long term borrowings has increased from [illegible] to 188,[illegible] to fund business expansion in energy and Polymer verticals. Deferred tax liability has increased from 8,969 to 18,257. Deferred tax liability as at December 31, 2021 is mainly representing by temporary differences due to accelerated depreciation allowances.

Liabilities have increased by 2% vs. last year. Consequent to the application of IFRS-16 in 2019, lease liability of Rs. [illegible] million was booked against Right of Use Assets.

Non-current & Current Liabilities (In Millions)



Current Liabilities

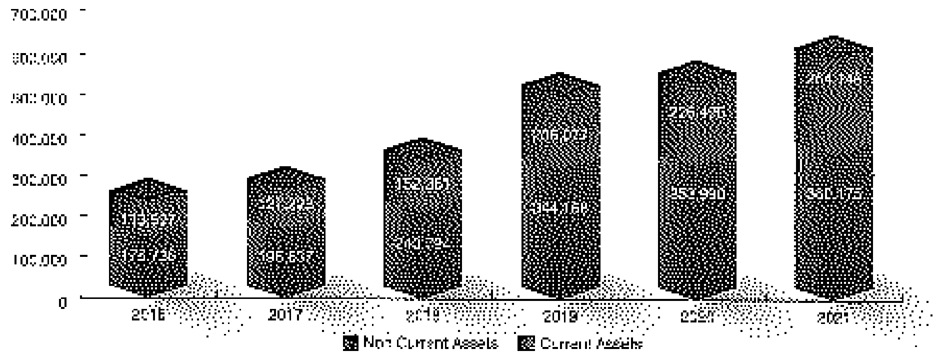
Liabilities have increased by 25% vs. last year which is mainly due to increase in short term borrowings and trade and other payables. Considering the 6 years trend, current liabilities has increased from 51,451 to 180,108 which includes increase in trade and other payables by 70,930 million. Trade and other payables as at December 31, 2021 mainly comprise of payable to SECMC against purchase of coal and increase in advances from customers. Also liabilities have increased by 30,146 million due to increase in provisions in respect of GIDC. In 6 years, short term borrowings increased by Rs. 17,785 million (to provide liquidity to polymer and energy segments). Subsequent to the application of IFRS 16 in 2019, lease liability has been recorded and current portion amounts to Rs. [illegible] million as at December 31, 2021.

Non-Current Assets

Non-current assets have increased by 7% compared to last year which pertains to expansion in Polymer and Enfrashare businesses. Furthermore, right of use assets were recognized against lease agreements entered by Enfrashare with landlords in respect of rented sites.

Non-current assets increased from Rs. 175,738 million to Rs. 350,[illegible] million in last 6 years which consist of an increase in PPE by Rs. 130,713 million (mainly capitalization of Thar Power Project). Increase in Net investment in lease by Rs. 45,204 million (subleasing of TSRL in Energy).

Current & Non-current Assets (Amount In Millions)



Current Assets

Current assets increased by 17% compared to last year. Considering the 6 years trend, the increase in current assets from Rs. 113,597 million to Rs. 264,146 million is due to increase in Short term investment of Rs. 17,844 million, increase in stock in trade by 13,409, increase in cash and bank balance by Rs. [illegible], increase in Trade Debts by Rs. 44,[illegible] million, increase in Energy related receivables and other receivables by Rs. 22,054 million (includes subsidy receivable from GoP, sales tax receivable and deferred payment interest receivable in energy business).

financial analysis and graphical presentation of consolidated statement of profit or loss

Revenue

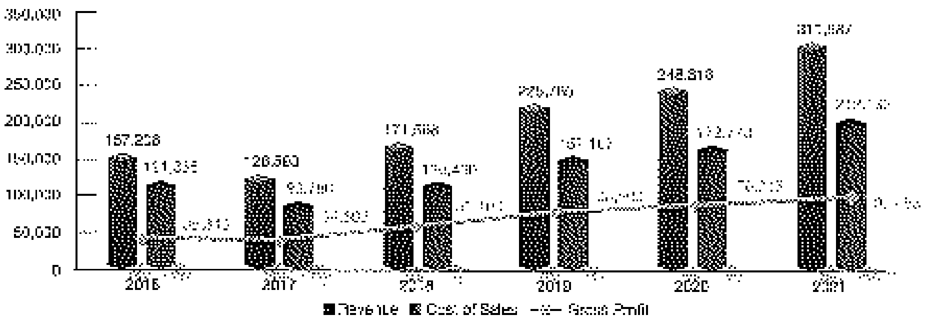
Revenue has increased by 25% (CY 311,597 vs LY 248,508). The main contributor in the revenue is Polymer and Fertilizer segments.

Considering the 6 years trend, the [illegible] of revenue has an increasing trend from 2018 and onward mainly contributed by Fertilizer segment and Power & Mining segment (Thar power project started contributing in the consolidated revenue from 2019). The downward revenue trend from 2016 to 2017 is due to the divestment of the holding of FrieslandCampina [illegible] in 2016).

Cost of Revenue

Cost of revenue has increased by 28% (CY 212,133 vs LY 172,775). Cost trend of last 6 years is in line with the variation in revenue.

Gross Profit Analysis (in Millions)

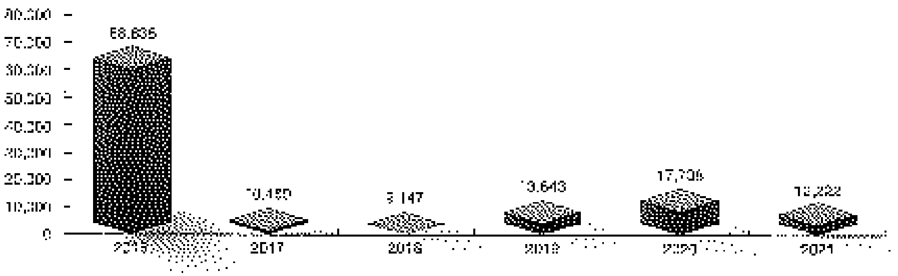


Other Income

Income has decreased by [illegible] vs LY which is mainly due to decrease in remeasurement gain on CIDC by Rs. 2,906 and decrease in income on deposits and other financial assets by Rs. [illegible].

Over the period of 6 years, income has increased mainly due to subsidy [illegible] and delayed payment charges on overdue receivables. In 2016, the income has increased significantly due to the gain on sale of shares of FrieslandCampina Engro Pakistan Limited (formerly Engro Foods Limited).

Other Income

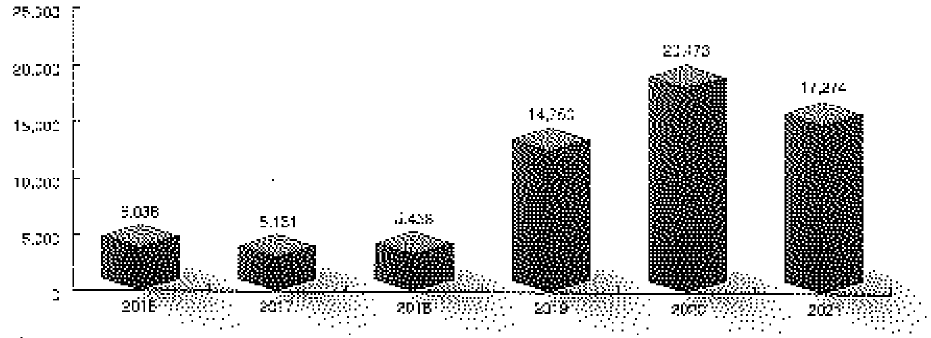


Finance Cost

Finance cost has decreased by [illegible] (CY 17,274 vs LY 20,473). The main reason for decline is decrease in finance expense of Polymer, Fertilizer and Power and Mining segment owing to repayments of loan.

However, considering the 6 years trend, finance cost of the group has increased significantly from 2018 due to increased borrowings in Polymer and Energy segment to fund new projects. Thar power plant commenced operations in July 2019 and borrowing cost is accordingly expensed in profit or loss statement.

Finance Cost

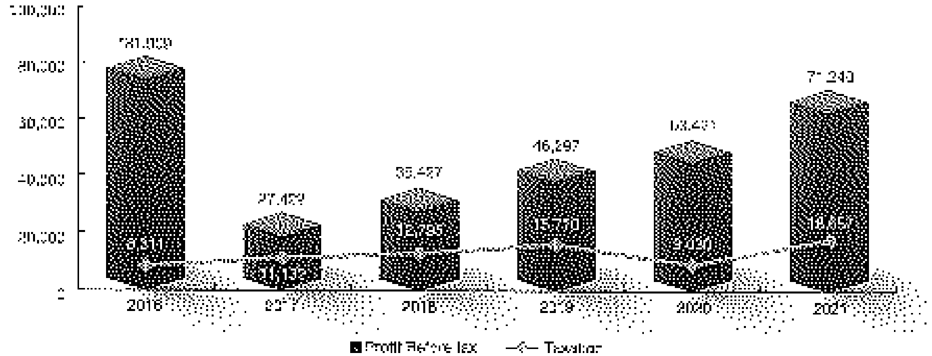


Taxation

Tax expense has increased by [illegible] vs LY mainly due to the increased PBT of EFERT and EPCL. Also during the year, tax exemption on intercorporate dividends has been removed which has resulted in additional tax on dividend income for Engro Corporation.

6 years trend shows steady increase in tax due to increase in profitability of the group.

PBT Vs Tax Expense



* This includes capital gain on partial divestment of FrieslandCampina Engro Pakistan Limited (formerly known as Engro Foods Limited) & Engro Fertilizers Limited which was tax exempt.

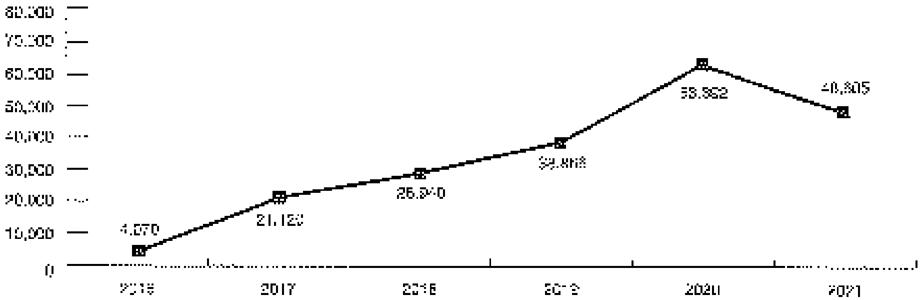
financial analysis and graphical presentation of consolidated statement of cashflow

Cash Flow from Operating Activities

Cash inflows from operations has decreased by [illegible] (FY Rs.48,805 million vs. FY Rs.63,362 million). This is mainly due to increase in stock [illegible] by Rs. 10,936 million, increase in trade debt by Rs. 9,123 million and increase in other receivables by Rs. 6,851 million. Taxes paid have also increased by Rs.3,242 million vs. FY [illegible] 2020.

The cashflow from operations in [illegible] years has significantly increased mainly due to increase in profitability of [illegible] segment, turnaround of Polymer business and Energy projects coming online from July 2019.

Net Cash Flow from Operating Activities

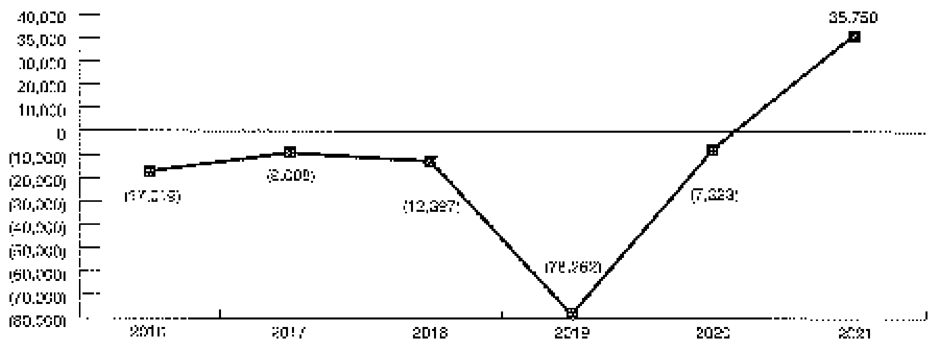


Cash Flow from Investing Activities

Net cash inflow from investing activities has significantly increased by [illegible]. This is mainly due to increase in encashment [illegible] investment [illegible] the year by Rs. 47,741 million.

Over the last [illegible] years, the group has mainly spent on the Energy & Polymer segments.

Net Cash Flow from Investing Activities

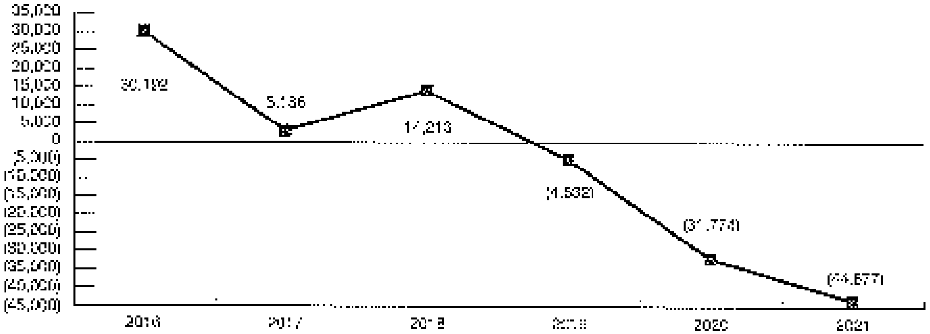


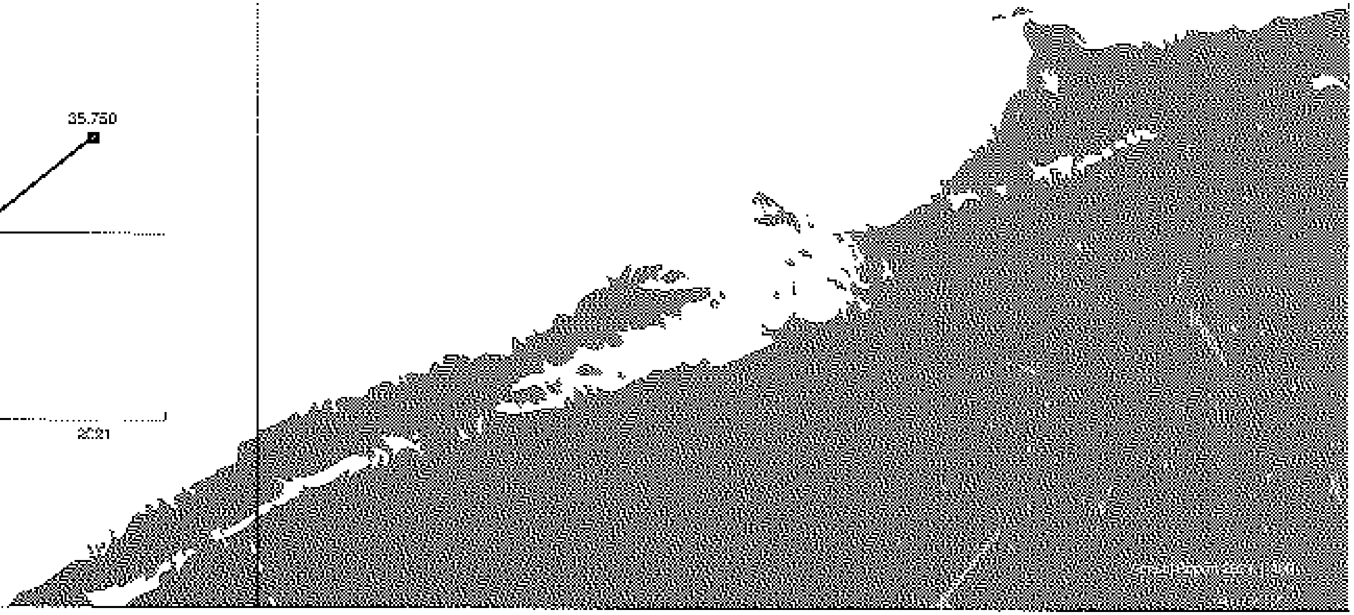
Cash Flow from Financing Activities

Net cash outflow from financing activities has increased by Rs.13,103 million (CY Rs.44,877 vs. FY Rs. 31,774). This is mainly due to increase in dividend payments by Rs. 6,385 million and increase in [illegible] borrowings by Rs.4,022 million.

Considering the 6 years trend, the group has significantly raised finance between 2016 to 2019 through borrowings to fund its new projects and operations. Major increase in inflow in 2016 is as a result of [illegible] holding percentage of subsidiary companies.

Net Cash Flow from Financing Activities

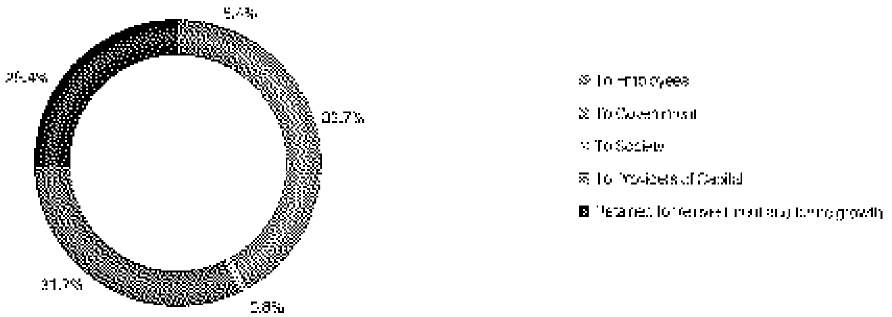




statement of value addition and distribution

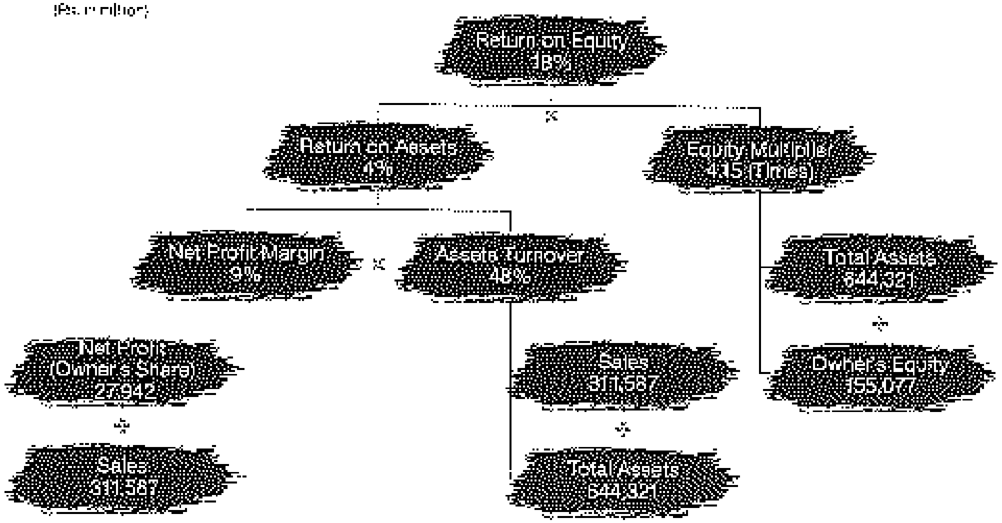
(Rs in million)

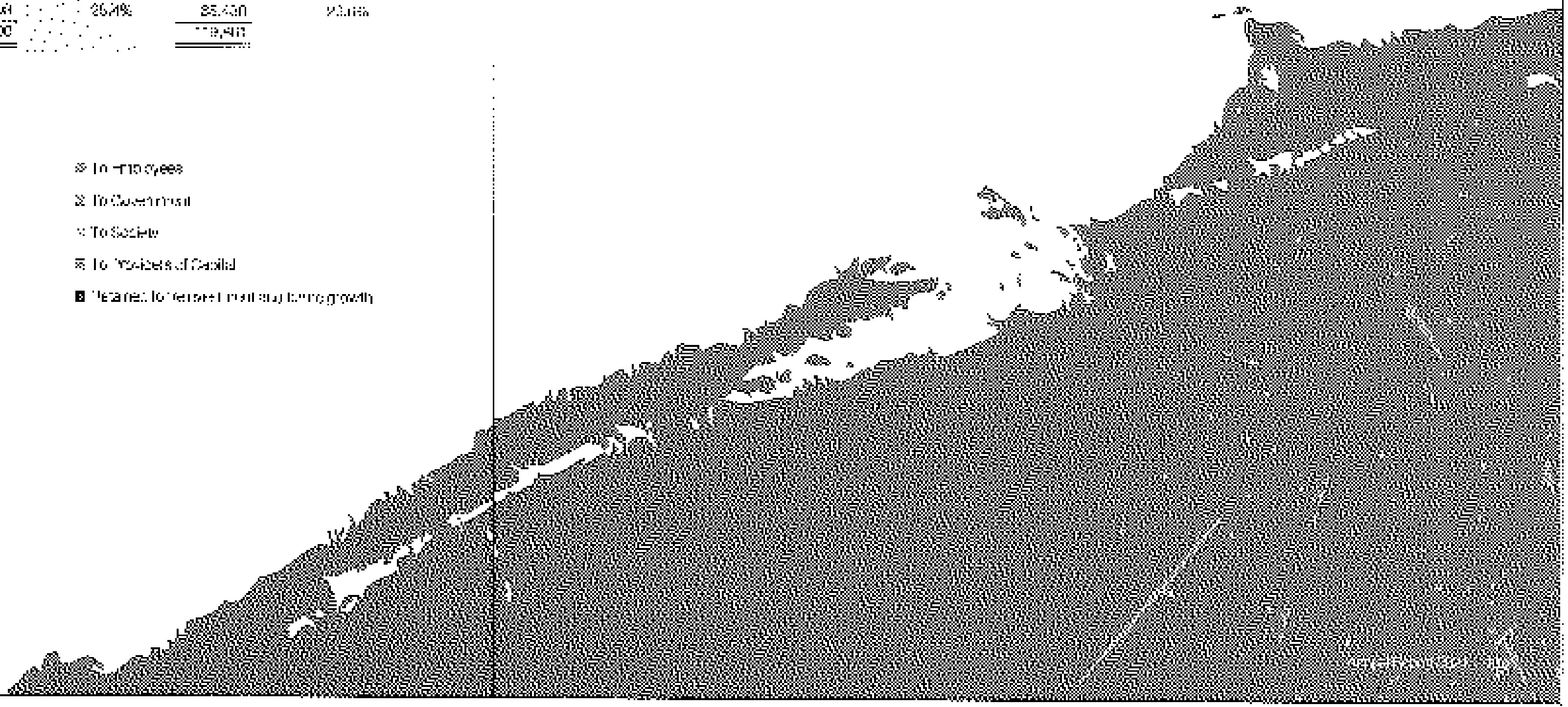
	2021 Rs.	2021 %	2020 Rs.	2020 %
Wealth Generated				
Total revenue inclusive of sales tax and other income	347,855		304,580	
Bought-in material and services	(202,365)		(185,019)	
	145,490		119,561	
Wealth Distribution				
To Employees				
Salaries, benefits and other costs	12,149	8.4%	10,517	[illegible]
To Government				
Taxes, duties and development surcharge	49,069	33.7%	29,640	24.7%
To Society				
Donation towards education, health, environment and natural disaster	1,197	0.8%	972	[illegible]
To Providers of Capital				
Dividend to shareholders	28,793	19.8%	22,521	18.8%
Markup/interest expense on borrowed money	17,27[illegible]	11.9%	20,47[illegible]	17.1%
Retained for reinvestment and future growth				
Depreciation, amortization and retained profit	37,039	25.4%	35,430	[illegible]
	145,490		119,561	



dupont analysis

(Rs in million)





investor relations

Financial Calendar

[illegible]	
21-Apr-21	Announcement of first quarter results
23-Aug-21	Announcement of second quarter results
21-Oct-21	Announcement of third quarter results
16-Feb-22	Announcement of fourth quarter results
[illegible]-Mar-22	[illegible] Annual General Meeting

[illegible]	
21-Apr-22	Announcement of first quarter results
16-Aug-22	Announcement of second quarter results
19-Oct-22	Announcement of third quarter results
[illegible]	Announcement of fourth quarter results

[illegible] tentative dates subject to change

[illegible]	[illegible]	[illegible]	[illegible]
Opening price	307.26	346.25	2[illegible]1.04
Closing price	272.12	307.26	346.25
Highest closing price	[illegible]	[illegible]	351.54
Lowest closing price	265.[illegible]	[illegible]	225.14
Average daily volume traded (million shares)	0.45	0.73	5.62

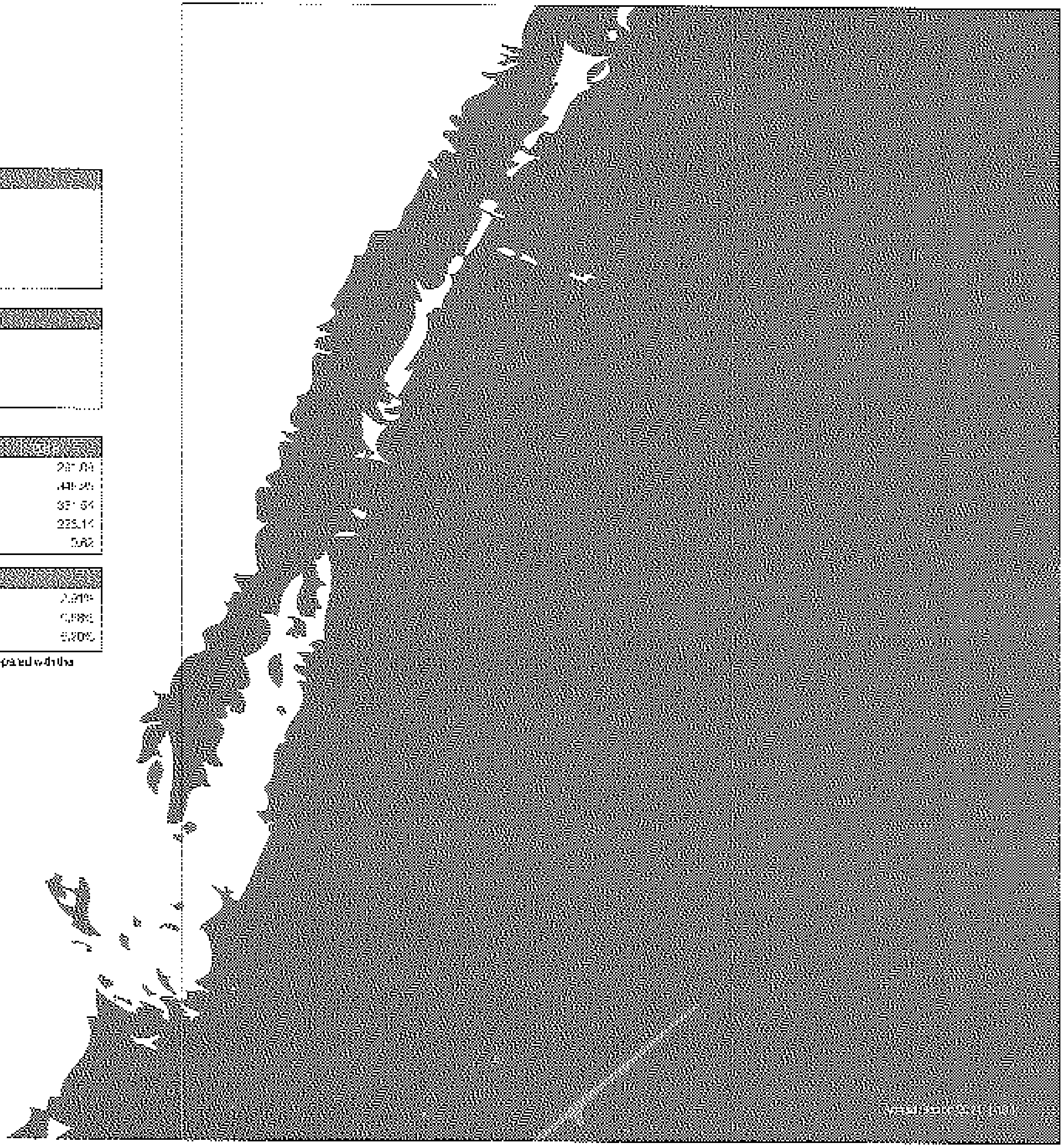
[illegible]	[illegible]
1-year period (01 January 2021 to 31 December 2021)	[illegible]%
3-year period (01 January 2019 to 31 December 2021)	[illegible]%
5-year period (01 January 2017 to 31 December 2021)	5.20%

* [illegible] are computed based on the closing unit price on the last trading day of the preceding reporting period compared with the closing unit price on the last trading day of the current period

Investor Relations Enquiry

[illegible]

[illegible]



standalone accounts

Auditors' Report to the Members

Standalone Financials

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independent auditor's report to the members of engro corporation limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Engro Corporation Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other 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, the statement of profit or loss and other 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 judgment, 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 is the key audit matter:

[illegible]	[illegible]
Income tax matters (Refer note 28 to the financial statements) The Company has recognized provisions and has disclosed contingent liabilities in respect of certain income 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.	Our audit procedures amongst others included the following: - obtained and examined details of the pending litigation relating to pending tax matters and discussed the same with the Company's management; - circularized confirmations to the Company's external legal and tax advisors for their views on matters being handled by them;

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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 of the Company as a key audit matter.	- 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 tax advisors engaged by the Company; - checked correspondence of the Company with the relevant tax authorities and tax advisors 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, if any; and - assessed the adequacy of the related disclosures made in the financial statements 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 and other 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.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March [illegible], 2022
UDIN: AR2021[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	771,020	[illegible]
Right-of-use assets	5	263,713	315,010
Intangible assets	6	104,693	95,810
Long term investments	7	46,535,084	26,173,044
Long term loans and advances	8	354,354	137,552
Deferred taxation	9	72,687	16,318
		[illegible]	27,816,318
Current Assets			
Loans, advances, deposits and prepayments	10	11,245,072	[illegible]
Receivables	11	754,708	4,095,278
Short term investments	12	40,247,257	17,240,010
Cash and bank balances	13	535,323	697,024
		53,282,728	69,163,372
TOTAL ASSETS		101,764,645	96,305,250
EQUITY & LIABILITIES			
Equity			
Share capital	14	5,751,250	5,727,891
Share premium		13,085,232	13,086,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits - Actuarial loss		(15,484)	(15,375)
Unappropriated profit		67,294,002	[illegible]
Total Equity		90,534,628	[illegible]
LIABILITIES			
Non-Current Liabilities			
Retirement and other service benefit obligations		58,220	31,158
Lease liabilities	15	17,670	307,700
		75,890	[illegible]
Current Liabilities			
Trade and other payables	16	4,840,491	[illegible]
Current portion of lease liabilities	15	282,073	272,291
Taxes payable		5,727,720	4,702,313
Unclaimed dividends	17	241,830	[illegible]
		11,143,123	[illegible]
Total Liabilities		11,220,016	[illegible]
Contingencies and commitments	18		
TOTAL EQUITY & LIABILITIES		101,764,645	96,305,250

The annexed notes from 1 to 39 form an integral part of these financial statements.

[illegible]
Director

[illegible]
Chief Financial Officer

[illegible]
President and Chief Executive

statement of profit or loss and other comprehensive income for the year ended december 31, 2021

(Amounts in thousand except for earnings per share)	Note	2021	2020
		------(Rupees)------	
Dividend income	20	19,296,483	13,502,528
Royalty income	21	1,294,441	1,290,512
		20,590,924	[illegible]
Administrative expenses	22	(2,750,030)	[illegible]
		17,844,894	12,555,546
Other income	23	4,747,773	7,049,347
Other operating expenses	24	(7,400,352)	[illegible]
Operating profit		25,290,254	[illegible]
Finance cost	25	(50,828)	(67,059)
Profit before taxation		25,241,461	[illegible]
Taxation	26	(6,725,308)	[illegible]
Profit for the year		18,516,153	[illegible]
Other comprehensive (loss) / income for the year			
Items that will not be reclassified to the statement of profit or loss and other comprehensive income			
- Remeasurement of retirement benefit obligation - Actuarial (loss) / gain net of tax	29.2.7	(5,109)	6,732
Total comprehensive income for the year		18,511,044	16,305,210
		------(Rupees)------	
Earnings per share - basic and diluted	27	32.14	28.29

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Abdul Aleem
Director

[illegible]
Chief Financial Officer

[illegible]
President and Chief Executive

statement of changes in equity
for the year ended december 31, 2021

(Amounts in thousand)

	Share capital	Capital reserve: Share premium	Revenue reserve: General reserve	Revenue reserve: Remeasurement of post employment benefits - Actuarial gain / (loss)	Revenue reserve: Unappropriated profit	Total
	-----	-----	-----	(Rupees)	-----	-----
Balance as at January 1, 2020	5,761,535	13,068,232	4,429,240	(23,347)	65,602,773	88,838,741
Profit for the year	-	-	-		16,301,478	16,301,478
Other comprehensive income	-	-	-	6,752	-	6,752
	-			6,752	16,301,478	16,308,230
Transactions with owners						
Final cash dividend for the year ended December 31, 2019 @ Rs. 1.00 per share	-	-			(576,153)	(576,153)
Interim cash dividends for the year ended December 31, 2020:						
- 1st interim @ Rs. 6.00 per share	-	-		-	(3,456,979)	(3,456,979)
- 2nd interim @ Rs. 8.00 per share			-	-	(4,609,228)	(4,609,228)
- 3rd interim @ Rs. 10.00 per share	-	-			(5,761,532)	(5,761,532)
			-	-	(14,404,060)	(14,404,069)
Balance as at December 31, 2020	5,761,535	13,068,232	4,429,240	(16,315)	67,499,171	87,500,05?
Profit for the year	-	-	-	-	18,516,153	18,516,153
Other comprehensive loss	-	-	-	(2,109)	-	(2,109)
	-	-	-	(2,109)	18,516,153	18,514,044
Transactions with owners						
Final cash dividend for the year ended December 31, 2020 @ Rs. 2.00 per share	-	-	-	-	(1,152,327)	(1,152,327)
Interim cash dividends for the year ended December 31, 2021:						
- 1st interim @ Rs. 12.00 per share	-	-	-	-	(6,913,959)	(6,913,959)
- 2nd interim @ Rs. 7.00 per share	-	-	-	-	(4,033,149)	(4,033,149)
- 3rd interim @ Rs. 5.00 per share	-	-	-	-	(2,880,869)	(2,880,869)
	-	-	-	-	(14,980,316)	(14,980,315)
Balance as at December 31, 2021	5,761,535	13,068,232	4,429,240	(18,424)	67,294,008	90,534,525

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Abdul Aleem
Director

Mazhar Abbas Hasnani
Chief Financial Officer

Ghias Khan
President and Chief Executive

statement of cash flows
for the year ended december 31, 2021

(Amounts in thousand)

	Note	2021	2020
		(Rupees)	
Cash Flows From Operating Activities			
Cash utilized in operations	30	(11,745,566)	(1,421,493)
Royalty received		776,244	326,715
Taxes paid		(823,550)	(1,829,023)
Retirement and other service benefits paid		(56,217)	(17,059)
Long term loans and advances - net		63,308	28,755
Net cash utilized in operating activities		(6,779,981)	(1,858,111)
Cash Flows From Investing Activities			
Dividends received		25,158,523	10,151,016
Income on deposits and other financial assets including income earned on subordinated loans to subsidiaries		3,675,794	5,008,277
Investment in shares of subsidiary company		(20,853,050)	-
Loan disbursed to subsidiary companies		(14,454,200)	(11,734,053)
Repayment of loan by subsidiary companies		19,300,000	-
Repayment of loan by joint venture		-	209,221
Purchase of Treasury bills, units of Mutual Funds, Fixed Income placements and Pakistan Investment Bonds		(315,685,331)	(21,932,773)
Proceeds from sale of Treasury bills, Units of Mutual Funds and maturity of Fixed Income placement and Term Finance Certificates		356,357,590	48,846,092
Purchases of property, plant and equipment		(873,502)	(320,511)
Sale proceeds on disposal of property, plant and equipment		10,214	5,149
Purchases of intangibles		(22,334)	-
Net cash generated from investing activities		40,251,702	30,547,266
Cash Flows From Financing Activities			
Payment of finance lease		(27,445)	(16,080)
Lease rentals paid		(335,372)	(297,703)
Dividends paid		(13,007,380)	(14,427,020)
Net cash used in financing activities		(13,340,475)	(14,741,114)
Net increase in cash and cash equivalents		21,131,285	10,920,041
Cash and cash equivalents at beginning of the year		19,970,314	9,050,273
Cash and cash equivalents at end of the year	31	41,101,599	19,970,314

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Abdul Aleem
Director

Mazhar Abbas Hasnani
Chief Financial Officer

Ghias Khan
President and Chief Executive

notes to the financial statements
for the year ended december 31, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Company is to manage investments in subsidiary companies, associated companies and joint ventures, engaged in fertilizers, power generation, telecommunications infrastructure, petrochemicals, mining, food, LNG and chemical storage.

1.2 These financial statements denote the standalone financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiaries have been presented separately. Details of investments held by the Company in its subsidiaries have been presented in note 7.

1.3 The business units of the Company include the following:

Business Unit	Geographical Location
Head / Registered Office	16th and 17th Floors, The Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Clifton, Karachi.
Islamabad Office	22nd Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad.

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, as modified by remeasurement of certain financial assets and liabilities at fair value and recognition of certain staff retirement and other service benefits at present value.

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

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

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

2.1.3 Initial application of a Standard, Amendment or an Interpretation to existing Standards

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

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on January 1, 2021 but does not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

(Amounts in thousand)

b) Amendments to published approved accounting and reporting standards which are not yet effective but have been early adopted by the Company:

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

The Company has applied the practical expedient to all qualifying rent concessions granted in relation to office space being under rental basis. As a result, Rs. [illegible] (2020: Rs. [illegible]) has been recognized in the statement of profit or loss and other comprehensive income to reflect changes in lease payments arising from rent concessions on meeting conditions of the practical expedient.

c) Standard and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2021. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.2 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which is 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 2.19). The cost of self constructed assets includes the cost of materials, 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 capitalized 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 recognized 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 any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

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

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 4.1. 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.

The assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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

2.3 Intangible assets - Computer software

a) Acquired

These are stated at cost less accumulated amortization and impairment losses, if any.

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

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

Computer software and license cost treated as intangible assets are amortized from the date the software is put to use on a straight-line basis over a period of ranging from 4 to 5 years.

b) Internally generated

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

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

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

a) completion of the intangible asset is technically feasible so that it will be available for use or sale;

b) the Company intends to complete the intangible asset and use or sell it;

c) the Company has the ability to use or sell the intangible asset;

d) the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;

e) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) the expenditure attributable to the intangible asset during its development can be measured reliably.

2.4 Right-of-use assets and lease liabilities

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

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

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

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

The lease liabilities are subsequently measured at amortized cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the corresponding right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

2.5 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less cost to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2.6 Investments

Investment in subsidiary, associate and joint venture companies are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss and other comprehensive income.

2.7 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

2.8 Financial instruments

2.8.1 Financial assets

Classification, initial recognition and measurement
Financial assets are classified as financial assets at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The management determines the classification of financial assets at initial recognition 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 amortized 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 FVOCI 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 FVPL if it is not measured at amortized cost or at FVOCI.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment losses are recognized in the statement of profit or loss and other comprehensive income. Financial assets carried at FVOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (OCI). Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Derecognition

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

(Amounts in thousand)

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.8.2 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 FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When 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 recognized in the statement of profit or loss and other comprehensive income.

2.8.3 Offsetting of financial assets and liabilities

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 recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.9 Receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components in which case they are recognized at fair value and subsequently measured at amortized cost using effective interest method less loss allowance.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, balances with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts, if any.

2.11 Share capital

Ordinary shares are classified as equity and recognized 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.

2.12 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income as other income or finance costs.

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.

(Amounts in thousand)

2.13 Trade and other payables

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

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

2.14 Income tax

The tax expense for the year comprises current and deferred tax. Tax expense is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In which case tax expense is also recognized in other comprehensive income or directly in equity, respectively.

2.14.1 Current

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

2.14.2 Deferred

Deferred tax is recognized using the liability method on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences recognized to the extent it is probable that future taxable profits will be available against which these assets may be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2.15 Retirement and other employee benefit obligations

2.15.1 Defined contribution plans

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

The Company operates:

- a defined contribution provident fund for its permanent employees and permanent employees of its subsidiaries, associates and joint ventures (collectively referred to as Group companies). Monthly contributions are made both by the Company, other Group companies and employees to the fund at the rate of [illegible] of basic salary;
- a defined contribution pension fund for the benefit of its management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at rates ranging from [illegible] to [illegible] of basic salary; and
- a defined contribution gratuity fund for the benefit of management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at the rate of [illegible] of basic salary.

2.15.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a 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 years; that benefit is discounted to determine its present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Remeasurement gains and losses are recognized in other comprehensive income.

The Company operates a defined benefit unfunded gratuity scheme for its management employees.

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

2.15.3 Accumulating compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the year.

2.16 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.17 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is Company's functional currency. Foreign currency transactions are translated into 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 of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of profit or loss and other comprehensive income, except when such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset in which case such gains and losses are capitalized as part of the cost of that asset.

2.18 Revenue recognition

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

- Dividend income from investments is recognized when the Company's right to receive the payment has been established.
  Mark-up on deposits and other financial assets is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.
- Royalty income from subsidiary and associated companies is recognized on an accrual basis in accordance with the agreements entered into with.
  Gains and losses arising on sale of investments are included in the statement of profit or loss and other comprehensive income in the year in which they arise.
- Unrealized appreciation / (loss) on remeasurement of investments classified as financial assets at fair value through other comprehensive income are included in the other comprehensive income for the year in which they arise.

2.19 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs include exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

(Amounts in thousand)

2.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) in respect of 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.

2.21 Dividend and appropriation to reserves

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. The accounting estimates will, by definition, seldom equal the related actual results. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or 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 Impairment of investments in subsidiaries, associates and joint venture

In making estimates of future cash flows from investments in subsidiaries, associates and joint ventures, the management considers future dividend stream and an estimate of the terminal value of these investments, which are subject to change.

3.2 Income taxes

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also 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 depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 25.

4. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	(Rupees)	
Operating assets (note 4.1)	703,970	466,778
Capital work in progress (note 4.2)	67,053	104,606
	771,023	571,384

(Amounts in thousand)

4.1 Operating assets

	Furniture, fixture and equipment	Vehicles	Total
		(Rupees)	
As at January 1, 2020			
Cost	499,859	177,168	677,027
Accumulated depreciation	(217,242)	(83,961)	(301,203)
Net book value	282,617	93,207	375,824
Year ended December 31, 2020			
Opening net book value	282,617	93,207	375,824
Additions - transfers from capital work in progress (note 4.2)	34,555	178,561	213,116
Disposals / Write offs (note 4.4)			
Cost	-	(3,240)	(3,240)
Accumulated depreciation	-	138	138
	-	(3,102)	(3,102)
Depreciation charge (note 4.3)	(79,641)	(39,419)	(119,060)
Net book value	237,531	229,247	466,778
As at December 31, 2020			
Cost	534,414	352,489	886,903
Accumulated depreciation	(296,883)	(123,242)	(420,125)
Net book value	237,531	229,247	466,778
Year ended December 31, 2021			
Opening net book value	237,531	229,247	466,778
Additions - transfers from capital work in progress (note 4.2)	197,659	213,196	410,855
Disposals (note 4.4)			
Cost	(2,925)	(11,574)	(14,499)
Accumulated depreciation	2,596	4,852	7,448
	(329)	(6,722)	(7,051)
Depreciation charge (note 4.3)	(98,647)	(67,965)	(166,612)
Net book value	336,214	367,756	703,970
As at December 31, 2021			
Cost	729,148	554,111	1,283,259
Accumulated depreciation	(392,934)	(186,355)	(579,289)
Net book value	336,214	367,756	703,970
Annual rate of depreciation (%)	15 to 20	20 to 25	

(Amounts in thousand)

4.2 Capital work-in-progress

	Furniture, fixture and equipment	Advances to suppliers and others (note 4.5)	Total
	----------------(Rupees)----------------		
Year ended December 31, 2020			
Balance as at January 1, 2020	22,000	-	[illegible]
Additions during the year	65,622	250,318	[illegible]
Transferred to			
- operating assets (note 4.1)	[illegible]	[illegible]	[illegible]
- intangible assets (note 6)	-	[illegible]	[illegible]
Written off during the year	(11,945)	-	[illegible]
Balance as at December 31, 2020	41,092	80,214	[illegible]
Year ended December 31, 2021			
Balance as at January 1, 2021	41,092	80,214	124,805
Additions during the year	193,176	516,780	802,956
Transferred to			
- operating assets (note 4.1)	(187,830)	(213,193)	(430,565)
- intangible assets (note 6)	-	(129,354)	(129,354)
Balance as at December 31, 2021	32,638	34,444	87,083

4.3 Depreciation has been allocated to administrative expenses (note 22) and capital work-in-progress amounting to Rs. 182,427 (2020: Rs. 110,372) and Rs. 4,681 (2020: Rs. 498) respectively.

4.4 Details of the operating assets disposed off during the year are as follows:

Description of asset	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain	Mode of disposal	Particulars of Purchaser
	----------(Rupees)----------						
Vehicle	2,551	116	6,835	8,028	193	Buy Back Policy	Mr. [illegible] - employee
Vehicle	3,373	289	[illegible]	2,262	281	Buy Back Policy	Ms. [illegible] - employee
Vehicle	4,553	2,559	[illegible]	4,035	2,009	As per contract	Mr. [illegible]
Other operating assets (having net book value less than Rs. 500 each)	5,779	4,287	541	[illegible]	679		
December 31, 2021	15,493	7,249	7,651	15,514	3,283		
December 31, 2020	2,240	198	[illegible]	[illegible]	40		

(Amounts in thousand)

4.5 This mainly represents advance paid to suppliers for purchase of operating assets.

5 RIGHT-OF-USE ASSETS

	2021	2020
	------(Rupees)------	
As at January 1	515,010	[illegible]
Termination during the year	-	[illegible]
Depreciation charge (note 5.1)	(261,597)	[illegible]
As at December 31	253,413	[illegible]

5.1 Depreciation charged on right-of-use assets has been allocated to administrative expenses (note 22) and capital work-in-progress (note 4.2) amounting to Rs. 227,967 (2020: Rs. 253,304) and Rs. 23,630 (2020: Rs. 23,390) respectively.

6 INTANGIBLE ASSETS

Represent value of computer softwares which are amortized on a straight line basis over the period ranging from 3 to 5 years. Movement during the year is as follows:

	(Rupees)
As at January 1, 2020	
Cost	172,013
Accumulated amortization	(62,248)
Net book value	110,765
Year ended December 31, 2020	
Opening net book value	110,765
Additions - Transfers from capital work-in-progress (notes 4.2 and 6.1)	14,844
Amortization charge (note 22)	(28,799)
Net book value	95,810
As at January 1, 2021	
Cost	181,857
Accumulated amortization	(85,047)
Net book value	95,810
Year ended December 31, 2021	
Opening net book value	95,810
Additions - Transfers from capital work-in-progress (notes 4.2 and 6.1)	129,354
Amortization charge (note 22)	(31,278)
Net book value	194,686
As at December 31, 2021	
Cost	314,211
Accumulated amortization	(119,525)
Net book value	194,686

6.1 Includes Company's share of cost incurred in respect of One SAP project which is being amortized over a period of 5 years.

(Amounts in thousand)

7. LONG TERM INVESTMENTS

	2021	2020
	(Rupees)	
Subsidiary companies - at cost (note 7.1)	47,219,777	26,563,727
Less: Provision for impairment (note 7.1.1)	(3,900,442)	(3,900,442)
	43,319,335	22,663,285
Joint venture company - at cost		
Engro Vopak Terminal Limited		
45,000,000 (2020: 45,000,000) Ordinary shares of Rs. 10 each, equity held 50% (2020: 50%)	450,000	450,000
Associated company - at cost		
FrieslandCampina Engro Pakistan Limited		
306,075,948 (2020: 306,075,948) Ordinary shares of Rs. 10 each, equity held 39.9% (2020: 39.9%)	3,050,762	3,050,762
Others - at cost		
Arabian Sea Country Club Limited		
500,000 (2020: 500,000) Ordinary shares of Rs. 10 each, equity held 6% (2020: 6%)	5,000	5,000
	46,825,097	26,169,047

(Amounts in thousand)

7.1 Subsidiary companies

	2021		2020	
	Equity % held	Investment at cost (Rupees)	Equity % held	Investment at cost (Rupees)
Quoted				
Engro Fertilizers Limited				
751,370,337 (2020: 751,370,337) Ordinary shares of Rs. 10 each	56.27	7,519,935	56.27	7,519,935
Engro Polymer and Chemicals Limited				
510,733,741 (2020: 510,733,741) Ordinary shares of Rs. 10 each	56.19	6,635,519	56.19	6,635,519
Unquoted				
Engro Energy Limited (note 7.1.2)				
- 373,214,208 (2020: 373,475,000) Ordinary shares of Rs. 10 each	100	3,574,697	100	5,758,720
Advance against issuance of 22,303,808 (2020: Nil) Ordinary shares of Rs. 10 each	100	223,063	-	
		3,797,760		5,758,720
Engro Eximp Agriproducts (Private) Limited				
- 490,900,900 (2020: 490,900,900) Ordinary shares of Rs. 10 each	100	4,927,000	100	4,927,000
10,000,000 (2020: 10,000,000) Redeemable Preference shares of Rs.10 each	100	100,000	100	100,000
		5,027,000		5,027,000
Elengy Terminal Pakistan Limited				
112,426,721 (2020: 112,426,721) Ordinary shares of Rs. 10 each	56	1,124,268	56	1,124,268
Engro Infiniti (Private) Limited				
58,515,410 (2020: 58,616,543) Ordinary shares of Rs. 10 each	100	1,117,505	100	1,114,050
Engro Eximp FZE				
1 (2020: 1) Ordinary share of AED 250,000 each	100	1,972,505	100	1,972,505
Engro Connect (Private) Limited (note 7.1.3)				
1,988,500,000 (2020: Nil) Ordinary shares of Rs. 10 each	100	19,885,000	-	-
		47,219,777		26,563,727

(Amounts in thousand)

7.5.1 The movement in provision for impairment during the year is as follows:

	2021	2020
	------(Rupees)------	
Balance at beginning of the year	3,900,412	3,642,407
Provision recognised during the year	[illegible]	258,005
Balance at end of the year	3,900,412	3,900,412

7.5.2 Represents provision held against the Company's investment in Engro Eximp Agriproducts (Private) Limited and Engro Infiniti (Private) Limited amounting to Rs. 3,270,032 (2020: Rs. 3,270,032) and Rs. 630,000 (2020: Rs. 630,000) respectively.

7.5.3 During the year, the Company has made investment in Engro Energy Limited, a wholly owned subsidiary, through:

- Subscription of 52,756,065 right shares of Engro Energy Limited at a rate Rs.10 per share; and

  Payment of advance against subscription of 29,306,300 right shares at Rs. 10 each. Shares against this advance were issued subsequent to the year end.

7.5.4 Engro Connect (Private) Limited was incorporated in Pakistan under the Companies Act, 2017 as a wholly owned subsidiary of the Company. During the year the Company invested an amount of Rs. 19,825,000 against 1,982,500 shares at a rate Rs.10 per share. The main objective of Engro Connect (Private) Limited is to engage in buying, building, maintaining and operating telecommunication infrastructure and ancillary products and services.

	2021	2020
	------(Rupees)------	

8. LONG TERM LOANS AND ADVANCES - Considered good

	2021	2020
Long term loans and advances to executives		
and other employees (notes 8.1, 8.4 and 8.5)	44,529	82,710
Less: Current portion shown under current assets (note 10)	44,304	34,816
	225	47,894
Subordinated loan to subsidiary (notes 8.2 and 8.3)	363,929	389,598
	364,154	437,492

8.1 Reconciliation of the carrying amount of loans and advances to executives and other employees:

	2021	2020
Balance as at January 1	82,710	111,170
Add: Disbursements	78,959	63,303
Less: Repayments / Amortisation	(117,140)	(91,763)
Balance as at December 31	44,529	82,710

8.2 Represents subordinated loan availed by Engro Energy Limited, a wholly owned subsidiary company, pursuant to agreement entered into on December 28, 2018. The total facility available under the agreement amounts to US$ 12,400 (PKR equivalent). The loan carries mark-up at the rate of 6 months KIBOR plus 2.05% per annum payable on quarterly basis. The loan is repayable on December 28, 2023.

8.3 The maximum amount outstanding at the end of any month during the year ended December 31, 2021 from subsidiary aggregated to Rs. 380,929 (2020: Rs. 389,594).

8.4 The maximum amount outstanding at the end of any month during the year ended December 31, 2021 from executives aggregated to Rs. 81,141 (2020: Rs. 82,710).

8.5 Loans given to employees and executives are in accordance with the Company policy. Loans are interest free and repayable within a period of 1 to 5 years. Further, as at year-end, these include loans given to key management personnel aggregating to Rs. [illegible] (2020: Rs. 7,495).

8.6 The carrying values of the loans and advances are neither past due nor impaired.

	2021	2020
	------(Rupees)------	

9. DEFERRED TAXATION

	2021	2020
Debit / (Credit) balances arising on account of:		
- Expected credit loss and other provisions	12,800	1,455
- provisions	42,498	-
- right-of-use of asset	(57,755)	(57,910)
- lease liabilities	75,077	70,528
- provision for retirement benefits	[illegible]	5,101
	72,887	19,518

10. LOANS, ADVANCES AND PREPAYMENTS

	2021	2020
Loans and advances - considered good		
Current portion of long term loans and advances to executives and other employees (note 8)	44,304	34,816
Loan to subsidiary companies (note 10.1)	10,527,611	16,048,323
	10,571,915	16,083,139
Less: Provision for impairment (note 10.4)	(26,300)	(20,000)
	10,545,615	16,063,139
Advances	[illegible]	[illegible]
Deposits and prepayments	500,460	480,303
	11,048,072	16,561,022

10.1 This includes accrued interest amounting to Rs. 522,611 (2020: Rs. 898,323). Disbursements / repayments of loan during the year are as follows:

- Loan amounting to Rs. 3,350,000 was further disbursed to Engro Infiniti (Private) Limited, a wholly owned subsidiary company, pursuant to agreement entered into on June 26, 2019. The loan carries mark-up at the rate of 6 months KIBOR plus 0.2%. Out of the outstanding balance, Rs. 12,350,000 was repaid during the year. The balance outstanding as at December 31, 2021 aggregated to Rs. 130,000 (2020: Rs. 9,130,000);

- Loan amounting to Rs. 7,500,000 was further disbursed to Engro Fertilizers Limited, a wholly owned subsidiary company, pursuant to agreement entered into on October 13, 2021. The loan carries mark-up at the rate of 6 months KIBOR plus 0.2%. Out of the outstanding balance, Rs. 7,500,000 was repaid during the year. The balance outstanding as at December 31, 2021 aggregated to Rs. 6,020,000 (2020: Rs. 7,000,000);

- Loan amounting to Rs. 3,000,000 was availed by Engro Powergen Qadirpur Limited, an indirect subsidiary, pursuant to agreement entered into on June 09, 2021. The loan carries mark-up at the rate of 6 months KIBOR plus 0.2%. Entire amount was repaid during the year; and

- Loan amounting to Rs. 700,000 was availed by Engro Connect (Private) Limited, a wholly owned subsidiary company, pursuant to agreement entered into on September 22, 2021. The loan carries mark-up at the rate of 6 months KIBOR plus 0.2%. Entire amount was repaid during the year.

(Amounts in thousand)

10.1 In addition to the above, an amount of Rs. 4,975,000 (2020: Rs. 4,975,000) is outstanding against Engro Energy Limited. The loan carries mark-up at the rate of 3 month KIBOR plus 0.1%.

10.2 The maximum amount outstanding at the end of any month during the year ended December 31, 2021 from subsidiary companies aggregated to Rs. 19,002,257 (2020: Rs. [illegible]).

10.3 The carrying values of the loans and advances are neither past due nor impaired.

10.4 The movement in provision for impairment during the year is as follows:

	2021	2020
	(Rupees)	
Balance at beginning of the year	40,000	-
Provision (reversed) / recognized during the year	(13,691)	40,000
Balance at end of the year	26,309	40,000

(Amounts in thousand)

	2021	2020
	(Rupees)	
11. RECEIVABLES		
Considered good		
Due from:		
Direct / indirect subsidiary companies		
- Engro Energy Limited	196,401	-
- Engro Connect (Private) Limited	23,592	-
- Engro Fertilizers Limited	40,273	3,795,235
- Engro Elengy Terminal (Private) Limited	38,008	[illegible]
- Engro Infiniti (Private) Limited	34,529	[illegible]
- Engro Powergen Thar (Private) Limited	32,842	5,964
- Engro Powergen Qadirpur Limited	90,376	10,405
- Engro Power Investments International B.V.	25,034	10,018
- Engro Eximp Agriproducts (Private) Limited	11,633	2,380
- Thar Foundation	6,048	3,592
- Engro Enfrashare (Private) Limited	2,922	-
- Engro Eximp Agritrade (Private) Limited	2,101	875
- Engro Peroxide (Private) Limited	550	567
- Engro Energy Services Limited	358	1,604
- Think PVC (Private) Limited	50	60
- Kolachi Portgen (Private) Limited	37	154
- Engro Plasticizer (Private) Limited	24	467
- Engro Polymer and Chemicals Limited	[illegible]	32,114
- Engro Power Services Limited	[illegible]	30
Joint venture		
- Engro Vopak Terminal Limited	37,714	29,509
Associated companies		
- FrieslandCampina Engro Pakistan Limited	40,754	1,218
- Sindh Engro Coal Mining Company Limited	14,870	6,161
- Thar Power Company Limited	1,810	-
	655,076	3,987,707
- Engro Foundation	160	1
- Retirement benefit funds	64,000	29,872
- Others	55,262	30,656
Considered doubtful		
Due from:		
- FrieslandCampina Pakistan Holdings B.V.	143,365	140,336
- Financial advisors	45,953	40,000
Less: Provision against doubtful receivables	(189,318)	(180,336)
	-	-
	784,308	4,048,276

(Amounts in thousand)

11.1 The maximum amount due from related parties at the end of any month during the year aggregated to Rs. 553,037 (2020: Rs. 6,897,707).

11.2 As at December 31, 2021 receivables from related parties aggregating to Rs. [illegible] (2020: Rs. [illegible]) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2021	2020
	(Rupees)	
Upto 3 months	258,722	35,219
3 to 6 months	19,455	40,803
More than 6 months	70,738	38,692
	353,835	114,714

	2021	2020
	(Rupees)	
12. SHORT TERM INVESTMENTS		
Fair value through other comprehensive income		
- Treasury bills	-	14,092,722
- Pakistan Investment Bonds	-	12,429,684
	-	26,522,406
Fair value through profit or loss		
- Mutual fund units (note 12.1)	950	13,807,637
Amortised cost		
- Pakistan Investment Bonds (note 12.2)	5,642,743	-
- Fixed income placements (note 12.3)	34,604,144	7,510,037
	40,246,287	7,510,037
	40,247,237	47,840,080

12.1 The details of investment in mutual fund are as follows:

	Number of units	Rupees
ABL Cash Fund	90,020	950

12.2 Pakistan Investment Bonds carry yield of 11.36% and will mature by September 19, 2022.

12.3 These represent placements with banks and carries interest at rates ranging from 8.85% to 12.55% per annum and will mature by January 20, 2022.

	2021	2020
	(Rupees)	
13. CASH AND BANK BALANCES		
Cash at banks		
in saving accounts		
- local currency (note 13.1)	448,382	633,581
- foreign currency (note 13.2)	973	727
in current accounts	405,267	1,686
	854,622	635,994
Cash in hand	702	700
	855,324	637,094

13.1 These carry return ranging from 5.5% to 8.25% (2020: 5.5% to 11.25%) per annum.

13.2 These are denominated in foreign currency bank balances and carry profit at rates ranging from 0.04% to 4.22% (2020: 2.05% to 4.18%) per annum.

14. SHARE CAPITAL

14.1 Authorised Capital

2021	2020		2021	2020
(No. of Shares)			(Rupees)	
700,000,000	700,000,000	Ordinary shares of Rs. 10 each	7,000,000	7,000,000

14.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
(No. of Shares)			(Rupees)	
197,829,503	197,059,003	Ordinary shares of Rs. 10 each fully paid in cash	1,978,295	1,970,590
379,293,427	379,293,427	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	3,792,934	3,792,934
577,122,930	576,352,430		5,771,229	5,763,524

14.3 As at December 31, 2021 the Parent Company and associated companies held 214,469,810 and 39,006,575 (2020: 214,469,810 and 39,006,575) ordinary shares in the Company, respectively.

	2021	2020
	(Rupees)	
15. LEASE LIABILITIES		
Balance at beginning of the year	629,931	1,024,460
Additions in leases	-	90,616
Derecognition of liability	-	(241,879)
Add: Finance cost (note 29)	63,252	54,510
Less: Lease rentals paid	(305,879)	(253,028)
Less: Rent concession on lease liability	(24,200)	(44,754)
	273,218	629,931
Less: Current portion shown under current liabilities	(255,576)	(272,221)
Balance at the end of the year	17,642	357,710

(Amounts in thousand)

16. TRADE AND OTHER PAYABLES

	2021	2020
	(Rupees)	
Creditors (note 16.1)	220,230	205,134
Accrued liabilities	1,036,916	2,291,039
Withholding tax payable	49,376	779,236
Payable to:		
- FrieslandCampina Pakistan Holdings B.V. (note 16.2)	782,753	417,228
- Engro Eximp FZE	371,781	260,136
- Dawood Hercules Corporation Limited	197,074	79,187
- Engro Polymer and Chemicals Limited	50,452	-
- Engro Digital Limited	20,517	59,720
- Engro Energy Limited	-	25,841
- Engro Connect (Private) Limited	-	3,213
- Energy Terminal Pakistan Limited	-	15,658
- Defined contribution gratuity fund	-	8,934
- Defined benefit gratuity fund - non management employees	-	391
Current portion of retirement and other service benefit obligations (note 16.3)	76,200	71,517
Others	73,505	34,327
	1,940,491	4,265,183

16.1 Includes creditors amounting to Rs. 2,357 (2020: Rs. 13,632).

16.2 Includes amount recognised in respect of sales tax receivables of FrieslandCampina Engro Pakistan Limited, which was previously explained in note 24.4.

16.3 Includes liability towards defined benefit gratuity fund amounting to Rs. [illegible] (2020: Rs. [illegible]).

17. BORROWINGS - Secured

The facilities for short term running finance arranged from various banks amount to Rs. 1,500,000 (2020: Rs. 1,500,000). The facilities are primarily secured against ranking floating charge over all present and future book debts, receivables and other current assets (excluding investments) of the Company. Additionally, the facilities are also secured through a pledge over shares of Engro Fertilizers Limited and FrieslandCampina Engro Pakistan Limited, as well as through Pakistan Investment Bonds. The rate of mark-up on these finances ranges from one month KIBOR plus 0.5% per annum to one month KIBOR plus 1% per annum (2020: one month KIBOR plus 0.5% per annum to one month KIBOR plus 1% per annum). As at December 31, 2021, the unavailed facility amounted to Rs. 1,500,000.

(Amounts in thousand)

18. UNCLAIMED DIVIDENDS

Includes unclaimed dividend amounting to Rs. 225,932 (2020: Rs. 237,326) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Act, subject to fulfilment / clarification on certain procedures specified in the Act.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 Following are the details of securities pledged by the Company in favour of Engro Energy Limited (EEL):

- Standby Letter of Credit (Equity SBLC) has been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 6,630 (2020: US Dollars 6,655) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company (i.e. SECMC). Equity SBLC will expire on earlier of (i) June 30, 2023; or (ii) fulfilment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Company by pledging Pakistan Investment Bonds.

- Standby Letter of Credit (Put Option SBLC) has been provided by EEL, a subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (2020: US Dollars 21,070) in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2026 or (ii) fulfilment of sponsor obligations pursuant to Put Option SSA. These guarantees were secured by the Company by pledging Treasury Bills amounting to Rs. 4,291,000. During the year, these Treasury Bills were released and shares of Engro Fertilizers Limited (EFERT) and FrieslandCampina Engro Pakistan Limited (FCEPL) in quantities of 278,612 and 3,002,293 respectively were pledged against this facility.

19.1.2 Engro Energy Terminal Pakistan Limited has issued SBLCs amounting to US Dollars 22,500 (2020: US Dollars 22,500). This has been secured by the Company by pledging Pakistan Investment Bonds.

19.1.3 The Company, as Sponsor Support, has permitted a bank to create ranking charge over receivables of the Company against the Stand By Letter of Credit (SBLC) facility amounting to US Dollars 4,673 and Rs. 413,049 granted to Engro Energy Terminal (Private) Limited.

19.1.4 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan, imposing a penalty of Rs. 52,233 in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Company is required to reimburse 51% of the amount, together with all reasonable cost and expenses to FCP in case any such penalty materializes. The Company, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal, and accordingly, no provision has been recognized in these financial statements in this respect.

19.1.5 In the year 2016, the Company entered into a Share Purchase Agreement (SPA) with FCP for the sale of 47.5% of the total issued shares of FCEPL. In accordance with the terms of the SPA, the Company is required to pay to FCP an amount equivalent to 47.5% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses incurred, in case any tax contingency materializes. The Company, based on the opinion of FCEPL's tax and legal advisors, is confident of favourable outcome in respect of various tax matters being contested by FCEPL and accordingly no provision has been recognized in these financial statements in this respect.

(Amounts in thousand)

19.1.3 For tax related matters refer note 26.

	2021	2020
	(Rupees)	
19.2 Commitments		
19.2.1 Commitments in respect of capital expenditure	290,190	116,167

20. DIVIDEND INCOME

Subsidiary companies:		
- Engro Fertilizers Limited	5,545,297	5,261,433
- Engro Energy Limited	[illegible]	2,050,000
- Elengy Terminal Pakistan Limited	415,792	2,044,094
- Engro Polymer and Chemicals Limited	3,139,576	109,347
- Engro Eximp FZE	27,496	64,027
Joint venture:		
- Engro Vopak Terminal Limited	1,155,000	1,105,000
	10,999,465	15,305,529

21. ROYALTY INCOME

The Company has granted Engro Fertilizers Limited, a subsidiary company, the right to use trademarks and copyrights of the Company for marketing of fertilizer products under a licensing agreement effective January 1, 2010.

22. ADMINISTRATIVE EXPENSES

	2021	2020
	(Rupees)	
Salaries, wages and staff welfare (notes 22.1 and 22.2)	1,356,576	1,270,140
Staff recruitment, training and safety	143,270	57,213
Purchased services	72,573	70,011
Repairs and maintenance	4,979	1,103
Advertising, promotion and corporate branding	222,136	163,222
Rent, rates and taxes	157,547	76,021
Communication, stationery and other office expenses	172,206	184,044
Travelling	84,136	79,472
Depreciation (note 4.3)	152,427	115,372
Depreciation on right-of-use assets (notes 5 and 22.3)	93,779	131,210
Amortization (note 6)	31,478	28,133
Directors' fees, remuneration and travelling	219,606	313,184
	2,730,030	2,443,189

22.1 Salaries, wages and other staff welfare is net of recoveries from subsidiaries amounting to Rs. 1,538,773 (2020: Rs. 986,721) in accordance with the expense sharing agreements.

22.2 Includes Rs.186,297 (2020: Rs. 163,456) in respect of staff retirement benefits.

22.3 Depreciation on right-of-use assets is net of recoveries from subsidiaries amounting to Rs. 113,105 (2020: Rs. 122,280) in respect of their share in rent of office premises.

22.4 The expenses above are net of recoveries from subsidiaries amounting to Rs. 623,024 (2020: Rs. 410,035) in accordance with the expense sharing agreements.

23. OTHER INCOME

	2021	2020
	(Rupees)	
Financial assets		
Income on:		
[illegible] deposits	1,252,646	391,874
Subordinated loans to subsidiary companies	239,709	1,007,355
Mutual funds	350,215	2,119,396
Government securities	2,594,279	2,057,940
	4,446,777	5,590,757
Non-financial assets		
Service charges (note 23.1)	[illegible]	10,592
Gain on disposal of property, plant and equipment (note 4.1)	3,263	43
Others (note 23.2)	298,733	347,955
	4,747,773	7,045,647

23.1 Represent service charges recovered against corporate guarantees provided by the Company on behalf of subsidiary company.

23.2 Represents income received under Emission Reduction Purchase Agreement with Holt Global Group International AG [illegible] entered into on January 24, 2020 for the sale of certified Emission Reductions (CERs).

24. OTHER OPERATING EXPENSES

	2021	2020
	(Rupees)	
Auditors' remuneration (note 24.1)	24,503	35,744
Write-off of property, plant and equipment	[illegible]	11,345
Legal and professional charges	526,205	413,172
Donations (note 27)	22,480	305,307
Human resource development (note 24.2)	155,327	197,425
Research and business development (note 24.3)	1,541,030	543,574
Provision for impairment on long term investments (note 4.1)	[illegible]	255,005
(Reversal)/ provision for impairment on loan (note 10.4)	(13,654)	40,000
Others (note 24.4)	273,030	244,414
	2,430,330	2,485,495

(Amounts in thousand)

24.1 Auditors' remuneration

	2021	2020
	(Rupees)	
Fee for:		
- audit of annual financial statements	750	680
- review of half yearly financial statements	393	359
- review of statement of compliance with Code of Corporate Governance	75	70
Certifications, audit of provident fund and advisory / assurance services	14,852	13,041
Taxation services	7,952	24,261
Reimbursement of expenses	249	332
	24,309	38,774

24.2 Represents professional consultancy charges incurred under an agreement for the development of human resource strategies and the Engro Leadership Academy.

24.3 This includes an amount of Rs. 1,422,[illegible] (2020: Nil) incurred in connection with proposed dehydrogenation and polypropylene project.

24.4 Under the Share Purchase Agreement (SPA) with FCP, the Company is required to pay FCP an amount equal to 51% of the sales tax receivable of FOEPL, an associated company, recognized in the financial years 2014 to 2016, if it is not recovered by FOEPL within 5 years after its recognition. Accordingly, on prudence basis, the Company has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FOEPL being sales tax not recovered till December 31, 2021.

25. FINANCE COST

	2021	2020
	(Rupees)	
Interest / mark-up on borrowings - Shariah compliant finance	-	3,210
Interest on lease liability (note 25.1)	25,900	40,031
Others	24,849	15,172
	50,825	58,059

25.1 Interest expense is net of recoveries from subsidiaries amounting to Rs. 50,352 (2020: Rs. 42,641) in respect of their share in rent of office premises.

(Amounts in thousand)

26. TAXATION

	2021	2020
	(Rupees)	
Current		
- for the year	3,421,650	758,767
- for prior years (note 26.1)	(1,642,323)	(353,501)
	1,779,327	405,266
Deferred	(54,398)	(1,036)
	1,724,929	404,230

26.1 Through Finance Act 2015, levy of Super Tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 was introduced for tax year 2015. The said levy was extended and made applicable on succeeding years via subsequent Finance Acts up to financial year ended December 31, 2018 i.e. tax year 2019, through Finance Supplementary Act, 2019 the levy of Super Tax is prescribed at zero percent from financial year ended December 31, 2019 onwards for companies other than banking companies.

In 2020, the petition filed by the Company along with other taxpayers against the imposition of Super Tax in the High Court of Sindh (HCS) was decided vide decision dated July 21, 2020. The Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the HCS in the Supreme Court of Pakistan (SCP). Consequent to the High Court judgement, the tax authorities issued notices to the Company and subsequently passed orders for recovery of Super Tax for tax years 2017 and 2018 with total tax demand of Rs 2,241,700. Appeal was filed against these orders with the Commissioner Inland Revenue (Appeals) [CIR (Appeals)] on certain contentious and factual grounds. The CIR (Appeals) has decided all appeals against the Company and maintained the levy of Super Tax considering the HCS judgement. The Company has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending to be heard.

In November 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Company) subject to their depositing 50% of the impugned outstanding tax amount.

During the year, the Company's management has reassessed its prior tax provisions including provision in respect of Super Tax based on the finalization of its income tax assessments of tax year 2017 by the income tax department. Upon such assessment, the Company's management has recognized reversal of tax provision amounting to Rs. 1,342,262 in these financial statements. Adequate provision for super tax is maintained for all assessments which have not been finalized to date.

26.2 In 2016, an amendment was introduced in the Income Tax Ordinance 2001 (the Ordinance) via the Finance Act, 2016 imposing tax on Inter Corporate Dividends (ICD) which were previously exempt to companies designated as a Group under section 59B of the Ordinance. Subsequently, the exemption on ICD was restored through amendment in the Ordinance vide Tax Laws (Second Amendment) Ordinance, 2019 (the Amendment Ordinance). However, in respect of the dividends received before the said amendment, the Company had challenged the imposition of tax on ICD in the HCS and has been granted a stay in this respect.

In 2020, the Amendment Ordinance was laid down before the Parliament and enacted as Tax Laws (Amendment) Act 2020 (the 2020 Act). The 2020 Act retained the exemption on ICD restored by the Amendment Ordinance, however, the provision granting exemption from application of withholding tax on ICD, as previously enacted by Finance Act 2016, was not restored. However, in respect of the ICD received by the Company from its subsidiaries during the year, the Company obtained stay from the High Court against deduction of withholding of tax.

Moreover, during the year, the exemption of income tax on IOD was again withdrawn via Tax Laws (Second Amendment) Ordinance, 2021 in March 2021 and subsequently by Finance Act 2021. The Company has again challenged the amendment before High Court and stay has been granted in this respect. The management, on prudent basis, has recognized tax charge of Rs [illegible] in these financial statements pertaining to periods during which exemption of income tax on IOD remained withdrawn.

25.3 Following is the position of the Company's open tax assessments:

25.3.1 In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs. 216,790 and raised a demand of Rs. 159,575, whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit has [illegible] allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed an appeal with the Commissioner Inland Revenue (CIR) - Appeals who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of financial cost expenses against interest income, thereby reducing the income tax liability to Rs. [illegible] and revised the demand to Rs. 104,976. The Company paid Rs. 23,263 [illegible] and simultaneously also filed an appeal against the CIR - Appeals decision with Appellate Tribunal Inland Revenue (ATIR) which granted a stay to the Company. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officer for de novo proceedings, thereby accepting the Company's contention. The income tax department, in response to an order against [illegible] filed an appeal with ATIR, which remains pending since 2015.

In 2017, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Company filed an appeal against the said order with CIR - Appeals, who based on ATIR's order for tax year 2011, has remanded back the order to assessing officer for de novo proceedings.

During 2015, in respect of pending tax assessments for tax years 2013 and tax year 2014, the Company received notices of demand amounting to Rs. 105,955 and Rs. 259,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed appeals there against with the CIR - Appeals and also obtained stays from the [illegible] from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of both tax years, the CIR - Appeals accepted the Company's position and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR - Appeals for both tax years, which were subsequently dismissed. In 2017, the Company has reversed excess provision of Rs. 180,593 in respect of tax years 2011 and 2013 consequent to de novo proceedings after which the amended orders were passed in respect of the aforementioned tax years, wherein the Commissioner has maintained the classification of income from interest on bank deposits and from subordinated loans as 'Income from other sources'. In response, the Company has filed an appeal challenging this contention and the Company is confident of favourable decision based on earlier ATIR judgment. The CIR - Appeals has passed the order dated January 15, 2019 for both the years in relation to company's appeal and has again remanded the matter to the assessing officer for de novo proceedings.

During 2020, the Company received appeal effect orders both dated June 29, 2020 along with notices of demand amounting to Rs. 75,030 and Rs. [illegible] respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as 'Income from other sources'. The Company has again challenged these orders before CIR - Appeals and the matter has been heard and the order is awaited. The Company, based on the advice of its tax consultant, is confident of a favourable decision based on earlier ATIR judgement.

25.3.2 During 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs. 158,430, whereby the Additional Commissioner Inland Revenue (ACIR) - Audit has levied tax on inter-corporate dividends, Super Tax including on exempt income, the effects of classification of interest income as 'Income from Other Sources', tax credit not allowing the adjustment of minimum tax paid under section 113 of the Ordinance. In the year 2018, the CIR - Appeals vide order dated May 3, 2018 has maintained the matter relating to taxation of intercorporate dividend, Super Tax under section 4B, the classification of the interest income and carry forward of minimum tax for adjustment whereas the rest [illegible] matters including the levy of Super Tax on exempt income was remanded back. The Company has preferred appeal before ATIR on all issues adjudicated against it.

The Company, based on advice of its tax consultant, is confident that these matters will be decided in favour of the Company. However, on prudence, the Company has recorded provision against Super Tax.

25.3.3 In 2017, the ACIR through order dated June 13, 2017 amended the return for the tax year 2016 creating tax demand of Rs. 1,570,[illegible] mainly on account of tax levied on inter-corporate dividend, Super Tax including on exempt income and disallowance on account of allocation of expenses to dividend and capital gains and [illegible] minimum tax paid under section 113 of the Ordinance. The CIR - Appeals while disposing off the Company's appeal maintained the order of ACIR in respect of certain tax issues which were further contested before the ATIR. During 2019, the ATIR in its order dated July 31, 2019 has annulled the order of ACIR and validated the exemption on intercorporate dividend as well as the non-applicability of Super Tax on such exempt income, whereas the issue relating to the levy of Super Tax under section 4B and the carry forward of minimum tax has been linked to the pending decisions of the HCS (where the matter is separately being contested by the Company) and the carry forward under section 113(2)(c) has been linked to the decision of the Supreme Court in the case of another taxpayer.

Against the order dated June 13, 2017 the Company has filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs. 1,084,733. Through the said order, the ACIR accepted the Company's contention relating to various matters except the issue of allocation of expenses to capital gains. The Company contested the said order in appeal before the CIR - Appeals who has maintained the order of ACIR through order dated December 18, 2018. The Company filed an appeal before the ATIR against the CIR - Appeals order.

In 2020, the Company received appeal effect order dated November 23, 2020 issued by the ACIR giving effect to the findings of appellate orders of CIR - Appeals and ATIR by deleting the tax levied on inter-corporate dividends and Super Tax on exempt income which resulted in reduced demand of Rs. [illegible]48,057. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in Company's favour as 'Income from Business'. Further appeal filed before the CIR - Appeals has been heard and an order is awaited.

In addition to above, the ACIR issued a further amendment order dated November 24, 2020 for the same tax year and determined additional income tax liability of Rs 21,009 on account of capital gain tax on debt securities. The same has been discharged by the Company.

25.3.4 In 2020, the ACIR - Audit through order dated December 22, 2020 amended the return for the tax year 2017 by creating tax demand of Rs. 4,355,179 mainly on account of tax levied on undistributed profits under section 5A and Super Tax under section 4B. The Company has obtained stay from HCS against the levy of tax on undistributed profits, therefore the said demand is not recoverable by the tax department. As also confirmed by tax consultants, the HCS vide order dated April [illegible], 2021 disposed of the petitions filed by various taxpayers including the company declaring section 5A as ultra vires to the Constitution. As a normal recourse, the Company filed appeal against the order of ACIR before the CIR - Appeals and is pending to be heard. The Company, based on the advice of its legal and tax consultants, is confident that chances of ultimate success are good. Hence, no provision has been made in this respect.

(Amounts in thousand)

26.4 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 tax	20,241,461	17,108,908
Tax calculated at the rate of 29% (2020: 29%)	[illegible],870,027	4,961,584
Effect of applicability of different tax rate on:		
- Dividend	(2,061,725)	(302,564)
- Capital gain	2,607	131,180
Profit on debt	129,325	
Exempt income	-	(3,724,504)
Tax credits	26,761	-
Prior year tax charge reversed	(1,842,232)	(340,507)
Others	628	23,418
Tax charge for the year	1,725,630	707,380

27. EARNINGS PER SHARE

As at December 31, there is no dilutive effect on the basic earnings per share of the Company. Earnings per share is based on following:

	2021	2020
	----(Rupees)----	
Profit for the year	18,516,153	16,501,478
	(Number of shares)	
Weighted average number of ordinary shares (in thousand)	578,363	575,133
	----(Rupees)----	
Earning per share - basic and diluted	32.14	28.79

(Amounts in thousand)

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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 Officer	Others		Chief Executive Officer	Others	
	----(Rupees)----					
Managerial remuneration including bonus	78,435	-	2,175,248	127,923	-	1,638,418
Retirement benefits funds	-	-	103,307		-	130,677
Fees	-	103,458	-		133,597	
Other benefits	-	-	20,556	2	-	13,088
Total	178,445	103,458	2,353,181	127,925	140,217	1,870,103
Number of persons including those who worked part of the year	1	10	254	1	10	211

28.1 The Company also provides household items for use of some employees and Chief Executive Officer. Cars are also provided for use of certain employees and directors. In addition, directors of the Company are also entitled for traveling benefits in respect of which Rs. 86,084 (2020: Rs. 177,457) have been incurred.

28.2 Premium charged during the year in respect of directors indemnity insurance policy purchased by the Company amounts to Rs. 261 (2020: Rs. 230).

28.3 The above remuneration of executives is stated before accounting for the impact of recoveries from subsidiaries in accordance with the expense sharing agreements.

29. RETIREMENT BENEFITS

29.1 Defined benefit gratuity plan

The Company faces the following risks on account of its gratuity plan:

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

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 year Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

(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 investment.

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

In addition to above, the gratuity plan exposes the Company to longevity risk i.e. the members survive longer than the expectation used in determining the obligation.

29.2 Valuation results

The latest actuarial valuation of the defined benefit gratuity plan was carried out as at December 31, 2021, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	Defined Benefit Gratuity Plan 2021	Defined Benefit Gratuity Plan 2020
	(Rupees)	
29.2.1 Statement of financial position reconciliation		
Present value of defined benefit obligation (note 29.2.3)	61,533	55,538
Fair value of plan assets (note 29.2.4)	(12,398)	(14,858)
Deficit	49,135	40,228
Payable to defined contribution fund	-	974
Net liability recognised in the statement of financial position (note 15.3)	49,135	41,202
29.2.2 Movement in net liability recognised		
Net liability at beginning of the year	41,202	40,409
Charge for the year (note 29.2.5)	5,337	7,320
Payments made to outgoing members	(374)	-
Remeasurement (gain) / loss recognised in other comprehensive income (note 29.2.7)	2,970	(9,034)
Net liability at end of the year	49,135	41,202
29.2.3 Movement in present value of defined benefit obligation		
As at beginning of the year	55,538	58,595
Current service cost (note 29.2.5)	2,004	2,730
Interest cost	4,585	6,601
Remeasurement (gain) / loss recognized in other comprehensive income	2,926	(11,048)
Benefits paid during the year	(3,520)	(1,021)
As at end of the year	61,533	55,538

(Amounts in thousand)

	Defined Benefit Gratuity Plan 2021	Defined Benefit Gratuity Plan 2020
	(Rupees)	
29.2.4 Movement in fair value of plan assets		
As at beginning of the year	14,858	16,858
Expected return on plan assets	1,252	2,011
Benefits paid during the year	(3,630)	(1,021)
Remeasurement loss recognised in other comprehensive income (note 29.2.7)	(44)	(2,010)
As at end of the year	12,398	14,858
29.2.5 Charge for the year recognised in the statement of profit or loss and other comprehensive income		
Current service cost	2,004	2,730
Net interest cost	3,333	4,590
	5,337	7,320
29.2.6 Actual return on plan assets	1,208	(16)
29.2.7 Remeasurements recognised in other comprehensive income		
Loss / (Gain) from changes in experience adjustments	2,926	(11,048)
Actual return on plan assets	(1,208)	(16)
Expected return on plan assets	1,252	2,011
Difference in opening fair value of plan assets	-	22
	44	2,014
	2,970	(9,034)
Tax impact at 29% (2020: 29%)	(861)	2,619
Decrease / (increase) in retirement benefit obligation - net of tax	2,109	(6,415)
	%	
29.2.8 Principal actuarial assumptions used in the actuarial valuation		
Discount rate	11.75	9.50
Expected per annum rate of return on plan assets	11.75	9.50
Expected per annum rate of increase in future salaries	11.75	9.50

(Amounts in thousand)

29.28 Plan assets comprise of the following

	2021		2020	
	Rupees	(%)	Rupees	(%)
Fixed income instruments	8,535	72	10,843	73
Equity instruments	3,097	25	3,604	24
Others (including cash)	579	3	391	3
	12,395	100	14,838	100

29.29 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.

29.30 Historical information

	2021	2020	2019	2018	2017
	(Rupees)				
Present value of defined benefit obligation	(61,531)	[illegible]	(59,878)	(70,737)	[illegible]
Fair value of plan assets	12,396	14,838	15,856	51,224	[illegible]
Payable to Defined contribution gratuity fund		(371)	(374)	(374)	(374)
Deficit	(49,135)	[illegible]	(44,406)	(22,932)	(13,045)

29.31 Expected return cost for the year ending December 31, 2022 is Rs. [illegible].

	Defined Benefit Gratuity Plan	
	2021	2020
	(Rupees)	
29.32 Demographic assumptions		
Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Heavy	Heavy

(Amounts in thousand)

29.34 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in Assumption	Decrease in Assumption
	(Rupees)	
Discount rate	60,250	52,827
Long term salary increases	[illegible]	30,274

29.35 Maturity profile

Time in years	Defined Benefit Gratuity Plan (Rupees)
1	381
2	33,871
3	[illegible]
4	305
5-10	[illegible]
11-15	[illegible]
16-20	-
Weighted average duration (years)	2.63

29.36 Defined contribution plans

An amount of Rs. 207,665 (2020: Rs. 58,824) has been charged during the year in respect of defined contribution plans maintained by the Company.

30. CASH UTILISED IN OPERATIONS

	2021	2020
	(Rupees)	
Profit before taxation	20,241,451	17,108,808
Adjustment for non-cash charges and other items:		
Depreciation (note 22)	[illegible]	10,372
Amortization (note 22)	[illegible]	25,130
Depreciation on right-of-use assets (note 23)	114,772	[illegible]
Rent concession on lease liability	(54,203)	[illegible]
Gain on termination of lease	-	(16,465)
Gain on disposal of property, plant and equipment (note 28)	(3,233)	[illegible]
Write-off of property, plant and equipment (note 24)	-	[illegible]
Income on bank deposits and other financial assets (note 28)	(4,346,777)	[illegible]
Dividend income	(19,329,453)	[illegible]
Royalty income	(1,254,241)	[illegible]
Finance cost	50,823	[illegible]
Provision for retirement and other service benefits	59,350	[illegible]
Provision for impairment on long term investments (note 24)	-	209,095
(Reversal) / Provision for impairment on loan (note 24)	(12,624)	40,000
Working capital changes (note 30.1)	352,451	2,368,787
	(4,148,930)	[illegible]

(Amounts in thousand)

	2021	2020
	----- (Rupees) -----	
[illegible] Working capital changes		
(Increase) / decrease in current assets		
- Loans, advances, deposits and prepayments	(792)	[illegible]0,427
- Other receivables (net)	(227,548)	37,5[illegible]
	(228,340)	156,908
Increase in current liabilities		
Trade and other payables (including other service providers)	575,796	2,207,179
	352,456	2,[illegible]
[illegible] CASH AND CASH EQUIVALENTS		
Short term investments (note 12)	40,246,257	19,2[illegible]
Cash and bank balances (note 1[illegible])	855,823	597,064
	41,101,810	19,870,[illegible]
[illegible] FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets		
- Financial assets measured at amortized cost		
Long term loans and advances	291,154	40[illegible]
Loans and advances	10,846,636	10,072,109
Receivables	725,501	1,025,404
Short term investments	40,246,257	[illegible]
Cash and bank balances	855,823	597,064
	53,065,871	20,75[illegible]
- Financial assets measured at fair value through other comprehensive income		
Treasury bills	-	14,00[illegible]
Pakistan Investment Bonds	-	12,499,[illegible]
	-	26,5[illegible]
- Financial assets measured at fair value through profit or loss		
Mutual fund units	850	13,[illegible]
Financial liabilities		
- Financial liabilities measured at amortized cost		
Lease liabilities	556,746	629,95[illegible]
Trade and other payables	4,714,255	3,427,475
Unclaimed dividends	241,639	2[illegible]
	5,512,640	4,[illegible]

(Amounts in thousand)

[illegible]. FINANCIAL RISK MANAGEMENT

[illegible] 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 programme 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 Senior Management.

(a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk primarily with respect to receivables and payables that are denominated in currency other than Pakistan Rupee.

As at December 31, 2021, if Pakistan Rupee appreciated / depreciated by 1% against USD with all other variables held constant, the Company's post tax profit for the year would have been higher / lower by Rs. 3,712 as a result of exchange gain / loss on translation of foreign currency denominated financial instruments.

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 is exposed to interest rate risk on balances maintained with banks, Pakistan Investment Bonds and loans given to subsidiary companies.

As at December 31, 2021, if interest rate on bank accounts / loans given to subsidiary companies had been 1% higher / lower with other variables held constant, post tax profit for the year would have been higher / lower by Rs. [illegible].

As at December 31, 2021, if interest rate on Pakistan Investment Bonds had been 1% higher / lower with other variables held constant, post tax profit for the year would have been [illegible] by Rs. [illegible].

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at reporting date, the Company does not have any material price sensitive instruments.

(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, loans and advances, deposits and other receivables. The credit risk on liquid funds and mutual fund securities is limited because counter parties are financial institutions with a reasonably high credit rating. The Company maintains an internal policy to place funds with commercial banks / mutual funds having a minimum short term credit rating of A1 / AM2. Investment in Pakistan Investment Bonds is government guaranteed.

(Amounts in thousand)

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)	
Long term loans and advances	534,754	477,592
Loans and advances	10,845,808	15,235,120
Receivables	895,685	3,850,612
Short term investments	10,247,237	47,640,030
Bank balances	854,822	750,587
	27,031,256	66,955,627

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history, however, no losses incurred. The credit quality of Company's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Bank / Financial Institutions	Rating agency	Rating	
		Long term	Short term
Allied Bank Limited	PACRA	AAA	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AAA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Meezan Bank Limited	JCR-VIS	AAA	A1+
National Bank of Pakistan Limited	JCR-VIS	AAA	A1+
United Bank Limited	JCR-VIS	AAA	A1+
Citi Bank	Moody's	Aa3	P-1
Pak Brunei Investment Company Limited	JCR-VIS	AA+	A1+
Pak China Investment Company Limited	JCR-VIS	AAA	A1+
Pak Oman Investment Company Limited	JCR-VIS	AA+	A1+
Pak Kuwait Investment Company (Private) Limited	PACRA	AAA	A1+

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

These objectives are achieved by maintaining sufficient cash and marketable securities.

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.

(Amounts in thousand)

	2021			2020		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	(Rupees)					
Financial liabilities						
Lease liabilities	362,035	518,009	880,044	525,143	180,044	705,187
Trade and other payables	4,714,255	-	4,714,255	3,437,475	-	3,437,475
Unclaimed dividends	241,830	-	241,830	258,653	-	258,653
	5,318,120	518,009	5,836,129	4,221,271	180,044	4,401,315

[illegible] Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and 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 management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

	2021	2020
	(Rupees)	
The proportion of borrowings to equity at the year end was:		
Borrowings (Lease liabilities)	585,795	629,981
Total Equity	80,304,629	87,000,201
	80,891,375	87,630,182
Gearing ratio	0.95%	0.72%

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.

(Amounts in thousand)

33.3 Fair value estimation

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
As at December 31, 2021				
Fair value through profit or loss				
- Mutual fund units	-	950	-	950
As at December 31, 2020				
Fair value through other comprehensive income				
- Treasury Bills	-	14,092,722		14,092,722
- Pakistan Investment Bonds (PIBs)		12,429,684	-	12,429,684
	-	26,522,406	-	26,522,406
Fair value through profit or loss				
- Mutual fund units		10,307,507	-	10,307,507

Level 2 fair values have been determined on the basis of PKRV rates and closing Net Asset Values for government securities and Mutual Fund Units respectively.

There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

34. CONTRIBUTORY RETIREMENT FUNDS

The investments out of the contributory retirement funds have been made in accordance with the provisions of Section 218 of the Act and the rules and conditions specified there under.

35. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	2021	2020	2021	2020
Management employees	306	282	305	297

(Amounts in thousand)

36. RELATED PARTIES

36.1 Following are the details of associated undertakings and other related parties with whom the Company has arrangements / agreement during the year:

S.No.	Name of Related Party	Direct Shareholding %	Relationship
1	Dawood Hercules Corporation Limited	37.22%	Holding Company
2	Engro Eximp Agriproducts (Private) Limited	100.00%	Subsidiary
3	Engro Energy Limited	100.00%	Subsidiary
4	Engro Infiniti (Private) Limited	100.00%	Subsidiary
5	Engro Connect (Private) Limited	100.00%	Subsidiary
6	Engro Fertilizers Limited	56.27%	Subsidiary
7	Engro Polymer and Chemicals Limited	56.19%	Subsidiary
8	Elengy Terminal Pakistan Limited	100.00%	Subsidiary
9	Engro Eximp FZE	100.00%	Subsidiary
10	Engro Digital Limited	N/A	Indirect subsidiary
11	Engro Enfrashare (Private) Limited	N/A	Indirect subsidiary
12	Engro Elengy Terminal (Private) Limited	N/A	Indirect subsidiary
13	Engro Power Investments International BV - Netherlands	N/A	Indirect subsidiary
14	Engro Powergen Qadirpur Limited	N/A	Indirect subsidiary
15	Engro Powergen Thar (Private) Limited	N/A	Indirect subsidiary
16	EFERT Agritrade (Private) Limited	N/A	Indirect subsidiary
15	Engro Energy Services Limited	N/A	Indirect subsidiary
16	Engro Power Services Limited	N/A	Indirect subsidiary
16	Engro Peroxide (Private) Limited	N/A	Indirect subsidiary
17	Engro Plasticizer (Private) Limited	N/A	Indirect subsidiary
18	Think PVC (Private) Limited	N/A	Indirect subsidiary
19	Karachi Pelletizer (Private) Limited	N/A	Indirect subsidiary
20	Thar Power Company Limited	N/A	Associated company
21	Thar Foundation	N/A	Associated company
22	Engro Vopak Terminal Limited	50.00%	Joint Venture
23	FrieslandCampina Engro Pakistan Limited	39.90%	Associated company
24	Sindh Engro Coal Mining Company Limited	N/A	Associated company
25	Engro Foundation	N/A	Associated Entity
26	Mr. Ghias Khan	N/A	Key Management Personnel / Director
27	Mr. Hussain Dawood	2.50%	Director
28	Mrs. Kulsum Dawood	1.25%	Spouse of director
29	Mr. Muhammad Abdul Aleem	0.04%	Director
30	Mrs. Humera Aleem	0.01%	Spouse of director
31	Mr. Abdul Samad Dawood	0.20%	Director
32	Mrs. Ayesha Dawood	N/A	Spouse of director
33	Mr. Shahzada Dawood	1.02%	Director
34	Ms. Sabrina Dawood	0.34%	Director
35	Ms. Azmeh Dawood	0.20%	Daughter of director
36	Mr. Khawaja Iqbal Hassan	0.01%	Director
37	Ms. Henna Inam	N/A	Director

(Amounts in thousand)

S.No	Name of Related Party	Direct Shareholding %	Relationship
38	Mr. [illegible] Diwan	N/A	Director
39	Mr. [illegible] Mahmood	N/A	Director
40	Ms. Dominique Russo	N/A	Director
41	Dawood Industries (Private) Limited	N/A	Common Directorship
42	Patek (Private) Limited	0.01%	Common Directorship
43	Overseas Investors Chamber of Commerce and Industry	N/A	Common Directorship
44	Inbox Business Technologies (Private) Limited	N/A	Common Directorship
45	Karachi School for Business & Leadership	N/A	Common Directorship
46	The Dawood Foundation	N/A	Common Directorship
47	The Pakistan Business Council	N/A	Common Directorship
48	Dawood Corporation (Private) Limited	0.01%	Common Directorship
49	[illegible] Communications Pakistan (Private) Limited	N/A	Common Directorship
50	The Karachi Education Initiative	N/A	Common Directorship
51	Meezan Bank Limited	N/A	Common Directorship
52	Engro Corporation Provident Fund	N/A	Post Employment Benefits
53	Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
54	Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
55	Engro Corporation Limited DB Gratuity Fund	N/A	Post Employment Benefits
56	Mr. Ahmad Shakoor	N/A	Key Management Personnel
57	Mr. Abdul Qayoom	N/A	Key Management Personnel
58	Mr. Aman Ul Haque	N/A	Key Management Personnel
59	Mr. Muhammad Imran Khan	N/A	Key Management Personnel
60	Mr. Shaiq Abdullah	N/A	Key Management Personnel
61	Mr. Khawaja Bilal Hussain	N/A	Key Management Personnel
62	Mr. Mazhar Abbas Hasnani	N/A	Key Management Personnel
63	Ms. [illegible]	N/A	Key Management Personnel
64	Mr. Hasnain Moochhala	N/A	Key Management Personnel
65	Mr. Faiz Chapra	N/A	Key Management Personnel
66	Mr. Syed Abbas Raza	N/A	Key Management Personnel
67	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
68	Mr. [illegible] Masood Raja	N/A	Key Management Personnel
69	Mr. [illegible] Imran Hussain Malik	N/A	Key Management Personnel
70	Mr. Sulaiman Ijaz	N/A	Key Management Personnel
71	Mr. Zamin Zaidi	N/A	Key Management Personnel
72	Mr. Kashif Ahmad Soomro	N/A	Key Management Personnel
73	Mr. [illegible] Hasan	N/A	Key Management Personnel
74	Mr. Chaudhary Muhammad Azhar Nawaz	N/A	Key Management Personnel
75	Mr. Syed Kazim Asghar Naqvi	N/A	Key Management Personnel

(Amounts in thousand)

[illegible] Transactions with related parties

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)	
Parent Company		
Dividend paid	7,720,916	5,561,745
Advisory agreement	117,000	-
Reimbursements	-	78,735
Subsidiary companies		
Markup from subsidiaries	231,729	1,001,955
Disbursement of loan to subsidiaries	14,490,000	11,754,050
Repayment of loan by subsidiaries	12,850,000	
Investment in subsidiary company	20,352,050	-
Dividend income	15,245,453	12,514,829
Redemption of TFC by subsidiaries	-	1,374,048
Unwinding of discount on TFCs	-	392,627
Royalty income	1,284,441	1,090,516
Reimbursements made by the subsidiaries	2,752,540	2,418,000
Reimbursements to the subsidiaries	101,203	-
Service fees against corporate guarantees	-	10,839
Associated companies		
Purchases and services	813,739	-
Donations	77,836	250,000
Dividend paid	558,510	564,374
Purchase of fixed income placements	127,756,000	-
Proceeds from fixed income placements	122,245,456	
Reimbursements made by the associated companies	224,650	473,473
Reimbursements to the associated companies	602	-
Joint ventures		
Dividend income	1,755,000	1,096,000
Markup on loan	-	6,056
Repayment of loan	-	200,000
Reimbursements made by the joint ventures	159,095	176,031
Reimbursements to the joint ventures	8,580	-
Others		
Remuneration of key management personnel	692,445	614,949
Reimbursements to key management personnel	1,249	9,019
Dividend paid	1,203,180	221,415
Contribution to staff retirement benefit funds	171,532	129,450
Directors' Fee	130,030	133,087

(Amounts in thousand)

56.3 Details of subsidiary companies incorporated outside Pakistan with whom the Company had entered into arrangements in place are as follows:

	Engro Eximp FZE (Private)
Registered address	BCW JAFZA 15 & 16, Office No 103, UAE
Country of incorporation	UAE
Chief Executive Officer	Syed Kaleem Asghar Naqvi
Percentage of holding of the Company	100% (Direct)

57. DONATIONS

57.1 Donations include the following in which directors are interested:

Name of Director	Interest in Donee	Name of Donee	2021	2020
			---------(Rupees)---------	
Hussain Dawood	Director			
Sabrina Dawood	Director			
Dominique Russo	Director	Karachi Education Initiative	37,935	20,400
Abdul Samad Dawood	Director			
[illegible] Khan	Director			
Ghias Khan	Chairman	Engro Foundation	40,500	240,000

57.2 The Name of Donees to whom the donation amount exceeds Rs. 1,000 are:

Name of Donees	2021	2020
Engro Foundation	[illegible]	30,000
[illegible] Welfare Trust of Pakistan	-	20,000
Karachi Education Initiative	37,936	20,400
Habib University Foundation	-	10,000
Hunar Foundation	3,000	-
Empowering Communities for Change	1,000	-
Old Grammarians' Society	200	
Others	364	-
Donations to COVID Relief Fund		
Engro Foundation	-	200,000
Staff Duties Directorate	-	40,000
Commissioner Rawalpindi	-	5,000
Headquarters Southern Command	-	30,000
Vital Care	-	11,307
Indus Hospital	-	8,000
Dr. Ziauddin Hospitals	-	4,000
	182,490	388,307

(Amounts in thousand)

58. NON-ADJUSTING EVENT AFTER REPORTING DATE

58.1 The Board of Directors of Engro Polymer and Chemicals Limited, a subsidiary company, in its meeting held on February 08, 2022 has proposed a final cash dividend of Rs. [illegible] per share for the year ended December 31, 2021 amounting to Rs. 4,990,078 of which the proportionate share of the Company amounts to Rs. 2,809,034.

58.2 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on January 24, 2022 has proposed a final cash dividend of Rs. 6.61 per share for the year ended December 31, 2021 amounting to Rs. 595,000 of which the proportionate share of the Company amounts to Rs. 297,500.

58.3 The Board of Directors of Engro Fertilizers Limited, a subsidiary company, 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. 6,676,757 of which the proportionate share of the Company amounts to Rs. 3,753,090.

These financial statements do not include the effects of the aforementioned dividend income, which will be accounted for in the financial statements for the year ending December 31, 2022 once the proposed dividends are approved in the Annual General Meetings of respective companies.

58.4 The Board of Directors of the Company in its meeting held on February 16, 2022 has proposed a final cash dividend of Rs. [illegible] per share for the year ended December 31, 2021 amounting to Rs. [illegible] for approval of the members at the Annual General Meeting to be held on March 24, 2022.

These financial statements do not include the effect of the proposed dividends, which will be accounted for in the financial statements for the year ending December 31, 2022.

59. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 16, 2022 by the Board of Directors of the Company.

Muhammad Abdul Aleem	Mazhar Abbas Hasnani	Ghias Khan
Director	Chief Financial Officer	President and Chief Executive

consolidated accounts

- Auditors' Report to the Members
- Consolidated Financials

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independent auditor's report to the members of engro corporation limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Engro Corporation Limited and its subsidiaries (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 and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the 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 consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Income tax and sales tax provisions and contingencies (Refer notes [illegible] to the consolidated financial statements) The Group has recognised provisions and has disclosed contingent liabilities in respect of various income tax and sales tax matters, which are pending adjudication before various appellate and legal forums. Provisions and contingencies require management 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.	Our audit procedures amongst others included the following: - Obtained and examined details of the pending tax matters and discussed the same with the management; - Circularised confirmations to the external legal and tax advisors of the Group on matters being handled by them;

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	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 as one of the Group's key audit matters.	- 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 these companies; - Checked correspondence of these companies 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.
2.	Loss allowance on subsidy receivable from the Government of Pakistan (Refer notes 121 and 14.2 to the consolidated financial statements) As per the Expected Credit Losses (ECL) impairment model under IFRS 9 - 'Financial Instruments', the management 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, taking cognizance of the aforementioned requirements of IFRS 9, has made an assessment of ECL on subsidy receivable from the Government of Pakistan giving consideration to the time value of money based on expected recovery of subsidy receivable. The Group has recognised loss allowance of Rs. [illegible] thousand in this respect based on various assumptions. Due to the significance of the amount and judgements involved in determination 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 management for the determination of ECL on subsidy receivable; - involved our internal specialist to independently evaluate the appropriateness of 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.

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3.	Provision in respect of Gas Infrastructure Development Cess (Refer note 27 to the consolidated financial statements) As at December 31, 2021, the Group carries a provision of Rs. [illegible] thousand in respect of Gas Infrastructure Development Cess (GIDC). Engro Fertilizers Limited and Engro Polymer and Chemicals Limited (the subsidiary companies) had obtained stay order from Sindh High Court (SHC) against the collection of GIDC till the finalization 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 suits filed in SHC, remeasured its previously unrecognised 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 consolidated financial statements. Due to significance of the amount being involved in the aforementioned matter and the legal forums 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 the above matter 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 suits 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 thereof and the related impact thereof subsequent to judgements of SCP; - Checked the requirements of GIDC Act, 2015; - Obtained confirmation from the 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 the 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.

[illegible]	[illegible]	[illegible]
4.	Receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) (Refer notes [illegible] to the consolidated financial statements) The Group has following balances receivable from CPPA-G as at December 31, 2021: • Trade debts amounting to Rs. [illegible] thousand which include overdue amounts of Rs. [illegible] thousand; • Delayed payment charges amounting to Rs. [illegible] thousand which include overdue receivables of Rs. [illegible] thousand; and • Reimbursable costs amounting to Rs. [illegible] thousand which include overdue receivables of Rs. [illegible] thousand. The above balances relate to subsidiary companies Engro Powergen Thar (Private) Limited (EPTL) and Engro Powergen Qadirpur Limited (EPQL). On August [illegible], 2020 the subsidiary company, EPQL executed a Memorandum of Understanding (MoU) with the Committee constituted by the Government of Pakistan (GoP) for negotiations with the Independent Private Power Producers (IPPs). In this respect, on February [illegible], 2021, EPQL and CPPA-G executed a Master Agreement (Agreement) which requires payment of the total undisputed outstanding amount as on November 30, 2020 under the Power Purchase Agreement (PPA). Subsequent to reporting date, EPQL under the Agreement received the first instalment of Rs. [illegible] thousand, representing 40% of the undisputed outstanding amount. In view of the above developments, significant delay in settlement of receivables, materiality of the amount involved, and consequential impact of the delay in settlement on liquidity and operations of the subsidiary companys, EPTL and EPQL, we have considered this to be an area of higher assessed risk and a key audit matter.	Our audit procedures, amongst others, included the following: • Assessed whether revenue and related receivables have been recognised in accordance with the applicable accounting policies; • Tested whether invoices raised during the year were in accordance with the requirements of PPA; • Circularised confirmation of receivables to CPPA-G; • Checked receipts from CPPA-G from bank statements; • Reviewed terms of the Agreement and discussed the same with the management; • Made inquiries from the management and reviewed minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of outstanding amounts; • Checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised there against; • Assessed the availability of finance with EPQL to fund its business operations through committed credit lines obtained from various financial institutions; and • Assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.

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

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

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

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

Responsibilities of Management and 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 Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment 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.

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A·F·FERGUSON&Co.

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.

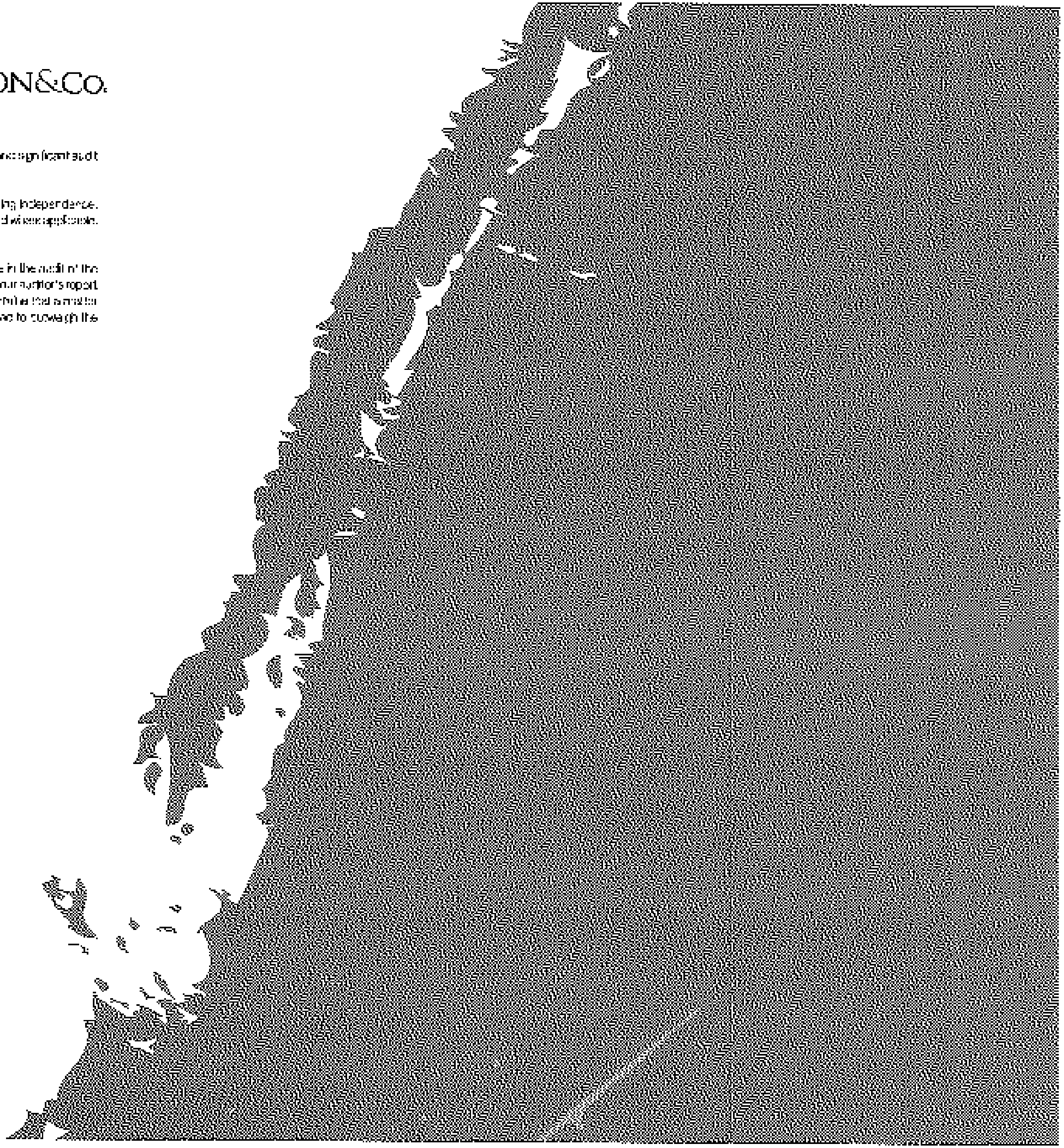
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the 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.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 3, 2022
UDIN: AR2021101[illegible]



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	229,154,535	221,957,141
Right-of-use assets	5	6,819,002	6,981,760
Intangible assets	6	2,328,524	1,267,251
Long term investments	7	57,217,075	32,045,406
Deferred taxation	8	90,346	93,484
Financial assets at amortized cost	9	3,622,784	5,750,535
Derivative financial instruments	10	22,825	
Net investment in leases	11	45,258,023	47,557,411
Long term loans, advances and other receivables	12	2,616,226	2,159,917
		350,174,735	351,990,216
Current assets			
Stores, spares and loose tools	13	9,310,161	9,093,834
Stock-in-trade	14	31,613,007	17,208,201
Trade debts	15	59,580,356	52,618,507
Loans, advances, deposits and prepayments	16	4,715,552	3,985,297
Other receivables	17	26,780,794	15,920,010
Accrued income		353,638	305,910
Contract assets	18	6,459,610	5,714,077
Current portion of net investment in leases	11	4,304,622	7,250,211
Short term investments	19	67,372,561	93,452,581
Cash and bank balances	20	40,501,754	25,352,250
		254,543,310	226,479,881
Assets classified as held for sale	21	-	17,094
TOTAL ASSETS		645,021,045	580,487,153

(Amounts in thousand)	Note	2021	2020
		(Rupees)	
EQUITY & LIABILITIES			
Equity			
Share capital	22	5,751,392	5,751,392
Share premium		13,096,282	13,068,232
Revaluation reserve on business combination		2,576	2,576
Maintenance reserve	23	158,321	150,801
Exchange revaluation reserve		927,765	820,540
Hedging reserve		62,031	345,711
General reserve		2,420,240	2,420,240
Remeasurement of investments		39,215	-
Remeasurement of post employment benefits		(108,064)	(85,754)
Unappropriated profit		137,305,031	124,494,783
		156,077,413	142,664,277
		161,729,045	148,416,579
Non-controlling interest		81,050,639	71,174,773
Total equity		242,780,687	219,591,055
Liabilities			
Non-current liabilities			
Borrowings	24	128,618,216	125,000,145
Government grant	24.7	1,070,703	-
Deferred taxation	8	13,250,649	14,530,305
Lease liabilities	25	60,162,106	60,124,640
Deferred liabilities	26	2,816,835	2,710,500
Long term provisions	27	10,772,255	14,465,875
		221,366,732	217,525,011
Current liabilities			
Trade and other payables	28	86,205,675	65,522,894
Accrued interest / mark-up	29	1,358,427	1,072,525
Current portion of:			
- borrowings	24	22,910,081	22,658,492
- Government grant	24.7	153,621	-
- lease liabilities	25	5,114,298	4,900,747
- deferred liabilities	26	796,855	730,648
- long term provisions	27	15,510,329	11,591,976
Taxes payable		9,292,370	2,466,186
Short term borrowings	30	22,270,314	9,505,170
Unclaimed dividends	31	1,341,413	376,897
		180,105,536	145,307,147
Total liabilities		401,591,358	362,832,498
Contingencies and Commitments	32		
TOTAL EQUITY & LIABILITIES		647,321,045	580,487,153

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Abdul Aleem	[illegible]	[illegible] Khan
Director	Chief Financial Officer	President and Chief Executive

Muhammad Abdul Aleem	[illegible]	[illegible] Khan
Director	Chief Financial Officer	President and Chief Executive

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)	
Continuing Operations			
Net revenue	33	311,502,401	248,817,815
Cost of revenue	34	(212,750,676)	(172,773,035)
Gross profit		98,751,725	76,044,780
Selling and distribution expenses	35	(7,213,601)	(7,845,059)
Administrative expenses	36	(7,658,843)	(7,165,329)
Other income	37	12,222,050	17,717,745
Other operating expenses	38	(10,253,601)	(6,415,385)
Operating profit		85,844,735	72,[illegible]
Finance cost	39	(17,274,036)	(20,472,782)
Loss allowance on subsidy receivable from GoP	17.1	(837,709)	(1,238,[illegible])
Share of income from joint ventures and associates	40	3,226,897	2,756,174
Profit before taxation		71,209,829	53,471,[illegible]
Taxation	41	(18,537,213)	(9,020,265)
Profit from continuing operations		52,582,775	44,[illegible]
Discontinued Operations			
Profit / (loss) from discontinued operations (attributable to Owners of the Holding Company)	42	29,282	(279,361)
Profit for the year		52,611,752	47,[illegible],594
Profit attributable to:			
- Owners of the Holding Company		27,941,[illegible]	25,100,[illegible]
- Non-controlling interest		24,670,245	19,011,[illegible]
		52,611,752	47,[illegible],594
Earnings / (loss) per share - basic and diluted			
- continuing operations		48.45	44.05
- discontinued operations		0.05	(0.48)
	43	48.50	43.57

The annexed notes from 1 to 61 form an integral part of these consolidated financial statements.

Muhammad Abdul Aleem
Director

Mazhar Abbas Hasnani
Chief Financial Officer

Ghias Khan
President and Chief Executive

consolidated statement of comprehensive income
for the year ended december 31, 2021

(Amounts in thousand)

	2021	2020
	(Rupees)	
Profit for the year	52,611,752	4[illegible],594
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Hedging reserve - cash flow hedges		
Loss arising during the year	92,403	-
Less: Reclassification adjustments for loss included in statement of profit or loss	(872)	([illegible])
	91,531	([illegible])
Revaluation reserve on business combination	-	(21,[illegible])
Exchange differences on translation of foreign operations	254,225	74,[illegible]
	345,756	[illegible],785
Less: Income tax relating to:		
Revaluation reserve on business combination	-	6,721
Continuing operations' gain on long-term investment on remeasurement at fair value through other comprehensive income	89,944	-
Items that will not be reclassified to profit or loss		
- Remeasurement of post employment benefits obligation - Actuarial (loss) / gain	(55,542)	14,[illegible]
Less: Income tax relating to remeasurement of post employment benefits obligation	13,978	(3,306)
	(41,564)	12,990
Other comprehensive income for the year, net of tax	374,444	[illegible]
Total comprehensive income for the year	52,986,200	44,185,391
Total comprehensive income attributable to:		
- Owners of the Holding Company	28,303,490	25,[illegible],033
- Non-Controlling Interest	24,652,718	19,205,358
	52,956,208	44,185,391
Total comprehensive income / (loss) attributable to:		
- continuing operations	52,926,950	44,[illegible]
- discontinued operations	29,250	(279,361)
	52,956,208	44,185,391

The annexed notes from 1 to 61 form an integral part of these consolidated financial statements.

Muhammad Abdul Aleem
Director

Mazhar Abbas Hasnani
Chief Financial Officer

Ghias Khan
President and Chief Executive

consolidated statement of changes in equity
for the year ended december 31, 2021

(Amounts in thousand)

	Share capital	Share premium	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	Remeasurement of investment	General reserve	Unappropriated profit	Remeasurement of post employment benefits	Sub total	Non-controlling interest	Total
	Attributable to owners of the Holding Company												
	Capital reserves					Revenue reserves							
	Rupees												
Balance as at January 1, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total comprehensive income for the year ended December 31, 2020													
Profit for the year	-							-	[illegible]	-	[illegible]	[illegible]	[illegible]
Other comprehensive income			[illegible]		[illegible]	[illegible]	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]		[illegible]	[illegible]		-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transactions with owners													
Changes in ownership of subsidiary (Engro Fertilizers Limited)				-	-	-	-	-	-		-	[illegible]	[illegible]
Dividends by subsidiaries allocated to Non-controlling interest	-		-	-	-	-	-	-	-	-	-	[illegible]	[illegible]
Final dividend for the year ended December 31, 2019 @ Rs. [illegible] per share			-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
Interim dividends for the year ended December 31, 2020:													
- 1st interim @ Rs. [illegible] per share			-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
- 2nd interim @ Rs. [illegible] per share			-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
- 3rd interim @ Rs. [illegible] per share			-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
			-	-	-	-	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]
Balance as at December 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Amounts in thousand)

	Share capital	Share premium	Revaluation reserve on business combination	Maintenance reserve	Exchange revaluation reserve	Hedging reserve	Remeasurement of investment	General reserve	Unappropriated profit	Remeasurement of post employment benefits	Sub total	Non-controlling interest	Total
	Attributable to owners of the Holding Company												
	Capital reserves					Revenue reserves							
	Rupees												
Balance as at January 1, 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total comprehensive income for the year ended December 31, 2021													
Profit for the year	-								[illegible]		[illegible]	[illegible]	[illegible]
Other comprehensive income	-				[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]
	-	-	-		[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transactions with owners													
Dividends by subsidiaries allocated to Non-controlling interest	-	-	-	-	-				-			[illegible]	[illegible]
Share issuance												[illegible]	[illegible]
Final dividend for the year ended December 31, 2020 @ Rs. [illegible] per share	-	-	-	-	-	-	-	-	[illegible]		[illegible]	-	[illegible]
Interim dividends for the year ended December 31, 2021:													
- 1st interim @ Rs. [illegible] per share	-	-	-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
- 2nd interim @ Rs. [illegible] per share	-	-	-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
- 3rd interim @ Rs. [illegible] per share	-	-	-	-	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]
	-	-	-	-	-	-	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]
Balance as at December 31, 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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

Muhammad Abdul Aleem
Director

Mazhar Abbas Hasnani
Chief Financial Officer

Ghias Khan
President and Chief Executive

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	46	61,564,093	70,348,058
Retirement and other service benefits paid		(274,458)	(348,750)
Proceeds from net investment in lease		3,219,103	2,572,[illegible]
Finance income received on net investment in lease		5,180,792	5,402,427
Deferred income		283,865	-
Financial charges paid		(12,042,844)	(10,401,102)
Taxes paid		(10,141,753)	(5,595,208)
Long term loans and advances - net		508,319	183,712
Discontinued operations		(21,658)	(58,050)
Net cash generated from operating activities		40,605,354	58,802,053
Cash flows from investing activities			
Purchases of property, plant & equipment and intangible assets		(20,495,383)	(18,610,301)
Sale proceeds on disposal of property, plant & equipment		215,443	108,[illegible]
Payment for dismantling towers		(76,367)	-
Investment in associated companies		(474,332)	(49,051)
Investments made during the year - net		27,444,146	702,717
Income on deposits / other financial assets		7,831,507	8,[illegible]
Deposit in respect of bank guarantee		59,784	944,352
Dividends received		155,502	1,395,200
Discontinued operations		-	(15,354)
Net cash generated from / (utilised in) investing activities		85,750,278	(7,823,784)
Cash flows from financing activities			
Proceeds / Repayments of borrowings - net		(7,237,050)	(5,014,[illegible])
Subordinated loan to Joint Venture Company		-	-
Loan repayment by Joint Venture Company		-	206,225
Share issuance cost		(128,177)	-
Issuance of [illegible] shares to Non-controlling interest, net of share issuance cost		-	2,205,520
Repayment of lease liability		(3,887,392)	-
[illegible] on lease liability		(4,573,207)	(3,573,418)
Rentals paid during the year		(1,872,441)	(5,063,411)
Dividends paid		(28,794,364)	(22,827,051)
Net cash utilised in financing activities		(47,675,716)	(31,773,829)
Net increase in cash and cash equivalents		39,475,914	24,595,017
Cash and cash equivalents at beginning of the year		51,425,511	27,029,420
Effects of exchange rate changes on cash and cash equivalents		755,725	(129,910)
Cash and cash equivalents at end of the year	47	91,652,851	51,425,511

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Muhammad [illegible]
Director

Mazhar Abbas Hasnani
Chief Financial Officer

Ghias Khan
President and Chief Executive

notes to the consolidated financial statements
for the year ended december 31, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Corporation Limited (the Holding Company), is a public listed company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange Limited. The Holding Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Holding Company is to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunication infrastructure and chemical terminal and storage businesses.

The business units of the Holding Company and its subsidiaries include the following:

Business Unit	Geographical Location
Head / Registered offices	
- The Holding Company	8th and 9th Floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Fertilizers Limited	7th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
- Engro Powergen Pakistan Limited	4th Floor, Dolmen City Offices Block, Dolmen City, Plot Number HC-3, Block 4, Clifton, Karachi
- Engro Energy Limited	12th Floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private) Limited	6th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp FZE	[illegible] 9, Office No 110 Dubai, United Arab Emirates
- Engro Infiniti (Private) Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Connect (Private) Limited	5th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
Regional offices	
- The Holding Company	42nd Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad
- Engro Polymer and Chemicals Limited	1st Floor, 35 Z Block, Commercial Area, Phase III, DHA, Lahore
Manufacturing plants	
- Engro Fertilizers Limited	- District Ghotki, Sindh
	- EZ/1/P-1-1 Eastern Zone, Port Qasim, Karachi (NPK Plant)
	- Rahim Yar Khan, Punjab
- Engro Polymer and Chemicals Limited	EZ/1/P-II Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
- Engro Eximp Agriproducts (Private) Limited	13 Km Muridke Sheikhupura Road Muridke, Muridke, 31800, Pakistan
Power Plants	
- Engro Powergen Qadirpur Limited	Deh Belo Sanghari, Ghotki, Sindh
Terminal	
- Engro Vopak Terminal Pakistan Limited	Plot # [illegible], South Western Zone, Berth no. 14, Port Qasim, Karachi

1.2 The 'Group' consists of:

Holding Company: Engro Corporation Limited.

Associated Companies: Associated companies are entities over which the Group has significant influence but not control.

Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights, or companies directly controlled by the Holding Company:

(Amounts in thousand)

	Percentage of direct holding 2021	2020
- Engro Energy Limited (note 1.3.1)	100	100
- Engro Eximp Agriproducts (Private) Limited (note 1.3.2)	100	100
- Engro Infiniti (Private) Limited (note 1.3.3)	100	100
- Engro Eximp FZE (note 1.3.4)	100	100
- Elengy Terminal Pakistan Limited (note 1.3.5)	56	56
- Engro Fertilizers Limited (note 1.3.6)	56.27	56.27
- Engro Polymer and Chemicals Limited (note 1.3.7)	56.19	56.19
- Engro Connect (Private) Limited (note 1.3.8)	100	-
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 1.3.9)	50	50
Associated Company:		
- FrieslandCampina Engro Pakistan Limited (note 1.3.10)	39.9	39.9

1.3 Subsidiary companies

1.3.1 Engro Energy Limited

Engro Energy Limited (EEL), a wholly owned subsidiary of the Holding Company, is a public unlisted company incorporated in Pakistan. It was established with the primary objective to analyze potential opportunities in the power sector, undertake supply and service related contracts and Independent Power Projects (IPPs).

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

	Percentage of share holding 2021	2020
- Engro Powergen Qadirpur Limited (note 1.3.1.1)	68.89	68.89
- Engro Powergen Thar (Private) Limited (note 1.3.1.2)	50.10	50.10
- Engro Energy Services Limited (note 1.3.1.3)	100	100
- Engro Power International Holding B.V. (note 1.3.1.4)	100	100
- Karachi Energen (Private) Limited (note 1.3.1.5)	100	100

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

	Percentage of direct holding 2021	2020
- GEL Utility Limited (note 1.3.1.6)	45	45
- Sindh Engro Coal Mining Company Limited (note 1.3.1.7)	11.91	11.91
- Pakistan Energy Gateway Limited (note 1.3.1.8)	35.53	35.53
- Siddiqsons Energy Limited (note 1.3.1.9)	19	19

(Amounts in thousand)

1.3.1.1 Engro Powergen Qadirpur Limited (EPQL) is a public listed company incorporated in Pakistan with the primary objectives to undertake the business of power generation, distribution, transmission and sale. EPQL completed construction and testing of its 217.3 MW combined cycle power plant and commenced commercial operation on March 27, 2010. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007 valid for a period of 25 years.

On August 12, 2020, EPQL along with other Independent Private Power Producers (IPPs) representing the 2002 Power Policy (together collectively referred to as the "Parties") signed a Memorandum of Understanding (MOU) with the Committee established for negotiations with IPPs. The Board of Directors of EPQL in their meeting dated August 17, 2020 ratified and approved the terms of this MOU. In line with the understanding reached in the MOU, EPQL and Central Power Purchasing Agency (Guarantee) Limited (the "Parties") entered into a binding agreement on February 11, 2021 based on the terms of the MOU. Under key terms of the agreement, all undisputed outstanding amounts due and payable to EPQL under the power purchase agreement as on November 30, 2020, will be paid in two (2) instalments (each instalment comprising of one-third cash and two-thirds government issued PIBs and Sukuks). Further, in the larger national interest, EPQL has agreed to a prospective reduction in the tariff component, whereby the Return on Equity ("RoE") and the Return on Equity During Construction ("RoEDC") will be fixed at 12% per annum in PKR (on NEPRA approved equity at Commercial Operation Date for RoE and RoEDC, calculated at USD/PKR exchange rate of PKR 148/USD), with no future USD indexation. However, the Revised RoE and RoEDC shall become applicable and shall apply for the remainder of the term of the Power Purchase Agreement when the applicable exchange rate under the revised Tariff reaches PKR 168/USD and instalments are received by the Company, whereupon the Revised RoE and RoEDC shall become applicable and shall apply for the remainder of the Term of the PPA. In addition to this, fuel and operations and maintenance have been considered as being reconsolidated further and any savings, if determined, from July 1, 2021 will be shared in the ratio of 60:40 between CPPA and Company. Subsequent to the reporting date, the Company has received the first instalment amounting to Rs. 5,088,897 which is equivalent to 40% of the agreed amount (one-third cash and two-thirds government issued PIBs and Sukuks).

1.3.1.2 Engro Powergen Thar (Private) Limited (EPTL) was established on September 24, 2014 with the primary objective to develop 2 x 330 MW mine mouth power plants at Thar Block II, Sindh. As at December 31, 2021, EEL holds 50.10% (2020: 50.10%) of the issued capital of EPTL, while the balance shares are held by CMEC Thar Power Investments Limited (35%), Habib Bank Limited (9.5%) and Liberty Mills Limited (5.4%). EPTL achieved its Commercial Operations Date (COD) on July 10, 2019.

1.3.1.3 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 01, 2016 with the primary objective of analyzing potential opportunities in the power sector and undertaking services related contracts for Independent Power Projects (IPPs) based on feasibility of new ventures and to provide operations and maintenance services to IPPs.

1.3.1.4 Engro Power International Holding B.V. (EPIH), a private limited company, has been established in Rotterdam, Netherlands with the objective to hold possible subsidiaries, acquire and finance businesses and companies. EPIH has two wholly owned subsidiaries namely Engro Power Services Holding B.V. (EPSH) and Engro Power Investments International B.V. (EPII) both based in Netherlands. EPSH has a wholly owned subsidiary Engro Power Services Limited (EPSL) based in Nigeria with the objective to carry on business as power generating, transmission, distribution and servicing company. EPSL has a joint venture, EngroGen Energy Services Limited registered in Mauritius.

1.3.1.5 Karachi Energen (Private) Limited has been established and incorporated in Pakistan with the objective to operate and own a Regasified Liquefied Natural Gas (RLNG) based power generation plant.

1.3.1.6 GEL Utility Limited (GEL) is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundance captive power plant, which commenced commercial operations from November 21, 2014. EEL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2020: 45%) equity stake.

1.3.1.7 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA) dated September 8, 2009, between the Government of Sindh (GoS), EEL and the Holding Company. The aforementioned JVA is consequent to the selection of SECMC as GoS's joint venture partner, through an International Competitive Bidding process, for the development, construction and operations of an open cast lignite mine in Block II of Thar Coal Fields, Sindh (the Project). SECMC has achieved its COD for Phase I of the project on July 10, 2019. The financial close of Phase II of the project was achieved on December 31, 2019. SECMC has entered into Off-shore agreements with China Machinery Engineering Corporation (CMEC) and Onshore agreement with China East Resource Import and Export Corporation (CERIEC) signed December 31, 2017 for expansion of mine to supply coal to these power plants. In its 79th meeting, Board of Directors of the Company approved the plan to extend the mine to 12.2 million tonnes per annum in order to cater offtake requirements of Lucky Electric Power Company Limited (LEPCL) and instructed the management to finalize all activities for this expansion. EEL holds 11.91% (2020: 11.91%) in subsidiary.

(Amounts in thousand)

1.3.3.8 Pakistan Energy Gateway Limited is a special purpose vehicle incorporated jointly with Royal Vopak N.V. and Fatima Fertilizers Limited for the purpose of developing a private integrated LNG terminal, with each of the three sponsors/shareholders having a 33.33% shareholding.

1.3.3.9 EEL entered into a Joint Venture Agreement (JVA) dated May 04, 2018 with Siddiqsons Limited (SL) and Al Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW of coal fired power generation facility in Block - II, District Tharparkar, Sindh through a joint venture company, namely Siddiqsons Energy Limited (SEL). The JVA became effective from May 25, 2018 as per the terms of which EEL, AHEPL and SL were initially required to have shareholding proportions equal to 75%, 13% and 12% respectively in their mutual capacities as the members of SEL. Accordingly, EEL advanced an amount of Rs. 282,050 against the issuance of 28,207,338 ordinary shares constituting the required 75% of the share capital of SEL to be subscribed into by EEL. During 2020, EEL subscribed to an additional 4,905,281 ordinary shares of SEL while maintaining its percentage shareholding as at December 31, 2021 at 75% (2020: 75%).

1.3.4 Engro Eximp Agriproducts (Private) Limited

Engro Eximp Agriproducts (Private) Limited (EEAP) is a private limited company, incorporated in Pakistan. The principal activity of EEAP is to purchase, manufacture and trade all kinds of raw, processed and prepared food products including agricultural, dairy and farming products. EEAP has set up a rice processing plant in Muridke, Sheikhupura, which commenced commercial production in 2011.

1.3.5 Engro Infiniti (Private) Limited

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

1.3.5.1 Engro Digital Limited (EDL) is an unlisted public company incorporated in Pakistan on October 9, 2017 under the Companies Act, 2017. The Company is a wholly owned subsidiary of Engro Infiniti (Private) Limited. EDL is established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

The Board of Directors of EDL in their meeting held on May 6, 2020, approved the cessation of EDL's operations effective from May 31, 2020 and novation of all the customer agreements to Empiric AI Limited (an associated company). The decision is in line with the decision taken by the Board of Directors of the Holding Company in their meeting held on February 27, 2020 to discontinue the line of business under Engro's brand name from a strategic point of view. At present the efforts of EDL are concentrated to file a petition for winding up of EDL under section 305. Right to present winding up petition where Company is being wound up voluntarily or subject to Court's supervision, of the Act, as a consequence of which, the going concern assumption is no longer applicable and accordingly its financial statements have been prepared on a basis other than going concern.

1.3.6 Engro Eximp FZE

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 as a wholly owned subsidiary of Engro Eximp (Private) Limited (EEPL). EEF has obtained a General Trading License issued by Jebel Ali Free Zone.

1.3.5 Engro Elengy Terminal Pakistan Limited

Engro Elengy Terminal Pakistan Limited (EETPL) is a public unlisted company, incorporated in Pakistan. The principal business of EETPL is to establish and operate a terminal for handling, regasification, 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 Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of EETPL.

The principal business of EETPL is to establish and operate LNG Terminal including a jetty, pipeline with all machinery and equipment and supporting facilities for the receipt, storage and regasification of LNG.

1.3.6 Engro Fertilizers Limited

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

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

1.3.7 Engro Polymer and Chemicals Limited

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

Following are the subsidiaries of EPCL:

	Percentage of share holding 2021	2020
- Think PVC (Private) Limited - note 1.3.7.1	100	100
- Engro Peroxide (Private) Limited - note 1.3.7.2	100	100
- Engro Plasticizer (Private) Limited - note 1.3.7.3	100	100

1.3.7.1 Think PVC (Private) Limited (TPPL) was incorporated in Pakistan on November 01, 1993, as a wholly owned subsidiary of the EPCL. TPPL's principal activity is to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals and to develop market for PVC downstream products. During the year ended December 31, 2021, the PVC Products Showroom (i.e. the Branded Outlet) has commenced its operations.

1.3.7.2 Engro Peroxide (Private) Limited (EPPL) was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of EPCL. The main objective of Engro Peroxide (Private) Limited is to manufacture and market Hydrogen Peroxide and related chemicals. During the year, EPPL has entered into the contracts for design, procurement and engineering services for Hydrogen Peroxide Plant.

1.3.7.3 Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of EPCL. The main objective of Engro Plasticizer (Private) Limited is to manufacture and market Chlorinated Paraffin Wax and other related chemicals. In the meeting held on February 27, 2020 of the Board of Directors of EPCL approved to discontinue the project.

1.3.8 Engro Connect (Private) Limited

Engro Connect (Private) Limited is a private limited company, incorporated in Pakistan on March 12, 2021 under the Companies Act, 2017 (the Act) as a wholly owned subsidiary of Engro Corporation (the Holding Company). The Company has been established with primary objective to engage in buying, building, maintaining and operating telecommunication infrastructure and any products and by-products and any activity relating to or ancillary thereto and/or in furtherance thereof.

(Amounts in thousand)

1.3.8.1 Engro Enfrashare (Private) Limited (Enfrashare) was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on November [illegible], 2018. The registered office of Enfrashare is situated at 17th Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad. Enfrashare is principally engaged in buying, building, maintaining and operating telecommunication infrastructure and any products or by-products and any services relating to or ancillary thereto. During the year, on September 25, 2021, the Board of Engro Corporation Limited resolved for change in ownership of Engro Enfrashare (Private) Limited (a wholly owned subsidiary of Engro Infiniti (Private) Limited) to Engro Connect (Private) Limited. Engro Connect (Private) Limited obtained all regulatory requirements in relation to the change in ownership and has acquired 100% ordinary shares of Engro Enfrashare (Private) Limited from Engro Infiniti (Private) Limited.

1.3.9 Engro Vopak Terminal Limited

Engro Vopak Terminal Limited (EVTL) is 50% share joint venture of the Holding Company, is a public unlisted company incorporated in Pakistan. EVTL is a joint venture of the Holding 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 and Storage Farm at the south western zone of Port Qasim on Build, Operate and Transfer (BOT) basis.

1.3.10 FrieslandCampina Engro Pakistan Limited

FrieslandCampina Engro Pakistan Limited (FCEPL) 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 Ultimate Parent Company).

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.

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, as modified by remeasurement of certain financial assets and financial liabilities, including derivative instruments, at fair value, and certain staff retirement and other service benefits at present value.

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

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

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

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 the Group's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(Amounts in thousand)

2.1.4 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments to published standards and interpretations that became effective during the year

There are certain amendments and interpretations 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 the Group's financial reporting and operations and therefore have not been presented here.

- 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 24.3.4.

There is an amendment to published standards that is effective for the first time for the year ended December 31, 2021, however is considered not to have a significant impact on the Group's financial reporting and operations and therefore has not been presented in these consolidated financial statements.

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

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

The Group has applied the practical expedient to all qualifying rent concessions granted in relation to office space acquired under rental basis. As a result, Rs. 24,200 (2020: Rs. 44,704) has been recognised in profit or loss account to reflect changes in lease payments arising from rent concessions that meet the conditions of the practical expedient.

IAS 16 'Property, Plant and Equipment' - Proceeds before the intended use. This amendment permits that the net proceeds received from selling the inventory produced during the testing phase, shall be recognised in the consolidated statement of profit or loss. Previously such proceeds were deducted from the cost of the asset. The amendment shall be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 2022 with an option of early adoption. The Group has assessed its implication and decided to adopt the amendment early as permitted under the amendment and aligned with the accounting and reporting standards as applicable in Pakistan. The change in accounting policy has been made in accordance with the transitional provisions of the amendment. The net revenue is part of gross profit in the consolidated statement of profit or loss and has a post tax impact of Rs. 275,702.

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

There is a new standard and other amendments to the published accounting and reporting standards that are not yet effective and are considered not to have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

2.5 Basis of consolidation

a) Subsidiaries

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

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date that control ceases. These consolidated financial statements include Engro Corporation Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes 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 remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in consolidated statement of profit or loss.

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

b) Transactions and non-controlling interests

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

c) 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 recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in the consolidated statement of 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 recognized in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

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

2.7 Exploration and evaluation assets

Exploration and evaluation assets in respect of area of interest includes license fee, detailed feasibility study and all other related studies to ensure bankability of the project including ancillary forecasting and financial advisory related thereto.

The study and license expenditure supporting the technical feasibility and economic / commercial viability are capitalized as exploration and evaluation assets, where:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or

- exploration and / or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

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

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

2.8 Development properties

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

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

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

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

2.9 Property, plant and equipment

2.9.1 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. 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 capitalized 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 recognized 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 risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses / income' in the consolidated statement of profit or loss.

Depreciation is charged to consolidated statement of profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

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

2.4.1 Dredging expenditure

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

Maintenance dredging is expenditure incurred to restore the basin to its previous condition. The management estimates that maintenance dredging has an average estimated potential of 3 years. Maintenance dredging is regarded as a separate component and is capitalised and depreciated over a period of 3 years on straight line basis.

2.5 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment under the capital spares and loose tools when they meet the definition of property, plant and equipment. These are valued at weighted average cost less impairment except for in-transit items 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 residual value. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

2.6 Intangible assets

a) Computer software and licenses

i) Acquired

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 cost.

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

Computer software cost treated as intangible assets are amortised from the date the software is put to use on a straight-line basis over their respective useful lives, ranging from 4 years to 6 years.

ii) Internally generated

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

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

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

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

b) Rights for future gas utilization

Rights for future gas utilization represents premium paid to the Government of Pakistan for allocation of 100 MMCFD natural gas for a period of 20 years for Enven plant at Daharki. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

2.7 Leasing activities as a lessee

Lease liability and right-of-use assets:

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

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

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

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

(Amounts in thousand)

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, and is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

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

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

2.8 Leasing activities as a lessor

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

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

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

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

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.9 Impairment of non-financial assets

Assets that are subject to depreciation / amortization are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized 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 sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

2.10 Investments in Joint Ventures and Associates

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

2.11 Non-current assets (or disposal group) 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 rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in consolidated statement of profit or loss.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

2.12 Financial assets

2.12.1 Classification, initial recognition and measurement

On account of applicability of IFRS 9, financial assets are classified into appropriate categories on initial recognition and are subsequently measured at amortized 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 amortized 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 amortized cost or at fair value through other comprehensive income.

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Gains, interest income and impairment losses are recognized in 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 recognized 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. Realized and unrealized gains and losses arising from changes in the fair value 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.

3.12.2 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the consolidated statement of profit or loss.

3.12.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized 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 Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables except for debts due from the Government of Pakistan as a consequence of circular debt which were initially exempted from the application of Expected Credit Loss model under IFRS 9 by the Securities and Exchange Commission of Pakistan (SECP) vide its letter S.R.O 985(I)/2019 dated September 2, 2019 for a limited period of three years till June 30, 2021. On September 15, 2021, the SECP further extended the aforementioned exemption till June 30, 2022.

3.12.4 Financial liabilities

The Group recognizes 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 plus, 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 amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When 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 recognized in the consolidated statement of profit or loss.

3.12.5 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 recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.13 Hedging relationships

The Group currently accounts for two types of hedging relationships:

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

The Group accounts for fair value hedging relationships as follows:

(a) the gain or loss on the hedging instrument is recognized in the consolidated statement of profit or loss (or consolidated statement of comprehensive income, if the hedging instrument hedges an equity instrument for which the Group has elected to present changes in fair value in the consolidated statement of comprehensive income).

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

Cash flow hedge

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

The Group accounts for cash flow hedging relationships as follows:

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

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

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

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

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

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

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

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

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

3.14 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if any.

2.15 Stock-in-trade

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

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessarily to be incurred in order to make the sales.

2.16 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value plus directly attributable transaction costs, if any. The Group holds the trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortized cost using effective interest method. A provision for impairment is established under the simplified model stipulated in IFRS 9. Under this model expected credit losses are measured based on lifetime expected loss allowance for all trade debts and other receivables. The Group measures expected credit losses on trade debts and other receivables in a way that reflects:

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

b) the time value of money; and

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

A contract asset is recognized for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

2.17 Cash and cash equivalents

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

2.18 Share capital

Ordinary shares are classified as equity and recognized 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.

2.19 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest 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.

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

2.20 Government grant

Government grant is recognized 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 recognized as income on a systematic basis over the period 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 recognized and measured in accordance with IFRS 9 'Financial Instruments'. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

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

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

2.21 Trade and other payables

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

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

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

2.22 Deferred income

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

2.23 Contract liability

A contract liability is recognized for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e., a receivable), before the Group transfers a good or service to the customer, the Group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2.24 Provisions

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

2.25 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In which case, the tax is also recognized in other comprehensive income or directly in equity.

(Amounts in thousand)

2.25.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted, and any adjustment to tax payable in respect of previous years.

2.25.2 Deferred

Deferred tax is recognized 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 by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.26 Retirement and other service benefits

2.26.1 Defined contribution plans

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

The Group operates:

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

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

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

2.26.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognized directly in equity through other comprehensive income.

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Group operates defined benefit funded gratuity schemes for its management employees and non-management employees of Engro Fertilizers Limited (EFert).

(Amounts in thousand)

The Group also operates defined benefit funded pension scheme for EFert's management employees the pension scheme provides life time pension to retired employees or to their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme. Actuarial gains or curtailment are recognized immediately once the certainty of recovery is established.

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

In June 2011, the Group gave a one time irrevocable option to existing members of Management Permanent Employees (MPT) 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.

2.26.3 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.

2.26.4 Other benefits - Service Incentive Plan

Provision is made under a service incentive plan for certain category of experienced employees to continue in the Group's employment. The provision is made on the basis of management's estimates of incentives to be paid to employees on fulfillment of criteria given in the incentive plan.

2.27 Foreign currency transactions and translation

2.27.1 These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional currency. Amounts presented in these consolidated financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and property, plant and equipment as explained in note 4.3.

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

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

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

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

2.28 Revenue recognition

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

- The Group recognizes revenue at a point in time when it satisfies its performance obligations as detailed by transferring the control of product to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly lifted by customer from the Group's premises or when it is delivered by the Group at customer premises.

- Revenue from operation and [illegible] service agreement is recognized when or as performance obligations are satisfied by transferring control of promised services to a customer, and control either transfers over time or at a point in time. Where revenue over the time is recognized based on the percentage of completion method, the stage of completion is assessed by milestones which ascertain the completion of the proportion of contract work or the performance of services provided in the agreement.

- Income on bank deposits and other financial assets is recognized on an accrual basis.

- Dividend income from investments is recognized when the Group's right to receive such payment has been established.

- Operation and maintenance fee under various contracts is measured at fair value of the consideration received or receivable and is recognized on accrual basis when services are rendered i.e. performance obligations are fulfilled in accordance with the terms of agreements.

- Revenue from supply of electricity to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the sole customer of Engro Powergen Qadirpur Limited (EPQL) and Engro Powergen Thar (Private) Limited (EPTL), is recognized when the following performance obligations are satisfied:

  - Capacity revenue is recognized based on the capacity made available to CPPA-G; and

  - Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to CPPA-G.

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

- Consultancy fee is recognized at the time the services are rendered.

  Delayed payment charges on overdue trade receivables are recognized on an accrual basis.

  Revenue from regasification and transportation of Liquefied Natural Gas (LNG) to Sui Southern Gas Company Limited (SSGCL) under LNG Operations and Services Agreement (LSA) is recognized on the following basis:

  - Utilization revenue on the basis of Regasified LNG throughput to SSGCL over time.

  - Operations and maintenance revenue over time.

- Revenue from tower infrastructure provisioning is recognized on straight line basis over the non-cancellable agreement period, regardless of whether the payments from customers are received in equal monthly amounts during the contract term. The Group considers all fixed elements of the relevant contractual escalation provisions in calculating the straight-line revenue. Revenue for cancellable agreements are recorded at the amounts invoiced to the customers, as per the agreement.

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

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

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

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

[illegible] Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

[illegible] Research and development costs

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

[illegible] 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 period. 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.

[illegible] Dividend and appropriation to reserves

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

[illegible] 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 Holding Company that makes strategic decisions.

[illegible] 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 estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Property, plant and equipment and intangibles

The Group annually reviews appropriateness of the method of depreciation and amortization, useful lives and residual values used in the calculation of depreciation and amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. These calculations require the use of estimates. Any change in these estimates in the future, might affect the carrying amount of the respective item of property and equipment and intangible assets, with a corresponding effect on the depreciation, amortization charge and impairment.

In case of acquisition of group of assets and liabilities, the Group allocates the purchase consideration to individual assets and liabilities on basis of their relative fair value at the date of purchase. For determination of fair value, the Group takes into account its potential ability to generate economic benefits by either using the asset in its highest and best use or by selling it to another customer. Estimation of highest and best use is made considering the physical, legal and financially feasible uses associated with the assets or group of assets. The consideration for selling it to another customer is based on the fair market value after adjusting the impacts of obsolescence.

(Amounts in thousand)

During the year, EPQL and EPTL have reassessed the useful lives and residual values of its property, plant and equipment as stated in note 4.4.

c) Investments at fair value through other comprehensive income

The Group determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

d) Stock-in-trade

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

e) Income taxes

In making the estimates for provision for current income taxes payable by the Group, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made taking into account these judgments and the best estimates of future results of operations of the Group.

f) Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations.

g) Impairment of investments in associates and joint ventures

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

h) Impairment of financial assets

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

i) Stores and spares

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

j) Unbilled revenue in respect of COD tariff adjustment

As per the applicable tariff regime, EPTL has applied to NEPRA for approval of COD tariff adjustment. EPTL is currently billing the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), based on the provisional tariff, previously notified by NEPRA, and is recognizing the revenue based on management's best estimate of final COD tariff to be approved by NEPRA. Meanwhile, the differential unbilled revenue is being recognized as contract asset which will be billed upon NEPRA's approval.

k) Contingencies and Provisions

Significant estimates and judgments 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 / judgments.

l) Right of use asset and corresponding lease liability

IFRS 16 requires the Group to assess the lease term as the non-cancellable lease term in line with the lease contract together with the periods for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is not reasonably certain to exercise those termination options.

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

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

a) Classification of lease

The classification of lease is on the basis of estimates of cash flows during the contract period, including residual values and allocation of amounts under daily capacity charges to lease and non-lease components and determining minimum lease payments and the exercise of option from terminal's and purchase of right-of-use asset. As a result the lease of terminal has been determined as an operating lease as significant risks and rewards relating to the same remain with the Group at the end of the lease term, taking into account the useful life and fair value of terminal assets, minimum lease payments, residual value and the assessment that customer is not likely to exercise purchase option.

b) Discount rate

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

m) Provision for decommissioning costs

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

n) Revenue recognition

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

4. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	(Rupees)	
Operating assets, at net book value (note 4.1)	[illegible]	283,640,665
Capital work in progress - Expansion and other projects (note 4.8)	[illegible]	25,550,380
Capital spares and standby equipments	[illegible]	2,740,191
	[illegible]	281,957,174

13 Operating assets

	Land Freehold	Land Leasehold	Building Freehold	Building Leasehold	Furniture	Plant and Machinery Owned	Vehicles	Furniture & equipments Owned	Furniture & equipments Leased	Vessels Owned	Aircraft	Jetty	Dredgers	Total
As at 30 June 2020														
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[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]
Year ended 30 June 2021														
Opening net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adjustment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions during the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capitalisation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other movements	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals														
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation charge for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
As at 30 June 2021														
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Land Freehold	Land Leasehold	Building Freehold	Building Leasehold	Furniture	Plant and Machinery Owned	Vehicles	Furniture & equipments Owned	Furniture & equipments Leased	Vessels Owned	Aircraft	Jetty	Dredgers	Total
Year ended 30 June 2022														
Opening net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adjustment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions during the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capitalisation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other movements	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals														
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation charge for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
As at 30 June 2022														
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation rate (%)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Amounts in thousand)

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

Description of assets	Address	Total area of land in Acres
Dharki Plant & Colony	Dharki, Sindh	734.00
Zarkhez plant	Port Qasim, Karachi	112.50
Ravi Plant	18-KM Sheikhupura Road, Lahore	52.55
LNG Terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power Plant and associated buildings	Deh Belo Sanghari, Ghotki, Sindh	21.50
Colony Land	Colony Road, Dharki, Ghotki, Sindh	6.40
Leasehold land	Thar Block II, Islamkot District, Sindh	215.00
Leasehold land	EZ/I/P-II, Eastern Zone, Bin Qasim, Karachi	121.00
Production facilities	EZ/I/P-II Eastern Zone, Bin Qasim, Karachi	8.26
Storage facility	EZ/I/P-II Eastern Zone, Bin Qasim, Karachi	2.2
Administration facilities	EZ/I/P-II Eastern Zone, Bin Qasim, Karachi	0.50

4.3 The SECP, through S.R.O. 986(I)/2019 dated September 2, 2019 partially modified its previously issued S.R.O. 24(I)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their power purchase agreements before January 1, 2019, from the application of IAS 21 The Effects of Changes in Foreign Exchange Rates to the extent of capitalization of exchange differences. Accordingly, during the year, the Group has capitalized exchange loss of Rs. 4,422,904 (2020: Rs. 3,170,122) arising on foreign currency borrowings to the cost of the related property, plant and equipment.

4.4 During the year, EPQL engaged an independent expert / valuer to carry out an assessment of scrap values and useful lives of certain items of plant and machinery. Based on the valuation report of the expert, the scrap values of these assets have been increased from 0% - 5% to 0% - 17% of the cost of the assets and their useful lives have also been increased between 5 and 11 years. This change in accounting estimate of scrap values and useful lives 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. 2,519,709 and increase in carrying value of property, plant and equipment by the same amount.

Had there been no change in the accounting estimate, as disclosed above, the consolidated profit after tax for the current year would have been Rs. 1,780,463.

During the year, EPCL has revised the estimates for useful lives of certain classes of assets and changed the depreciation method from the month following the month in which the asset is made available for use in order to align with practice of the Holding Company.

These changes in accounting estimates have been accounted for prospectively. Due to these changes in estimates, depreciation charge for the year has decreased by Rs. 36,308.

Correspondingly the tax liability has increased by Rs. 10,315. The resultant impact on profit after tax for the year would have been Rs. 47,290.

4.5 During the year, capitalization of PVC III and VCM debottlenecking projects amounts to Rs. 11,763,650.

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

	2021	2020
	(Rupees)	
Cost of goods sold (note 34.1)	11,036,865	12,400,091
Capital work in progress	4,485	326
Cost of services rendered (note 34.2)	326,397	377,191
Selling and distribution expenses (note 35)	136,307	62,411
Administrative expenses (note 36)	312,535	263,767
Discontinued operations	-	2,419
	11,820,584	13,107,217

(Amounts in thousand)

4.7 The details of operating assets (having net book values in excess of Rs. 500) disposed / written off during the year are as follows:

Description and method of disposal	Sold to	Relationship	Cost	Accumulated depreciation & impairment	Net book value	Sale Proceeds	Gain/(Loss)
			(Rupees)				
Plant and machinery							
As per group policy	Various		256,068	151,331	105,002	154,935	18
			256,333	151,331	105,002	104,933	18
Furniture, fixtures and equipment							
As per group policy	Various		130,706	87,099	43,607	35,370	(42,282)
			130,706	87,099	43,607	35,370	(42,282)
Vehicles							
	Muneer Kamal		4,560	2,920	1,661	4,000	(2,228)
	Thau Imad		2,061	113	2,500	2,500	(75)
	Fiyaz Haroon		2,270	209	1,061	2,255	(95)
	Faraz Din Shamsuddin		2,577	594	1,983	2,290	(207)
As per Group policy to existing / resigned / retired executives	Syed Amjad Zaman	Employee	2,610	319	2,301	2,452	(153)
	Rizwan Wahab Khan		5,496	545	4,953	4,371	(70)
	Javed Kasbati		2,566	147	2,442	2,519	(72)
	Syed Alihan Hasan Rizvi		2,785	282	2,501	2,501	-
	Aziz Khalid		2,601	571	2,030	2,012	(223)
	Hassan Mustafa		2,858	737	2,171	2,495	(25)
	Asad Ahmed Khan		2,590	421	2,152	2,240	(88)
			33,631	5,238	27,053	33,357	(2,424)
Year ended December 31, 2021			420,099	245,027	175,072	225,615	(45,541)
Year ended December 31, 2020			56,777	153,701	50,076	53,035	15,000

(Amounts in thousand)

		2021	2020
		(Rupees)	
4.5	Capital work-in-progress		
	Freehold land	32,500	53,000
	Plant and machinery	18,771,581	21,822,816
	Building and civil works including pylons	1,257,735	265,715
	Furniture, fixtures and equipment	538,102	2,253,797
	Advances to suppliers (note 4.5.2)	1,859,825	543,774
	Capital stores and spares (note 4.5.1)	978,095	-
	Aircraft	2,570,522	
	Internally generated intangible asset	90,144	748,097
	Other ancillary cost	820,103	291,294
		26,747,744	25,565,260
	Balance as at January 1	25,558,260	17,506,321
	Additions during the year (note 4.5.1)	23,038,034	20,000,458
	Borrowing cost capitalized during the year	27,545	214,573
	Transferred to:		
	- operating assets	(22,146,457)	(8,597,448)
	- intangible assets	(1,150,675)	(303,957)
	- net investment in lease	-	(202,920)
	- capital spares	(156,049)	-
	Impairment	-	(61,260)
	Write-off	(22,622)	(67,897)
	Balance as at December 31	26,747,744	25,558,260

4.5.1 Capital stores and spares include an amount of Rs. 152,000 in respect of [illegible] towers acquired by [illegible] from Pakistan Mobile Communication Limited (PMCL) and Deodar (Private) Limited under the asset sale and purchase agreement signed in April 2020. The [illegible] value of the acquired towers has been determined based on the fair market value after adjusting the impact of [illegible].

4.5.2 This mainly represents advance paid to suppliers for purchase of operating assets.

4.2 These include land and plant and machinery subject to operating lease having net book value of Rs. 4,220,703 (2020: Rs. 4,229,528) and Rs. 1,754,522 (2020: Rs. 11,754,522) respectively.

(Amounts in thousand)

5. RIGHT-OF-USE ASSETS

	Office space/ rented premises and tower sites	Storage tanks	Buildings	Vehicle	Total
	(Rupees)				
As at January 1, 2020					
Cost	2,438,659	3,397,658	60,704		5,902,[illegible]
Accumulated depreciation	(335,519)	(981,193)	(10,771)	-	([illegible])
Net book value	2,103,140	2,397,565	49,933	-	[illegible]
Year ended December 31, 2020					
Opening net book value	2,103,140	2,397,565	49,933	-	[illegible]
Additions	3,004,252	-	-	8,848	3,013,100
Derecognition of right-of-use asset					
Cost	(205,544)	-	-	-	(205,544)
Accumulated depreciation	78,835	-	-	-	78,835
	(127,709)	-	-	-	(127,709)
Depreciation charge for the year (note 5.2)	(935,759)	(401,025)	(16,776)	(591)	([illegible])
Closing net book value	4,093,156	2,255,846	35,157	5,257	6,991,730
As at December 31, 2020					
Cost	5,291,707	3,537,065	60,704	5,848	8,895,498
Accumulated depreciation	(812,641)	(1,281,219)	(25,547)	(591)	(1,903,[illegible])
Net book value	4,093,156	2,255,846	35,157	5,257	6,991,730
Year ended December 31, 2021					
Opening net book value	4,493,156	2,255,846	35,157	5,257	6,991,730
Additions (note 5.1)	3,102,081	172,777	-	-	3,274,858
Transfer to operating assets (note 4.1)	-	-	-	(5,256)	(5,590)
Depreciation charge for the year (note 5.2)	(725,637)	(419,264)	(10,774)	-	([illegible])
Closing net book value	7,762,900	2,009,359	16,580	-	9,219,[illegible]
As at December 31, 2021					
Cost	9,032,828	3,203,895	66,704	5,848	12,273,915
Accumulated depreciation	(1,248,766)	(1,249,578)	(50,914)	(5,848)	(2,554,305)
Net book value	7,762,950	2,005,249	15,580	-	9,019,609

(Amounts in thousand)

5.1 This represents right-of-use asset recognized against lease agreements by [illegible] in respect of [illegible] and [illegible] respectively.

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

	2021	2020
	(Rupees)	
Cost of goods sold (note 34.1)	773,584	[illegible]
Capital work-in-progress	25,990	23,690
Administrative expenses (note 35)	244,782	271,522
	1,041,362	[illegible]

6. INTANGIBLE ASSETS

	Software and licenses	Rights for future gas utilization	Total
As at January 1, 2020			
Cost	1,617,309	102,312	1,720,000
Accumulated amortization and impairment	(714,210)	(45,232)	(759,442)
Net book value	903,099	57,080	960,858
Year ended December 31, 2020			
Opening net book value	903,099	57,080	960,858
Additions including transfers (note 6.2)	302,997	-	302,997
Amortization charge (note 6.1)	(173,431)	(5,111)	(180,572)
Closing net book value	1,035,312	51,969	1,087,281
As at December 31, 2020			
Cost	1,924,983	102,312	2,027,295
Accumulated amortization and impairment	(888,671)	(50,343)	(940,014)
Net book value	1,035,312	51,969	1,087,281
Year ended December 31, 2021			
Opening net book value	1,035,312	51,969	1,087,281
Additions including transfers	1,632,561	-	1,632,561
Write-offs/Disposals			
Cost	(100,795)	-	(100,795)
Accumulated Amortization	24,260	-	24,260
	(76,535)	-	(76,535)
Amortization charge (note 6.1)	(239,872)	(5,111)	(244,983)
Closing net book value	2,351,466	46,858	2,398,324
As at December 31, 2021			
Cost	3,456,749	102,312	3,559,061
Accumulated amortization and impairment	(1,105,283)	(55,454)	(1,160,737)
Net book value	2,351,466	46,858	2,398,324

	2021	2020
	(Rupees)	
6.1 Amortization charge for the year has been allocated as follows:		
Cost of goods sold (note 34.1)	37,376	23,471
Cost of services rendered (note 34.2)	63	2
Capital work-in-progress	391	615
Selling and distribution expenses (note 36)	4,756	444
Administrative expenses (note 35)	202,707	155,640
	244,983	180,572

6.2 This includes cost incurred in respect of [illegible] project which is being amortized over a period of [illegible] years.

7. LONG TERM INVESTMENTS

	2021	2020
	(Rupees)	
Investments in associates and joint ventures		
Joint Venture Company - Engro Vopak Terminal Limited (EVTL) (notes 7.1 to 7.4)	-	-
Investment in associates at fair value through OCI		
Engro Fertilizers - Engro Pakistan Limited (EOP[illegible]) 306,075,245 (2020: 306,075,245) ordinary shares of Rs. 10 each	28,574,139	27,644,[illegible]
Less: provision for impairment (note 7.5)	(1,224,304)	(1,224,304)
	27,349,835	26,509,774
- Sindh Engro Coal Mining Company Limited (SECMC) - 131,845,725 (2020: 116,679,637) ordinary shares of Rs. 10 each (Percentage of holding 11.90% (2020: 11.90%)) (note 7.6)	5,190,485	4,384,238
Others		
Gross carrying value as at January 1	1,850,187	488,[illegible]
Investments made during the year	-	47,050
Add: Associates classified from held for sale	-	1,025,[illegible]
Share of loss for the year	-	(170)
Gross carrying value as at December 31	1,850,187	1,560,157
Less: Impairment recognized thereagainst	(1,317,684)	(643,756)
	532,503	916,402
Others	144,244	104,926
	34,217,070	32,045,[illegible]

7.1 Details of investment in EVTL is as follows:

	2021	2020
At beginning of the year	-	-
Add: Share of profit for the year (note 7.3)	1,176,457	1,399,002
Less: Provision adjustment in respect of tax contingency (note 24.[illegible])	(20,452)	(4,464)
Less: Dividend received during the year	(1,156,005)	(1,395,038)
	-	-

(Amounts in thousand)

7.3.1 As a result of a net profit for the year, the provision for tax contingency amounting to Rs. 1,064,505 previously set off against the carrying value of the Group's investment has increased by Rs. 20,457 representing the difference between the share of profit and dividend received by the Group. Accordingly, the net provision set off against the carrying value of Group's investment in EVTL now amounts to Rs. 1,059,727 (2020: Rs. 1,039,270).

7.2 As at December 31, 2021, the Holding Company held 45,000,000 ordinary shares (2020: 45,000,000 ordinary shares) of EVTL representing 50% of issued, subscribed and paid-up capital of EVTL.

7.3 Cases for the tax year 2008 to tax year 2014 of EVTL to determine as to whether the income of EVTL is taxable under the Normal Tax Regime (NTR) or the Final Tax Regime (FTR) are pending in the Honourable Supreme Court of Pakistan (SCP) and the High Court of Sindh (HCS). In this regard, EVTL has disclosed a contingent liability amounting to Rs. 4,124,049, in its financial statements representing potential tax liability that EVTL may have to recognise if the aforementioned cases are decided against EVTL.

On the basis of legal advice, the Group has recognised its proportionate share of the aforementioned amounting to Rs. 2,062,024 (2020: Rs. 2,062,024). This potential tax liability has been adjusted against the carrying value of its investment in EVTL to the extent of holding [illegible] and the balance amount has been recognised as a provision (note 27) representing the Group's constructive obligation to fund the potential exposure.

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

Statement of financial position			Statement of profit or loss and other comprehensive income		
Particulars	2021	2020	Particulars	2021	2020
	Rupees			Rupees	
Cash and cash equivalents	1,028,903	836,064	Revenue	4,482,150	4,302,679
Current financial liabilities (excluding trade and other payables)	2,362	11,304	Depreciation and amortization	271,855	282,092
Non-current financial liabilities (excluding trade and other payables)	1,350,791	847,357	Interest income	57,314	72,153
Non-current assets	3,357,371	3,078,702	Income tax expense	355,157	373,058
Current assets	1,890,967	847,890			
Non-current liabilities	(1,429,483)	(931,171)			
Current liabilities	(1,614,497)	(908,364)			
	2,214,245	2,175,939			
Group's share 50% (2020: 50%)	1,107,124	1,089,697	Total comprehensive income for the year	2,530,213	2,709,740
Provision against tax contingency	(1,059,727)	(1,039,270)			
Others	(47,397)	(14,397)			
Carrying amount	-	-			

7.5 FrieslandCampina Engro Pakistan Limited (FCEPL) is a public listed company, incorporated in Pakistan. The Holding Company holds 39.9% shareholding in FCEPL. The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. Earlier in 2016, the Holding Company partially disposed of its investment in FCEPL resulting in it being recognized as an associate and the retained interest in FCEPL valued at the fair value on the date of disposal in accordance with the International Financial Reporting Standards (IFRS). As per the accounting policy of the Group, investment in associates is carried at cost in the consolidated financial statements which is adjusted for post-acquisition change in net assets.

An impairment loss of Rs. 1,234,304 was recognized in the consolidated financial statements for the year ended December 31, 2019 based on Holding Company's assessment of the recoverable amount of the investment. However, based on Holding Company's assessment as at December 31, 2021, no further impairment is required to be recognized in respect of this investment.

7.6 Details of material investments in Associated Companies are as follows:

Particulars	2021		2020	
	FCEPL	SECMC	FCEPL	SECMC
	(Rupees)			
At beginning of the year	26,639,774	4,284,936	26,569,185	3,058,065
Add:				
- Investment made during the year	-	274,830	-	-
Share of profit for the year (note 40)	719,827	1,631,418	70,589	1,227,271
Share of other comprehensive loss	(8,763)	-	-	-
	711,064	1,631,418	70,589	1,227,271
	27,349,835	6,190,758	26,639,774	4,284,936

(Amounts in thousand)

7.7 The summary of financial information / reconciliation of Associated Companies in which the Group holds material investment as of December 31, is as follows:

Particulars	FOEPL 2021	FOEPL 2020	[illegible] 2021	[illegible] 2020
	(Rupees)			
Revenue	[illegible]	[illegible]	[illegible]	[illegible]
Profit after tax	1,804,075	[illegible]	11,175,432	11,140,053
Other comprehensive loss	(24,475)	(13,947)	-	
Total comprehensive income	1,779,600	162,979	11,175,432	11,140,053
Non-current assets	11,887,687	[illegible]	87,058,219	77,352,756
Current assets	15,270,425	10,[illegible],540	75,731,595	49,292,055
Total assets	27,158,112	28,207,926	162,757,054	126,740,911
Less:				
Non-current liabilities	2,748,015	6,[illegible]	50,[illegible]	[illegible]
Current liabilities	4,262,053	9,[illegible]	49,[illegible]	[illegible]
Total liabilities	[illegible]	[illegible]	[illegible]	59,165,011
Net assets	[illegible]	[illegible]	[illegible]	37,575,800
Group's share in %	32.93%	[illegible]	[illegible]	[illegible]
Share of net assets	4,120,571	[illegible]	5,280,382	4,475,754
Recognition of investment at fair value	24,327,618	24,[illegible]	-	-
Others	(115,780)	[illegible]	(82,824)	(91,512)
Provision for impairment	(1,224,304)	(1,221,304)	-	-
Carrying amount	27,243,855	26,532,771	5,197,458	4,384,[illegible]

7.8 The comparison between quoted fair value and carrying amount of listed Associated Company is given below:

Name of entity	Place of business	Measurement method	Quoted Fair value 2021	Quoted Fair value 2020	Carrying amount 2021	Carrying amount 2020
			(Rupees)			
FrieslandCampina Engro Pakistan Limited	5th Floor, The Harbour Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi.	Equity Method	[illegible]	[illegible]	27,243,855	26,530,771

(Amounts in thousand)

7.9 During the year, the Company in its Board meeting held on August [illegible], 2021 decided to resign from the Project [illegible] Agreement. In view of the significant project delays to achieve financial close of the power project, impairment loss of Rs. [illegible] has been recognized during the year representing the write down of carrying amount of investments in SEL to recoverable amount being fair value less cost of disposal.

Further, the SEL has also recorded aggregate provision (note 35) amounting to Rs. [illegible] against the performance guarantees provided and Engineering, Procurement and Construction contractor's liability of SEL on the basis of shareholding proportion in SEL.

8. DEFERRED TAXATION

	2021 Assets	2021 Liabilities	2020 Assets	2020 Liabilities
	(Rupees)			
Engro Corporation Limited	75,537	-	15,215	
Engro Fertilizers Limited	-	11,842,999		11,[illegible]
Engro Energy Limited	5,203	[illegible]	[illegible]	[illegible]
Engro Polymer and Chemicals Limited	-	[illegible]	-	[illegible]
Engro Elengy Terminal (Private) Limited	-	1,231,729	-	1,098,444
Net effect of consolidation adjustments	-	18,854	-	[illegible]
	80,345	13,258,619	90,444	[illegible]

8.1 Credit / (Debit) balances are on account of:

	2021	2020
	(Rupees)	
- Accelerated depreciation allowance	18,[illegible]	13,656,509
- Recoupable carried forward tax losses	(18,24[illegible])	(10,405)
- Recoupable Alternative Corporate Tax	-	[illegible]
- Provisions	(1,327,308)	(1,[illegible])
- Net investment in lease	4,[illegible]	[illegible]
- Lease liability	(14,201,[illegible])	(14,075,[illegible])
- Right of use asset	[illegible],765	57,657
- Share issuance cost, net of equity	(57,850)	(57,[illegible])
- Others	[illegible]04,500	(6,[illegible])
	16,175,303	11,[illegible]

9. FINANCIAL ASSETS AT AMORTIZED COST

	2021	2020
Investment in Term Deposit Receipts - (note 9.[illegible])	3,092,784	4,[illegible]
Investment in Term Finance Certificates - (note 9.5)	600,000	[illegible]
	3,692,784	[illegible]

(Amounts in thousand)

9.1 The amount of non-current portion amounting to Rs. 2,058,7[illegible] (2020: Rs. 93[illegible]) represents term deposits receipts aggregating to USD 35,000 thousand with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months Libor + 0.65% per annum and are due for maturity in six equal semi-annual installments of USD 5,833 which started from July 15, 2021 and will end on January 15, 2024.

9.2 Represents investment in Term Finance Certificates amounting to Rs. 900,000 carrying mark-up at the rate of 6 months KIBOR with a margin of 1.3%.

10. DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2021, Enfrashare has outstanding interest rate swap agreements with Standard Chartered Bank for notional amounts aggregating to notional amount of Rs. 5,000,000 to hedge its interest rate exposure on floating rate borrowings from various lenders. Under the swap agreements, Enfrashare would receive 6 month KIBOR on respective notional amounts and will pay fixed rates. Details of these swap agreements are as follows:

Notional Amount	Effective date	Termination date	Fixed rate	Fair value as at 2021	2020
(Rupees)				(Rupees)	
1,000,000	July 2, 2021	June 2, 2025	9.8[illegible]%	25,813	-
4,000,000	July 6, 2021	June 4, 2029	10.25%	64,492	
				92,205	-

11. NET INVESTMENT IN LEASES

	2021	2020
	(Rupees)	
Undiscounted lease payments analysed as:		
Recoverable after 12 months	65,539,201	67,683,036
Recoverable within 12 months	9,225,592	8,4[illegible]
	74,765,321	76,018,556
Less: unearned finance income	(25,557,176)	(28,256,[illegible])
Net investment in leases	49,208,145	47,[illegible]
Net investment in leases analysed as:		
Recoverable after 12 months	45,203,620	44,[illegible]
Recoverable within 12 months	4,004,525	3,[illegible]
	49,208,145	47,[illegible]2,622
Maturity analysis of undiscounted net investment in leases		
Within 1 year	9,185,597	5,394,221
Between 1 and 2 years	9,186,597	5,394,221
Between 2 and 3 years	9,211,141	5,394,221
Between 3 and 4 years	9,185,597	5,478,421
Between 4 and 5 years	8,958,323	[illegible]
More than 5 years	29,035,763	34,350,906
	74,765,321	75,[illegible]

11.1 EETPL has entered into a lease arrangement with respect to its LNG infrastructure for receipt, storage and regasification of LNG. EETPL's implicit rate of return on the investment in lease is 1[illegible].52% per annum.

11.2 Enfrashare is party to an agreement that conveys the right to use energy equipment. This arrangement is classified as finance lease with Enfrashare as the lessor. Finance lease - gross investment and net investment in lease includes deferred incentive income of Rs. 5[illegible]36 and Rs. 152,519 respectively offered to the customer on signing of multiple contracts accounted for as a single arrangement as disclosed in note 26.[illegible] to these consolidated financial statements. The deferred incentive income represents discounted rentals offered to the customer for the above mentioned finance lease arrangement.

11.3 Lease rentals received during the year aggregate to Rs. 5,215,106 (2020: Rs. [illegible]).

12. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES - Considered good

	2021	2020
	(Rupees)	
Executives (notes 12.1 to 12.4)	155,853	372,422
Other employees (notes 12.2 and 12.4)	105,221	36,[illegible]
Deposits to suppliers	3,958	-
	261,512	399,304
Less: Current portion shown under current assets (note 16)	200,052	222,940
	61,4[illegible]1	136,364
Receivable from Sui Southern Gas Company Limited (SSGC) (note 12.5)	620,654	968,[illegible]2
Less: Current portion shown under current assets (note 16)	46,082	44,508
	574,572	92[illegible]4
Term cost of Floating Storage & Regasification Unit (FSRU) (note 12.6)	702,545	[illegible]
Security deposits (note 12.7)	100,930	20,292
Other receivables (note 12.8)	263,650	145,54[illegible]
	2,515,206	2,[illegible]0,017

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

	2021	2020
Balance as at January 1	272,420	[illegible]
Add: Disbursements	143,702	145,481
Less: Repayments / Amortization	(315,729)	(341,765)
Balance as at December 31	160,393	372,422

(Amounts in thousand)

12.2 Long term loans include:

- interest free service incentive loans to executives, repayable in equal monthly instalments over a five years period or in one lump sum payment at the end of such period and are secured to the extent of the provident fund balance and retirement benefits of the respective employees;

  interest free loans given to workers pursuant to Collective Labour Agreement; and

- advances to employees for car earn out assistance, long term incentive and house rent advance.

12.3 The maximum amount outstanding at the end of any month from the executives of the Group aggregated to Rs. 2[illegible] (2020: Rs. 421,419).

12.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults in recent history.

12.5 In 2014, Engro Elengy Terminal (Private) Limited (EETPL) entered into LNG Operation and Services Agreement (LSA) with SSGCL. As per the terms of the LSA, EETPL was required to construct a pipeline (SSGCL Branch Pipeline) and transfer it to SSGCL upon commissioning of the LNG Project and recover the cost of construction through recovery of capacity charges to be billed to SSGCL over the term of LSA. EETPL constructed and transferred the SSGCL Branch Pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in the respective of connection.

12.6 On June 19, 2015, EETPL received a notice from Model Customs Collectorate (the 'Customs Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes (i.e. customs duty and advance income tax). EETPL was of the view that the FSRU has been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (vi) relating to the clause 2(a), being of the nature of import/temporary import of plant, machinery and equipment.

Furthermore, since the EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities were not in agreement with EETPL's views on the same and treated import of FSRU for 10 years as a temporary import. The EETPL in response filed a suit before the High Court of Sindh (the 'Court') which through its order dated June 23, 2015 had restrained Customs Authorities from collection of customs duty and advance income tax.

The Court in judgment issued on May 26, 2019 held EETPL liable to custom duty and remanded the matter related to advance tax to Customs Authorities with directions. EETPL in response to the above mentioned judgment and demand raised by Customs Authorities has paid an amount of Rs. 1,025,100 in respect of custom duty, this is being amortized over the term of 15 years.

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

12.8 This includes accrued infrastructure equalisation revenue of Enfrashare amounting to Rs. 250,580 (2020: Rs. 180,175) pertaining to the impact of fixed escalation clauses that is spread on straight line basis over the non cancellable lease term.

(Amounts in thousand)

	2021	2020
	(Rupees)	
13. STORES, SPARES AND LOOSE TOOLS		
Consumable stores	10,036,794	9,596,275
Spares and loose tools including in-transit Rs. 20,122 (2020: Rs. 48,597)	534,062	545,050
	10,570,856	10,141,325
Less:		
Provision for surplus and slow moving items (note 13.1)	1,960,725	1,071,834
	8,610,131	9,069,491

	2021	2020
13.1 Provision for surplus and slow moving items		
Balance as at January 1	1,071,834	1,058,327
Charge for the year - net (note 31.1)	905,282	13,505
Write off	(15,941)	
Balance as at December 31	1,960,725	1,071,834

	2021	2020
14. STOCK-IN-TRADE		
Raw and packaging material (note 14.1)	11,462,238	7,230,557
Unprocessed rice	3,532,572	1,[illegible]8,095
Fuel stock	464,731	447,035
Work-in-process	177,809	135,836
Finished goods:		
- own manufactured product (note 14.1)	7,551,417	7,458,005
- by-products	8,566,441	-
- purchased product (note 14.1)	[illegible]	1,252,5[illegible]
	[illegible]	17,841,24[illegible]
Less: Provision for impairment against stock in trade (note 14.2)	146,194	231,561
	31,515,007	17,[illegible]

14.1 Includes:

- raw material in transit amounting to Rs. 2,484,420 (2020: Rs. 1,579,023); and
  inventories held at storage facilities of third parties amounting to Rs. 2,872,145 (2020: Rs. 1,284,091).

14.1.1 Raw materials and finished goods amounting to Rs. 1,635 (2020: Rs. 40,444) were written off.

14.2 Provision in respect of net realisable value

	2021	2020
	(Rupees)	
Balance as at January 1	231,561	53,735
Charge for the year - net	511,725	403,278
Written off during the year	(598,300)	(225,452)
Balance as at December 31	146,194	231,561

(Amounts in thousand)

15. TRADE DEBTS

	2021	2020
Considered good		
- Secured (notes 15.1 and 15.2)	57,023,515	40,185,929
- Unsecured	604,263	259,848
	[illegible]	[illegible]
Considered doubtful (note 15.4)	338,007	84,792
	58,0[illegible]	[illegible]
Less: provision for impairment (note 15.5)	338,007	84,792
Unbilled revenue	1,024,695	467,730
	[illegible]	[illegible]

15.1 Includes trade debts of [illegible] aggregating to Rs. 51,601,480 (2020: Rs. 40,000,030) due from Central Power Purchasing Agency (CPPA-G), along with delayed payment charges which are secured by a guarantee from the Government of Pakistan under the Implementation Agreements and as such are considered good. This is inclusive of overdue debt of Rs. 37,05[illegible] (2020: Rs. 31,703,[illegible]).

15.2 Includes an amount of Rs. 1,785,500 (2020: Rs. 1,562,552) due from SSGCL, in respect of finance income on net investment in lease, operating lease rentals, utilization / regasification services and operations and maintenance services.

15.3 As at December 31, 2021, trade debts aggregating to Rs. 20,217,542 (2020: Rs. 18,834,171) were neither past due nor impaired.

15.4 As at December 31, 2021, trade debts aggregating to Rs. 338,007 (2020: Rs. 84,792) were past due and impaired and have been provided for.

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

	2021	2020
	---(Rupees)---	
Balance as at January 1	84,792	65,248
Add: Provision for doubtful debts (note 32)	290,004	[illegible]
Trade debts written off as uncollectible	(36,579)	([illegible])
Balance as at December 31	338,007	84,792

15.6 As at December 31, 2021, trade debts aggregating to Rs. 37,711,229 (2020: Rs. 31,703,[illegible]) were past due but not impaired. These relate to various customers for which there is no recent history of default.

	2021	2020
	---(Rupees)---	
- up to 3 months	24,452,914	22,063,762
- 3 to 6 months	7,870,592	5,553,[illegible]
- More than six months	5,377,723	4,136,265
	37,711,229	31,753,[illegible]

15.7 Details of amounts due from associated undertakings / related parties are as follows:

	2021	2020
	---(Rupees)---	
- SEL Utility Limited	49,849	[illegible]
- Tenaga Generasi Limited	98,158	145,[illegible]
	148,007	205,[illegible]

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

	2021	2020
	---(Rupees)---	
Up to 3 months	96,980	1[illegible],181
3 to 6 months	[illegible]	27,628
- More than 6 months	49,849	37,918
	146,729	[illegible]

15.9 The maximum amount due from related parties at the end of any month during the year amounts to Rs. 222,715 (2020: Rs. 1,27[illegible]).

16. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2021	2020
	---(Rupees)---	
Current portion of long term loans and advances to executives and other employees (note 12)	226,002	202,540
Advances to executives and other employees (note 16.1)	76,824	4,757
Current portion of receivable from SSGCL (note 13)	40,149	74,352
Advances and deposits	1,581,[illegible]	1,789,[illegible]
Prepayments:		
- Insurance	372,[illegible]	1,[illegible]
- freight	35,25[illegible]	
- others	1,[illegible]53,953	575,[illegible]
	4,711,[illegible]	3,8[illegible]

16.1 Represents interest free advances to executives and employees for house rent, given in accordance with the Group's policy.

16.2 The carrying values of the loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

(Amounts in thousand)

		2021	2020
		(Rupees)	
17.	OTHER RECEIVABLES		
	Receivable from Government of Pakistan against:		
	- Sales tax refunds	[illegible]2,377	4,960,[illegible]
	- Subsidy (note 17.1)	6,525,493	6,525,493
	- Others	[illegible]	5[illegible],730
		17,535,870	11,539,404
	Less: Loss allowance on subsidy receivable from GoP (notes 17.1 and 17.2)	1,790,612	1,235,912
	Less: Provision for impairment (notes 17.3 and 17.7)	156,[illegible]	203,857
		15,584,101	10,[illegible]
	Delayed payment charges (note 17.4)	7,075,485	6,[illegible],755
	Workers' profits participation fund	[illegible]	-
	Reimbursable costs from CPPA in respect of:		
	- Workers' profits participation fund (note 17.8)	2,082,205	1,403,334
	- expenses (note 17.8)	21,827	21,867
		2,104,032	1,425,201
	Receivable from:		
	- Engro Vopak Terminal Limited	48,302	30,755
	- Engro Foundation	30,979	[illegible]
	- Thar Foundation	5,225	[illegible]
	- Sindh Engro Coal Mining Company Limited	17,001	20,010
	- Thar Power Company Limited	7,811	-
	- FrieslandCampina Engro Pakistan Limited	40,724	8,[illegible]
	- China East Resources Import and Export Corporation	83,205	63,786
	Insurance claim receivable	76,560	95,927
	Asset against take-or-pay (note 17.8)	[illegible]	204,258
	Retirement benefit funds	92,580	-
	Others	304,349	445,[illegible]
		25,720,764	18,[illegible]

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

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

During 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs. 100 per 50kg bag for Urea only. This subsidy scheme was effective till June 30, 2018. In line with the notification issued for the said scheme, Ministry of National Food Security and Research has appointed third party auditors for verification of subsidy claims which is underway.

(Amounts in thousand)

	2021	2020
	(Rupees)	
Subsidy receivable from the Government of Pakistan - net		
Gross subsidy receivable from the GoP	6,525,493	6,525,493
Less: Provision against doubtful receivable	(156,127)	(156,127)
Less: Loss allowance on subsidy receivable from the GoP (note 17.2)	(1,796,612)	(1,235,912)
	4,571,754	5,133,454
The movement in loss allowance on subsidy receivable from the GoP is as follows:		
Balance as at January 1	1,235,912	-
Loss allowance for the year	557,700	1,235,912
Balance as at December 31	1,790,612	1,235,912

17.2 As required under IFRS 9, management is required to assess changes in credit risk by taking into account time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognize expected credit loss, if any. Based on this management has recognized expected credit loss amounting to Rs. 1,790,612 (2020: Rs. 1,235,912) on subsidy receivable giving consideration to the time value of money based on expected recovery of subsidy amount. Further, however is confident of full recovery of the subsidy amount from the GoP.

17.3 As at December 31, 2021, provision in respect of subsidy amounts to Rs. 156,127 (2020: Rs. 156,127).

17.4 This represents mark-up on overdue trade debts relating to [illegible] and EPTL of which Rs. [illegible] (2020: Rs. 4,[illegible]) is overdue.

17.5 The ageing analysis of these due receivables from associated undertakings / related parties are as follows:

	2021	2020
	(Rupees)	
Up to 3 months	133,856	25,[illegible]
3 to 6 months	18,[illegible]	11,5[illegible]
More than 6 months	[illegible]3,728	55,725
	2[illegible]	[illegible]

17.6 The maximum amount due from related parties at the end of any month during the year amounts to Rs. [illegible] (2020: Rs. [illegible]).

17.7 As at December 31, 2021, receivables aggregating [illegible] (2020: Rs. 54,730) were deemed to be impaired being outstanding for more than six months and provided for.

17.8 This represents receivable on account of take or pay in accordance with section [illegible] of the Gas Supply Agreement.

17.9 This includes outstanding invoices amount of Rs. [illegible] (2020: Rs. [illegible]) which is overdue for more than [illegible] months.

		2021	2020
		(Rupees)	
18.	CONTRACT ASSET		
	Capacity Purchase Price component of tariff - EPTL (note 18.1)	5,462,610	5,714,977

18.1 Represents unbilled revenue in respect of Capacity Purchase Price (CPP) component of tariff under Power Purchase Agreement (PPA) for the period July 10, 2019 to December 31, 2021. EPTL expects to raise the invoice for billing and recovery of the amount once the decision of NEPRA in the matter is received.

(Amounts in thousand)

19. SHORT TERM INVESTMENTS

	2021	2020
	——(Rupees)——	
At fair value through profit or loss		
Investment in units of mutual fund (note 19.1)	20,005,901	9,207,627
Treasury bills (note 19.2)	[illegible]	8,624,761
Pakistan Investment Bonds (note 19.3)	[illegible]	11,409,782
Fixed income placements (note 19.4)	[illegible]	5,000
	20,005,921	27,205,056
At fair value through other comprehensive income		
Treasury bills	[illegible]	17,708,551
Pakistan Investment Bonds	[illegible]	56,315,201
	[illegible]	74,062,242
At amortized cost		
Treasury bills (note 19.2)	16,600,851	1,687,175
Pakistan Investment Bonds (note 19.3)	16,805,251	-
Fixed income placements / Term deposit receipts (note 19.4)	39,624,879	10,515,807
	72,583,150	12,203,373
	92,372,051	90,492,631

19.1 The details of investment in mutual funds are as follows:

	2021		2020	
	Number of units	Amount in Rupees	Number of units	Amount in Rupees
NBP Money Market Fund	120,701,726	1,202,011	64,470,742	626,241
UBL Special Savings Plan - V	[illegible]	[illegible]	20,574,708	2,072,159
NIT Money Market Fund	170,172,270	1,707,172	163,222,654	1,643,224
ABL Special Savings Plan - II	[illegible]	[illegible]	20,072,885	213,850
ABL Special Savings Plan - III	[illegible]	[illegible]	245,326,257	2,534,050
ABL Cash Fund	171,644,125	1,752,750	-	-
Alfalah Cash Fund Class B - Growth units	1,436,391	752,958	-	-
Alfalah Money Market Fund Class B - Growth units	3,001,886	300,250		-
Atlas Money Market Fund	[illegible]	[illegible]	1,053,649	533,256
UBL Liquidity Plus Fund - Class C	17,319,411	1,755,146		-
UBL Cash Fund Class A	1,917,737	200,000	-	-
MCB Arif Habib Pakistan Cash Management Fund	14,903,183	752,252	31,531,586	1,604,053
Meezan Rozana Amdani Fund	10,020,310	521,018	4,037,562	200,870
JS Cash Fund	7,048,872	760,735	2,054,084	214,056
HBL Cash Fund	43,757,935	4,784,170	2,531,654	257,435
Faysal Government Securities Fund	[illegible]	[illegible]	23,499,261	2,418,531
Faysal Money Market Fund	9,777,054	1,501,774	-	-
First Habib Cash Fund	7,175,639	700,000	-	
Alfalah GHP Cash Fund	3,836,570	2,201,537	2,756,538	1,421,835
Pakistan Cash Management Fund	19,814,514	1,502,433	-	-
	1,007,890,232	20,005,901	580,827,953	13,207,517

19.2 These represent treasury bills carrying interest at the rates ranging upto 11.35% (2020: 13.78%) per annum. These have maturity dates of upto one year from the reporting date.

19.3 These bonds carry interest at rates ranging upto 11.30% (2020: 9%) per annum.

19.4 These represent placements with banks and carry interest ranging upto 12.25% (2020: 7%) per annum.

20. CASH AND BANK BALANCES

	2021	2020
	——(Rupees)——	
Cash in hand	12,104	11,348
Balances with banks in:		
deposit accounts (notes 20.1 and 20.2)	25,710,235	19,764,732
deposit accounts - Islamic (note 20.3)	273	405,789
current accounts	14,704,362	3,650,802
	40,415,870	23,820,324
Cheques / Demand drafts in hand	67,327	93,811
Cash at bank (note 20.4)	306,183	
	40,801,784	23,925,483

20.1 Local currency conventional deposits carry return ranging from 2.17% to 8.25% (2020: 3.32% to 12.25%) per annum.

20.2 Includes Rs. 4,640,244 (2020: Rs. 7,807,629) held in foreign currency bank accounts and carry return ranging upto 0.50% (2020: 3.10%) per annum.

20.3 These are shariah compliant bank balances and carry profit at rates ranging from 2.94% to 4.52% (2020: 2.85% to 7.00%) per annum.

20.4 This represents deposit under lien with a bank regarding bank guarantees to the Collector of Customs and Excise and Taxation in respect of Sindh Infrastructure Development Cess in Engro Peroxide (Private) Limited.

21. ASSETS CLASSIFIED AS HELD FOR SALE

In 2020, steam turbine with a husk fueled boiler installed at EEAPL was classified as 'held for sale' as EEAPL expected to conclude the sale within next 12 months from December 31, 2020. However, during the year it has been reclassified to 'Property, plant and equipment' as EEAPL believes that sale is not highly probable within next one year.

(Amounts in thousand)

22. SHARE CAPITAL

22.1 Authorised Capital

2021	2020		2021	2020
------(Number of Shares)------			------(Rupees)------	
700,000,000	700,000,000	Ordinary shares of Rs. 10 each	7,000,000	7,000,000

22.2 Issued, subscribed and paid up capital

2021	2020		2021	2020
------(Number of Shares)------			------(Rupees)------	
197,873,934	197,873,934	Ordinary shares of Rs. 10 each fully paid in cash	1,978,739	1,978,739
378,289,296	378,289,296	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	3,782,893	3,782,893
576,163,230	576,163,230		5,761,632	5,761,632

22.3 As at December 31, 2021, Dawood Hercules Corporation Limited and associated companies held 214,469,810 and 39,036,015 (2020: 214,469,810 and 38,736,015) ordinary shares in the Holding Company, respectively.

22.4 These fully paid ordinary shares carry one vote per share and right to dividend.

23. MAINTENANCE RESERVE

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

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

In 2012 EPQL, due to liquidity constraints resulting from delayed payments by CPPA-G and as per flexibility available under the PPA, reduced the amount deposited in a scheduled bank, which has been invested in Treasury Bills having a face value of Rs. 49,874 (2020: Rs. 49,341) as at December 31, 2021. Till such time the amount is deposited again to the required level, EPQL has maintained short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

(Amounts in thousand)

24. BORROWINGS
- Secured (Non-participatory)

	2021	2020
	------(Rupees)------	
Islamic finances (note 24.1)	19,757,402	19,262,874
Conventional finances (note 24.2)	51,217,500	47,271,920
Foreign currency borrowings and others (note 24.3)	83,216,262	91,154,000
	154,191,574	157,688,794
Less: Current portion shown under current liabilities	23,310,031	22,392,452
Less: Government grant (note 24.7)	1,255,227	
	129,616,213	135,296,145

24.1 Islamic finances

	Note	Mark-up	Installments: Number	Installments: Commenced / Commencing from	2021	2020
					------(Rupees)------	
Sukuk	24.1.1	6 months KIBOR + 0.90%	Ten half-yearly	July 10, 2024	8,637,733	[illegible]
Bilateral Loan	24.1.2	6 months KIBOR + 0.8%	Eight half-yearly	July 10, 2021	4,517,617	5,421,920
Islamic long term financing facility (ILTFF)	24.1.3	SBP rate + 0.9%	32 quarterly	December 15, 2022	1,527,893	1,295,517
Islamic Temporary Economic Refinance Facility (ITERF)	24.1.4	Shrinking SBP rate + [illegible]	32 quarterly	June 15, 2021	633,115	-
Loan under shrinking musharaka agreement	24.1.5	6 months KIBOR + 0.4%	Ten half-yearly	June 28, 2022	400,000	-
Loan under diminishing musharaka agreement		3 months KIBOR + 0.9%	Monthly	February 1, 2021		94,563
Islamic Facility Agreements	24.1.6	6 months KIBOR + 0.5%	20 half-yearly	June 1, 2020	4,041,995	5,005,494
					19,757,402	19,262,874

(Amounts in thousand)

	Note	Markup	Instalments: Number	Instalments: Commenced/ Commencing from	2021	2020
					(Rupees)	
24.2 Conventional Finances						
MCB Bank Limited - Facility	24.2.2	3 months KIBOR + 0.65%	20 quarterly	October 1, 2020	1,000,000	1,000,000
Bank Alfalah Limited	24.2.3	3 months KIBOR + 0.8%	28 quarterly	[illegible]	1,000,000	-
Habib Bank Limited - Facility 1	24.2.4	3 months KIBOR + 0.6%	28 quarterly	April 1, 2021	1,700,000	-
Meezan Bank Limited	24.2.5	3 months KIBOR + 0.65%	28 quarterly	November 1, 2021	3,500,000	-
Habib Bank Limited - Facility 2	24.2.6	3 months KIBOR + 0.7%	28 quarterly	December 1, 2021	2,000,000	-
MCB Bank Limited - Syndicate Facility	24.2.7	3 months KIBOR + 0.7%	28 quarterly	December 1, 2021	2,500,000	
Allied Bank Limited		3 months KIBOR + 0.85%	16 half-yearly	June 8, 2023	[illegible]	213,000
Allied Bank Limited		3 months KIBOR + 0.15%	4 half-yearly	March 29, 2020	[illegible]	1,000,000
Allied Bank Limited		3 months KIBOR + 0.05%	8 half-yearly	June 17, 2023	1,000,000	1,000,000
National Bank of Pakistan		3 Months KIBOR + 0.2%	4 half-yearly	June 30, 2022	1,000,000	1,000,000
Oesterreichische Kontrollbank (OeKB) (see note 24.2.8)		6 Months LIBOR + 0.40%	8 half-yearly	December 15, 2014	1,170,240	1,199,841
Allied Bank Limited		3 Months KIBOR + 0.2%	4 half-yearly	June 30, 2022	2,100,000	2,100,000
Allied Bank Limited		3 months KIBOR + 0.45%	8 half-yearly	[illegible] 2022	2,500,000	2,500,000
Syndicate Finance		3 months KIBOR + 0.4%	6 half-yearly	June 28, 2014	[illegible]	3,042,125
United Bank Limited		3 months KIBOR + 0.17%	4 half-yearly	March 29, 2023	[illegible]	2,000,000
MCB Bank Limited		3 months KIBOR + 0.15%	4 half-yearly	March 29, 2023	[illegible]	2,000,000
MCB Bank Limited		3 Months KIBOR + 0.05%	4 half-yearly	March 29, 2023	750,000	1,000,000
MCB Bank Limited		3 months KIBOR + 0.25%	6 half-yearly	June 30, 2022	2,500,000	2,500,000
MCB Bank Limited		3 Months KIBOR + 0.20%	4 half-yearly	December 29, 2021	3,000,000	3,000,000
MCB Bank Limited	24.2.8	3 months KIBOR + 0.50%	8 quarterly	January 25, 2026	350,000	-
MCB Bank Limited	24.2.8	3 months KIBOR + 0.50%	18 quarterly	January 31, 2023	293,000	-
Habib Bank Limited	24.2.8	3 months KIBOR + 1.50%	28 quarterly	March 21, 2023	5,015	-
Habib Bank Limited	24.2.8	3 months KIBOR + 1.50%	28 quarterly	March 29, 2023	14,538	-
JS Bank Limited		SBP Rate + 3%	32 quarterly	September 28, 2019	50,000	70,000
Bank Alfalah		SBP Rate + 3%	32 quarterly	May 1, 2017	75,450	95,057
National Bank of Pakistan	24.2.9	3 months KIBOR + 0.3%	20 half-yearly	June 1, 2020	2,825,652	2,991,024
HBL - led consortium	24.2.9	6 months KIBOR + 3.5%	20 half-yearly	June 1, 2020	10,034,870	11,198,575
Allied Bank Limited	24.2.9	6 months KIBOR + 0.9%	4 half-yearly	[illegible] 2022	1,000,000	-
					47,690,845	[illegible]
TERF Loans - HPFL						
Allied Bank	24.2.1	1.00%	Various	March [illegible] 2023	875,012	59,022
HBL	24.2.1	2.00%	Various	January 28, 2023	56,592	-
MCB	24.2.1	1.50%	Various	January 15, 2023	2,835,653	-
					3,527,052	59,669
					51,217,890	[illegible]
Less: Fair value adjustment on TERF loan					(1,079,733)	-
					50,137,657	40,871,322
24.3 Foreign Borrowings - HPFL						
International Finance Corporation		6 months LIBOR + 5%	15 half-yearly	June 15, 2015	[illegible]	1,105,789
International Finance Corporation	24.3.1	6 months LIBOR + 5.25%	8 half-yearly	July 15, 2021	5,114,531	5,620,625
Asian Development Bank		6 months LIBOR + 5%	8 half-yearly	June 15, 2015	[illegible]	1,039,040
Asian Development Bank		6 months LIBOR + 5%	8 half-yearly	June 15, 2015	[illegible]	1,059,047
Allied Bank Limited (Bahrain)	24.2.3 & 24.3.2	3 months LIBOR + 4%	8 half-yearly	June 15, 2022	2,297,495	
China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industrial and Commercial Bank of China Limited (ICBC)	24.3.3	6 months LIBOR + 4.2%	20 half-yearly	December 21, 2019	91,815,805	81,305,069
					99,227,025	91,069,075
Sindh Transmission Project	24.3.5				15,210,443	8,[illegible]
					93,816,152	[illegible]

(Amounts in thousand)

24.1.1 In 2019, HPCL issued sukuk bonds of Rs. 5,750,000 to eligible institutional and other investors by way of private placement. These are repayable over the period of 7.5 years in five semi-annual instalments of Rs. 1,150,000 each with the first repayment commencing in July 2024.

24.1.2 In 2019, HPCL entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The principal is repayable in six equal semi-annual instalments commencing from July 2021 and carries markup at the rate of six months KIBOR plus 1%, payable semi-annually.

24.1.3 In 2020, EPCL received Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan through Musharaka agreement entered with financial institutions to finance its PV-II expansion project. The amount is repayable over 10 years in equal quarterly instalments of Rs. 60,922 each with the first payment commencing from December 2022.

24.1.4 On March 10, 2021, EPCL obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP through Musharaka agreement entered with financial institutions amounting to Rs. 1,200,000 to finance its capital expenditure.

The amount is repayable over 10 years including 2 years grace period, in 32 quarterly instalments of Rs. 11,519 each with the first payment commencing from June 2023 and carries markup at SBP Refinance Rate plus 0.75% to 1% per annum, payable quarterly.

During the year, HPFL has entered into a musharaka agreement with MCB and MCB Islamic Bank Limited (MIBL) for Rs. 550,000 and Rs. 100,000 respectively under the Islamic Temporary Economic Refinance Facility (ITERF) of State Bank of Pakistan (SBP) and made drawdown of Rs. 128,115 and Rs. 14,560 in June 14, 2021 and November 18, 2021 respectively.

The principal is repayable over 10 years in 32 equal quarterly instalments commencing from June 2023 and carries markup at SBP Refinance Rate plus 1.25% payable quarterly.

24.1.5 On December 28, 2021, EPCL made a drawdown of Rs. 400,000 under Diminishing Musharaka agreement entered with Bank Al Habib to finance its long term expenditure. The principal is repayable in eight equal semi-annual instalments commencing from June 2023 and carries markup at the rate of three months KIBOR plus 0.25% payable quarterly.

24.1.6 TNPTL has entered into the following loan agreements:

- Rupee Facility Agreement with a consortium of banks led by Habib Bank Limited for an aggregate amount of Rs. 10,375,000.
- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000.
- Islamic Facility Agreements with Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000.

These loans are repayable in 20 semi-annual instalments commencing from June 1, 2020 and carry profit at the rate of 6 months KIBOR plus 3.5%. These loans are secured primarily through first ranking hypothecation charge over project assets of TNPTL. Further, the shareholders of TNPTL have committed to provide cost overrun support for 10% of entire debt and pledge shares in favour of the Security Trustee. Additionally, shareholders other than Habib Bank Limited (HBL) have also provided SBLCs as a coverage for their equity commitments in the project.

This includes Rs. 1,560,000 and Rs. 200,000 borrowed from Habib Bank Limited, a related party in respect of Rupee Facility agreements and Islamic Facility Agreements respectively.

24.1.7 During the year, HPFL acquired long term borrowings from Allied Bank Limited, Habib Bank Limited and MCB Bank Limited amounting to Rs. 847,027, Rs. 56,592 and Rs. 2,835,653 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charges as the borrower's other Senior [illegible] on operating assets. Markup is chargeable at the rates ranging from 1.5% to 2.5% and is payable quarterly and semi-annually with repayment starting from January 2023. In accordance with IFRS 9 Financial Instruments, the Group has recognized these loans at their fair value and recognized 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'.

(Amounts in thousand)

24.2.2 In October 2020, Enfrashare entered into a secured long term financing facility extended by MCB Bank Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2021 is of Rs. 1,000,000. The facility carries interest at the rate of three-month Karachi Inter Bank Offer Rate (KIBOR) prevailing as at business day prior to the beginning of each facility installment period plus 0.85% per annum and payable on quarterly basis in arrears. The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

24.2.3 In March 2021, Enfrashare entered into a secured long term financing facility extended by Bank Alfalah Limited for an amount up to Rs. 1,000,000. Facility availed as at December 31, 2021 is of Rs. 1,000,000. The facility carries interest at the rate of three-month KIBOR prevailing as at business day prior to the beginning of each facility installment period plus 0.8% per annum and payable on quarterly basis in arrears. The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

24.2.4 In April 2021, Enfrashare entered into a secured long term financing facility extended by Habib Bank Limited for an amount up to Rs. 1,700,000. Facility availed as at December 31, 2021 is of Rs. 1,700,000. The facility carries interest at the rate of three-month KIBOR prevailing as at business day prior to the beginning of each facility installment period plus 0.85% per annum and payable on quarterly basis in arrears. The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

24.2.5 In November 2021, Enfrashare entered into a secured long term Islamic financing facility extended by Meezan Bank Limited for an amount up to Rs. 4,500,000. Facility availed as at December 31, 2021 is of Rs. 4,500,000. The facility carries interest at the rate of three-month KIBOR prevailing as at business day prior to the beginning of each facility installment period plus 0.80% per annum and payable on quarterly basis in arrears. The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

24.2.6 In December 2021, Enfrashare entered into a secured long term financing facility extended by United Bank Limited for an amount up to Rs. 2,000,000. Facility availed as at December 31, 2021 is of Rs. 2,000,000. The facility carries interest at the rate of three-month KIBOR prevailing as at business day prior to the beginning of each facility installment period plus 0.7% per annum and payable on quarterly basis in arrears. The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

24.2.7 In December 2021, Enfrashare entered into a secured syndicated long term musharaka financing facility and secured syndicated [illegible] licence facility extended by the Participants i.e. MCB Bank Limited, The Bank of Punjab and Habib Metropolitan Bank Limited for an amount up to Rs. 2,500,000 and Rs. 1,500,000 respectively. Facilities availed as at December 31, 2021 is of Rs. 2,000,000 and Rs. 1,370,000. The facility carries interest at the rate of three-month KIBOR prevailing as at business day prior to the beginning of each facility installment period plus 0.70% per annum and payable on quarterly basis in arrears. The total tenor of loan is seven years from date of disbursement of finance with two years grace period for principal portion.

24.2.8 During the year, PMCL obtained long term finances from Habib Bank Limited and MCB Bank Limited amounting to Rs. 20,262 and Rs. 38,775 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.

24.2.9 The loans have been secured by way of the following:
- First pari passu hypothecation charge over fixed assets (excluding land and building) of ETTPL with 25% margin (initially ranking charge which will subsequently be upgraded to pari passu in 90 days of disbursement);
- First pari passu mortgage charge over immovable assets including land and building of ETTPL with 25% margin (This security is [illegible] subsequent creation and perfection of this security shall be completed in 180 days from the date of drawdown);
- Assignment of ETTPL's receivables/cash flows and any interests in the documents and contract related to ETTPL's operations; and
- Establishment and lien over debt payment account of ETTPL.

(Amounts in thousand)

Securities provided under CTA will be vacated in 90 days from the date of final payment after securing No Objection Certificate from lenders. At year end following securities are marked under CTA:
- First pari passu charge by way of hypothecation on all moveable and immovable assets of ETTPL with 25% margin;
- Exclusive assignment over ETTPL's receivables due under the LSA with 25% margin;
- Lien and set-off in respect of funds according to the Project accounts;
- Pledge by the ETPL of all shares of ETTPL and by the Holding Company of 51% shares of the ETPL; and
- Equitable mortgage on all immovable property owned by ETTPL.

24.3.1 In 2018, ETPL had entered into a Financing Agreement with International Finance Corporation for a total of US Dollar 25,000, the drawdown of which has been made in December 2018. The principal is repayable in six semi annual installments commencing from July 2021 and carries markup at the rate of six months LIBOR plus 5.25% payable semi annually.

24.3.2 In 2015, ETTPL entered into a Common Terms Agreement (CTA) and financing agreements with Asian Development Bank (ADB), International Finance Corporation (IFC), Askari Bank Limited and MCB Bank Limited as arrangers and ADB, IFC, Allied Bank Limited (ABL), MCB and Pak Brunei Investment Company Limited (PBIC) as lenders. During the year, ETTPL entered into a new financing arrangement with ABL and prepaid the lenders of ETTPL under the CTA through early repayment.

24.3.3 PMCL has entered into a USD Facility Agreement on December 21, 2018 with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 825,000 for a period of 14 years. The amount is repayable in 20 semi annual installments commencing from June 2020. The loan carries mark up at the rate of 6 month LIBOR plus 4.2% per annum.

24.3.4 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 some tenors and 6 month USD settings. This will not impact the Group's foreign borrowings since the 6 month LIBOR rate is applicable on the foreign borrowings which will be discontinued after June 30, 2023.

24.3.5 These primarily represent payments made to China Export and Credit Insurance Corporation (Sinosure) in connection with insurance cover obtained over financing arrangements relating to Chinese banks, and payments to various financial institutions in respect of transaction and related cost for loan arrangements. Transaction cost have been adjusted against related borrowings and is being amortized over the term of the respective borrowing.

24.4 These finances are secured primarily through first ranking hypothecation charge over all the present and future assets including all types of investments of the Group except for present and future trademarks, copyrights and certain investments.

24.5 In view of the substance of the transactions, the sale and repurchase of assets under long term finances have not been recorded in these consolidated financial statements.

(Amounts in thousand)

24.6 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	137,818,027	152,486,471
Add:		
Borrowings availed during the year	24,234,480	16,974,257
Exchange loss	9,997,748	2,031,789
Amortization of transaction cost	1,215,851	898,511
Less:		
Repayment of borrowings	(25,563,024)	(13,024,218)
Management fee paid	(42,618)	-
Transaction costs	(89,255)	(1,046,949)
	154,701,374	157,918,637
Less: Current portion shown under current liabilities	(25,712,031)	(22,668,492)
Less: Government grant (note 24.7)	(5,201,327)	-
Balance as at December 31	120,618,215	135,250,146

24.7 Government grant

	2021	2020
Grant recognized on loans at below market interest rate	1,575,532	-
Less: released to the consolidated statement of profit or loss	(62,211)	-
	1,263,327	-
Less: Current portion of Government grant	185,624	
	1,079,703	-

25. LEASE LIABILITIES

	2021	2020
Non-current portion	53,165,789	50,221,000
Current portion	6,111,606	4,305,757
Total lease liabilities as at December 31	59,274,494	55,580,057

25.1 This mainly represents [illegible] lease liability amounting to Rs. 40,898,491 (2020: Rs. 40,026,869). The remaining term of the lease is 9 years and [illegible] months and [illegible] at 6.20% per annum.

	2021	2020
	(Rupees)	
26. DEFERRED LIABILITIES		
Retirement and other service benefits obligations	516,238	494,090
Deferred incentive revenue (note 26.1)	916,517	1,370,004
Deferred liability on ASRO (note 26.4)	1,864,125	1,444,159
Provision for dismantling & restoration cost (note 26.3)	253,905	205,150
	3,592,785	3,474,250
Less: Current portion shown under current liabilities	726,563	730,649
	2,046,525	2,711,637

26.1 Deferred incentive revenue has been recorded in respect of the following agreements entered into by Enfrashare with its customers for construction, maintenance and operation of telecommunication infrastructure and site equipment, provision of energy solutions and energy management services whereby Enfrashare provided a discount:

- In respect of conversion charges [illegible] for an initial period of three years from the respective site commencement date. The related discount was provided against the discounted cash consideration under the asset sale and purchase agreements. Present value of the discount amounted to Rs. [illegible]. The said amount has been recognized as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognized in this respect which is amortized over a three years period from the site commencement date on the basis of monthly service [illegible] under the agreement.

  [illegible] against total amount of consideration to be charged to the customers for provision of energy solutions and energy management services. Present value of the discount amounted to Rs. 475,000. The said amount has been recognized as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognized in this respect which is amortized over a period of four and a half years from the date after six months of the project completion date.

26.2 Represents excess of billing over operating lease income in respect of Energy [illegible]. Income is recognized over a straight line basis.

26.3 Represents provision recognized for cost of dismantling of infrastructure and site equipment for tenancy sites acquired by Enfrashare from PMCL and [illegible] under sale and purchase agreement. The provision has been recorded using a discount rate of 11.07% (2020: 10.43%) per annum and an average anticipated inflation rate of [illegible] (2020: 8.50%) per annum. IAS 37 requires to select a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to liability.

	2021	2020
	(Rupees)	
27. LONG TERM PROVISIONS		
Provision for Gas Infrastructure Development Cess (GIDC) (note 27.1)	25,165,250	25,622,659
Provision for gas price revision (note 27.2)	517,892	517,592
	25,383,652	26,150,251
Less: Current portion of provision for GIDC and gas price revision	16,512,250	11,451,875
	8,872,953	14,798,376

(Amounts in thousand)

27.1 The Honorable Supreme Court of Pakistan ("SCP") through its judgment dated August 13, 2020 ("Judgment") declared that the levy imposed under the Gas Infrastructure Development Cess ("GIDC") Act, 2015 ("the Act") is valid and in accordance with the provisions of the Constitution of Pakistan 1973 ("the Constitution"). The SCP issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected) is expended on projects listed under the Act;

  As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020 and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge ("LPS"); and

- In case, no work is carried out on the gas infrastructure projects 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 redundant and considered dead for all intents and purposes.

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

Aggrieved by the Judgment, EFL and EPCL filed review petitions before the SCP on various grounds, which were dismissed by the SCP on November 02, 2020 ("Review Decision"). However, the Review Decision noted that the Government of Pakistan is agreeable to convert 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 it 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 forum for enforcement of the exemption provided under the proviso to Section 8(2) of the 2015 Act.

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

Considering the recent events and developments in GIDC case, including the Judgment, the Institute of Chartered Accountants of Pakistan ("ICAP") released financial reporting guidance on the 'Accounting for GIDC' vide Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consuming companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the revised timing of the payments, i.e. in 48 monthly installments commencing from August 2020, as reflected in the aforementioned decision on the review petition by the SCP, the Group has remeasured its previously unrecognised provision at its present value using the risk free rate to incorporate the effect of time value of money arising from the expected settlement based on an installment plan and has accordingly, recognised remeasurement gain amounting to Rs. 2,304,078 in 2020. During the year, the amount has been unwinded and resulted in remeasurement losses of Rs. 1,320,547.

Further, against the GIDC installment invoices received from Sui Northern Gas Pipelines Limited (SNGPL) to EFL on concessionary gas supplied under the fixed price gas sale and purchase agreement signed April 1, 2007 ("GSPA"), EFL approached the Sindh High Court ("SHC") to challenge the imposition. EFL has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive action against EFL on collecting GIDC on feed stock gas supplied under the GSPA. The management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favorable outcome pursuant to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Therefore, no provision on account of GIDC has been recognised by EFL in respect of feed gas received under the GSPA.

27.2 In 2017, EPCL filed a suit in the Court against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regulatory Authority ("OGRA") vide SRO no. [illegible] dated December 30, 2016 whereby EPCL cited the increase as illegal and unconstitutional. The SHC has granted an interim order in favour of EPCL, which is still operational. However, EPCL has recognized a provision for the period from December 2016 to September 2018.

25. TRADE AND OTHER PAYABLES

	2021	2020
	(Rupees)	
Creditors	14,051,823	11,336,994
Accrued liabilities (notes 25.1 to 25.4)	39,587,875	29,587,505
Provision against tax contingency of EPTL (notes 7.2 and 25.5)	572,257	369,764
Advances from customers	8,743,748	13,504,284
Contractors'/ suppliers' deposits and retention money (note 28.5)	373,191	282,142
Workers' welfare fund	377,850	1,906,403
Workers' profits participation fund	1,520,031	1,732,905
Sales tax payable	50,840	17,275
Payable to retirement benefit funds	275,053	172,575
Contract liability (note 28.4)	1,294,381	1,157,273
Withholding tax payable	743,059	1,170,677
Payable to:		
- Thar Power Company Limited	200,327	-
- Engro AI (Private) Limited	4,112	
- Dawood Hercules Corporation Limited	324,055	78,187
- [illegible] Pakistan Holdings B.V.	731,053	417,299
- Sindh Engro Coal Mining Company	26,512,317	21,713,708
- Engro Vopak Terminal Limited	201,856	31,395
Others	763,211	1,710,621
	96,503,076	86,622,541

25.1 This includes accrual in respect of gas charges amounting to Rs. [illegible] (2020: Rs. [illegible]).

25.2 On June 4, 2021, the Sindh High Court (SHC) through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. EFL and EPCL filed a petition against the judgment before the Honorable Supreme Court of Pakistan challenging the SHC judgement. In September 2021, Supreme Court suspended the judgment of SHC along with the recovery of Cess. Management is confident that ultimate outcome of the case will be in their favour; however, on prudence basis, has recognized a provision of the Cess in these consolidated financial statements amounting to Rs. 3,886,213 (2020: Rs. 504,395).

25.3 On June 10, 2021, EFL filed a Suit before the SHC wherein 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 Bodies and 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, thereby without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 2,434,418 (2020: Nil) in these consolidated financial statements.

(Amounts in thousand)

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

	2021	2020
	——(Rupees)——	
Engro Foundation	150,000	-
Sindh Engro Coal Mining Company Limited	4,201,935	4,991,039
Thar Power Company Limited	-	[illegible]
	4,351,935	5,292,219

28.5 The movement in provision is as follows:

	2021	2020
Balance at the beginning of the year	992,754	1,[illegible]
Provision recognized for the year (note 37)	-	-
Provision reversed during the year (note [illegible])	-	(395,559)
	992,754	[illegible]
Provision adjustment in respect of tax contingency (note [illegible])	(20,457)	(1,385)
	972,297	992,754

28.6 This includes deposits amounting to Rs. 289,492 (2020: Rs. 304,[illegible]) which have been kept in separate bank accounts. This also includes deposits amounting to Rs. 4,900 (2020: Rs. 30,[illegible]) which are utilized in business in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.

28.7 This includes unrecognised revenue, amounting to Rs. 362,675 (2020: Rs. 637,[illegible]) relating to 'Monthly Energy Shortfall' which CPPA-G is required to pay in the event the electrical output dispatched is lower than minimum monthly energy in accordance with Section 9.8 of the PPA. CPPA-G is entitled to dispatch of this undelivered and unexpired aggregate minimum energy shortfall in accordance with Section 9.9 of the PPA. Revenue recognized during the year also includes utilization of [illegible] facility.

29. ACCRUED INTEREST / MARK-UP

	2021	2020
	——(Rupees)——	
Accrued interest / mark-up on:		
- long term borrowings	877,780	1,037,744
- short term borrowings	488,717	334,581
	1,366,497	1,372,325

30. SHORT TERM BORROWINGS

	2021	2020
Running finances utilized under mark-up arrangements (notes 30.1 and 30.4)	14,272,130	9,605,[illegible]
Shariah compliant short term finance (note 30.2)	3,000,000	3,000,000
Export refinance facility (note 30.3)	6,000,214	
	23,272,344	12,605,[illegible]

30.1 The short term running finances available to the Group from various banks under mark-up arrangements amount to Rs. 50,[illegible] (2020: Rs. 53,077,000). The rates of mark-up on these finances are KIBOR based and range from 0.0% to 1.5% per annum over the relevant period KIBOR (2020: 0.0% to 1.5% over the relevant period KIBOR). The aggregate running finances are secured by way of hypothecation of existing floating charge over present and future movables, advances, receivables, stocks, book debts and other current assets and pledge over shares.

(Amounts in thousand)

30.2 EFTL has entered into a Musharakah agreement with Meezan Bank Limited as Investment Agent and issued Sukuks of face value of Rs. 3,000,000 (2020: Rs. 3,000,000) for the period of five years with a call option exercisable towards the end of every year. These Sukuks are issued to meet the working capital requirements of EFTL and carry profit at the rate of 3-Month KIBOR plus [illegible]% per annum, payable quarterly.

30.3 This represents export refinancing facility obtained by EPCL and EEAP [illegible] carrying mark-up at the rate of 3% on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of EPCL and EEAP[illegible].

30.4 The facilities for short term running finances arranged by the Holding Company from various banks, amounting to Rs. 1,500,000 (2020: Rs. 1,500,000) are secured through a pledge over shares of EFert and EOTPL as well as through Pakistan Investment Bonds.

31. UNCLAIMED DIVIDENDS

Includes unclaimed dividends amounting to Rs. 225,932 (2020: Rs. 257,039) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Act, subject to fulfilment / clarification on certain preconditions specified in the Act.

32. CONTINGENCIES AND COMMITMENTS

Contingencies

32.1 Following bank guarantees have been extended by other companies of the Group:

- EETPL has provided a Letter of Guarantee through National Bank of Pakistan amounting to Rs. [illegible] (2020: Rs. 1,525,000) and Rs. 810,000 (2020: Rs. 810,000) in favour of SSGCL to guarantee performance of its obligations under the LSA. The aforementioned guarantee is secured against project assets of EETPL and EOTL's corporate guarantee. Both of the guarantees in favour of SSGCL are valid till April 30, 2022 and are renewable annually.

- EFert has issued bank guarantees amounting to Rs. 5,332,652 (2020: Rs. [illegible]) in favour of third parties.

- EPCL has availed aggregate facilities for issuance of performance guarantees by the banks on its behalf as at December 31, 2021 amounting to Rs. 4,295,000 (2020: Rs. [illegible]). The amount utilized thereagainst as at December 31, 2021 is Rs. 3,336,[illegible] (2020: Rs. 3,272,974).

- EETPL has provided bank guarantee amounting to Rs. 1,580,[illegible] (2020: Rs. 1,127,350) by MCB Bank Limited in favour of Nazir of the Court to comply with the interim orders of the Court as explained in note [illegible]. During the year, tax department filed application to the Court to adjust payment of advance tax against the bank guarantee provided above which was duly allowed by the Court.

  EFert undertook to provide the collateral to all the Bank Guarantees issued by Bank Alfalah Limited. Allied Bank Limited has issued counter guarantee on behalf of the Holding Company amounting to Rs. 400,000 in favor of Bank Alfalah Limited.

- Bank guarantees amounting to Rs. 2,495,125 (2020: Rs. 2,436,[illegible]) have been given by EPQL to Sui Northern Gas Pipelines Limited (SNGPL) against outstanding amount equivalent to three months contracted quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between EPQL and SNGPL.

National Bank of Pakistan Limited, Askari Bank Limited and Faysal Bank Limited, have issued guarantees of Rs. 1,600,000, Rs. 1,000,000 and Rs. 2,365,800 respectively, each expiring on December 31, 2022, December 25, 2022 and September 3, 2022 respectively while Meezan Bank Limited has issued two guarantees of Rs. 1,400,000 and Rs. 900,000 each expiring on November 21, 2022 and December 27, 2022 respectively. These guarantees have been issued on behalf of EPTL in favour of Sindh Engro Coal Mining Company Limited to secure EPTL payment obligations under the Coal Supply Agreement. The SBLC Issuing Banks have entered into a non-funded financing facility with EPTL as Junior Creditors and adopted the Intercreditor Agreement and security accordingly.

32.3 The Holding Company

32.3.1 In the year 2017, FCEPL received an order from the Competition Commission of Pakistan, imposing a penalty of Rs. 52,280 in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Holding Company is required to reimburse 51% of the amount together with all reasonable cost and expenses to FCP in case any such penalty materializes. The Group, based on the opinion of the legal advisor, is confident of a favourable outcome of the appeal and accordingly, no provision has been recognized in these consolidated financial statements in this respect.

32.3.2 During 2016, the Holding Company entered into a Share Purchase Agreement (SPA) with FCP for the sale of 51% of the total issued shares of FCEPL. In accordance with the terms of the SPA, the Holding Company is required to pay to FCP, an amount equivalent to 51% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses arising out of, in case any tax contingency materializes. The Holding Company, based on the opinion of FCEPL's tax and legal advisors, is confident of favourable outcomes in respect of various tax matters being contested by FCEPL and accordingly, no provision has been recognized in these consolidated financial statements in this respect.

32.3.3 Following are the details of securities pledged by the Holding Company:

- Standby Letters of Credit (Equity SBLC) have been provided by EEL, a wholly owned subsidiary, through National Bank of Pakistan amounting to US Dollars 6,084 (2020: US Dollars 6,125) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Company i.e. SECMC. Equity SBLC will expire on earlier of (i) June 30, 2023 or (ii) fulfillment of sponsor obligations under Sponsor Support Agreements. This has been secured by the Holding Company by pledging Pakistan Investment Bonds.

- Standby Letters of Credit (Put Option SBLC) has been provided by EEL, a wholly owned subsidiary company, through Allied Bank Limited amounting to US Dollars 21,070 (2020: US Dollars 21,070) in favour of the Put Option Facility Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) January 31, 2026, or (ii) fulfillment of sponsor obligations pursuant to Put Option SSA. These guarantees were secured by the Holding Company by pledging Treasury Bills amounting to Rs. 4,250,000. During the year, these Treasury Bills were released and shares of Engro Fertilizers Limited (Efert) and FrieslandCampina Engro Pakistan Limited (FCEPL) of quantities 70,270,512 and 10,032,230 respectively were pledged against the facility.

32.3.4 Engro Elengy Terminal Pakistan Limited has issued SBLC amounting to US Dollars 22,500 (2020: US Dollars 22,500). This has been secured by the Holding Company by pledging Pakistan Investment Bonds.

32.3.5 The Holding Company, as Sponsor Support, has committed a bank to create ranking charge over movable assets of the Holding Company against the Stand By Letter of Credit (SBLC) facility amounting to US Dollars 4,878 and Rs. 411,346 granted to Engro Elengy Terminal (Private) Limited.

32.4 Engro Fertilizers Limited and its subsidiary company

32.4.1 Efert has entered into Dealer Finance Agreements (DFAs) with different banks amounting to Rs. 4,600,000 (2020: Rs. 4,340,000) whereby the banks will provide financial assistance to dealers approved by Efert. In respect of DFAs, the banks have agreed to bear 100% of the disbursed amount in case of default by the dealers. As at December 31, 2021 the banks have made disbursements to dealers under the DFAs amounting to Rs. 694,141 (2020: Rs. 2,137,000) maturing on various future dates.

32.4.2 Efert filed a constitutional petition in the High Court of Sindh (HCS) against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to Efert's new plant (Enven) and to prohibit from suspending, disconnecting or curtailing the aforementioned supply. Through its order dated October 18, 2011, HCS ordered that SNGPL should supply 100 mmscfd of gas per day to the Efert's new plant. However, five petitions have been filed in the SCP against the aforementioned order of the HCS by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited along with twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. Efert's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be remote.

Further, Efert upon continuous curtailment of gas after the aforementioned decision of the SHC has filed an application in respect of Contempt of Court under Article 189 and 204 of the Constitution of Pakistan. Efert, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the Efert's plant despite the judgment of the HCS in Efert's favour. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the HCS. The application is pending for hearing and no orders have yet been passed in this regard.

32.4.3 All Pakistan Textile Processing Mills Association (APTPMA), Agritech Limited (Agritech), Sitara Dyeing & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to Efert's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 10, 2007 between Efert and Sui Northern Gas Pipeline Holding Company Limited (SNGPL) be declared void as this increase in output of Qadirpur gas field has not occurred. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. Efert has strongly rebutted these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to Efert through a transparent and 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 produced from the Qadirpur gas field; and (iii) both Efert and the Qadirpur gas field are located in Sindh. Accordingly, the gas allocation by the Government of Pakistan for the GSA predicates the gas supply from Qadirpur gas field producing 500 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in SCP. However, Efert's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

32.4.4 In 2013, Efert, along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for unfair practice under the Competition Act, 2010 (2010 Act) in relation to the alleged unreasonable increase in fertilizer prices. Efert has responded in detail that factors resulting in such increase were mainly due to imposition of infrastructure cess, sales tax and gas curtailment. The CCP issued an order in March 2013, whereby it held that Efert has a dominant position in the urea market and that it has abused the same by unreasonable increase 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 Efert and the other fertilizer company, respectively. An appeal has been filed before the Competition Appellate Tribunal (CAT) and a writ has been filed in the SHC wherein stay has been granted in favour of the Efert restraining CCP and Federation of Pakistan i.e. Respondents from taking any coercive action.

In case of the other fertilizer company, the CAT has transferred the case back to the CCP for reassessment. Efert has also challenged the composition of the CAT before LHC and has secured an interim order in its favour whereby the CAT is restrained from passing any final order against Efert during the pendency of the petition. Efert's management believes that the chances of ultimate success are very good, as confirmed by legal advisor. Hence, no provision has been made in this respect in these consolidated financial statements.

32.4.5 In the year 2016, Efert received a sales tax order from the tax department for the year ended December 31, 2015 pertaining to discharge of output tax liability on assumed production of urea amounting to Rs. 402,848 and on presumption that output tax liability is not being discharged by Efert on advances received from dealers amounting to Rs. 1,346,119. Efert filed an appeal thereagainst with the CIR(A) which decided the matters in favour of Efert. The department thereafter challenged the decision of the CIR(A) before the ATIR, which is pending to be heard. No provision has been made by Efert in this respect in these consolidated financial statements.

(Amounts in thousand)

32.3.6 In 2018, the tax department ('Large Taxpayers Unit' (LTU)) raised an order for the period June 2016 to July 2017 with a demand of Rs.1,006,300 mainly on account of 3% minimum sales tax not charged on the 0% rate sales to unregistered persons. EFert filed an appeal before the CIR(A) who dismissed the appeal in favour of the tax department. The latter, then filed an appeal before the ATIR and it also decided the same in favour of the tax department. EFert challenged the ATIR Order to the extent of its ruling in relation to exemption from further sales tax before the HCS by filing Sales Tax Reference Application. On October 11, 2021, the HCS granted stay-interim order restraining the tax department from taking coercive action against EFert in respect of the recovery of the impugned demand. EFert's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in these consolidated financial statements.

32.3.7 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 EFert is subject to tax under Article 5(4) of Double Taxation Treaty between Pakistan and the Netherlands, thus confirming the demand raised in the assessment orders aggregating to Rs.1,175,304. 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, review application for the case restoration has been accepted by SCP. No provision has been made in this respect in these consolidated financial statements.

32.3.8 During the year, the income tax department initiated income tax audits of the EFert 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 automated audit directives issued by FBR. As such, EFert received audit selection notices for all these years.

In respect of income tax audits, the tax department concluded the audits and issued amendment orders for all tax years creating an aggregate demand of Rs.36,581,232. Disallowances raised in the orders mainly include credit entries of bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. EFert 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. EFert filed Constitutional Petitions before the Sindh High Court (SHC) (CP 7348 of 2021 and CP 7351 of 2021) challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 10, 2021, the SHC granted an interim order in favour of EFert for all three tax years.

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

32.3.9 As a result of merger of Engro Eximp (Private) Limited (EXIMP) into EFert, all pending tax proceedings of EXIMP have been transferred to EFert. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 736,000. The tax department had not accepted the said treatment, for tax year 2013, however, the matter was decided in favor of EFert by the Commissioner Income Tax Appeals (CIR(A)), against which the tax department has filed an appeal with the ATIR. However, the department has given appeal effect order to the aforementioned favorable decision of the CIR(A) for tax year 2013.

In the year 2019, in respect of tax year 2014, the matter was decided by the ATIR in favor of EFert and the department's appeal in this regard was dismissed. The management is confident for a favorable outcome on this case.

32.4 Elengy Terminal Pakistan Limited and its subsidiary company

32.4.1 The Sindh Finance Act, 1994, prescribes the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The levy for infrastructure fee thereafter was levied and decided through the Sindh Finance Act, 2014 according to which infrastructure fee will range from 0.9% to 0.95% of the total value of goods as assessed by the Custom Authorities plus one paisa per kilometre against various units of net weight of goods.

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

On June 4, 2021, the HCS through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ('the Cess') concluded its retrospective effect from 01 July 1994 as valid and declaring it within the competence of provincial legislature. However, ETPL has paid 50% of the above liabilities and has provided bank guarantees amounting to Rs. 17,000 (2020: Rs.15,000) in favour of the Custom Authorities to comply with interim orders of the Court dated November 14, 2014 for the above liabilities. ETPL has filed a petition against the judgement dated June 04, 2021 before SCP challenging the judgement. The SCP in its interim order dated September 01, 2021, decided till further orders, position of the impugned judgement of the HCS dated June 04, 2021 and the recovery of the levy shall remain suspended and that ETPL will continue to comply with the interim order of HCS dated November 14, 2014. ETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favourable outcome on the matter and accordingly no provision has been made on remaining 50% of the levy in these consolidated financial statements.

32.4.2 (a) In connection with the import of FSRU received a demand from Customs Authority amounting to Rs.1,500,464 contending that the import of FSRU by ETPL is subject to payment of advance income tax. ETPL is of the view that the EETPL's profits and gains were exempt from income tax for 5 years from the date of commercial operations. ETPL in response to the above demand filed an appeal in regard of which the Chief Commissioner Inland Revenue (CCIR) through its order dated August 22, 2016 remanded the case back to the concerned commissioner, which again rejected the request for exemption against which ETPL filed an appeal before CCIR. Last year, CCIR decided appeal against ETPL vide order dated July 24, 2020 against which ETPL filed an appeal before the HCS on August 6, 2020 and has obtained stay in this regard. EETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favourable outcome on the matter and accordingly no provision has been made in this respect in these consolidated financial statements.

32.4.3 In accordance with the Clause 13.1 of the Time Charter Party and LNG Storage and Regasification Agreement (TCP) except for the bunkers on board onboard the Floating Storage and Regasification Unit (FSRU) upon delivery at the commencement of the term of TCP, ETPL is responsible for the bunkers used onboard the FSRU during the term of TCP. ETPL is also required to ensure that at the end of the term of TCP, the FSRU contains bunkers in the same quantities that were present at the time of delivery at the commencement of the Term. During the year, the FSRU was substituted for the purpose of dry docking and thereafter redelivered, however no intimation was given to ETPL by owner of ship under clause 16.3 for bunkers and LNG remaining onboard nor any amounts have been claimed by Excelerate Energy Middle East LLC (EEME) so far during the term in this respect. Considering the events during the year, lack of information from EEME, the condition of the ship and interpretation of relevant clauses of TCP, ETPL reassessed its position and is of the view that the amount of liability cannot be measured with sufficient reliability at this stage.

32.5 Engro Polymer and Chemicals Limited and its subsidiary companies

32.5.1 Through the notice dated January 20, 2020, the Additional Commissioner Inland Revenue (ACIR) raised issues under audit with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required EPCL to pay Rs.1,002,051 being the amount short paid with the return. EPCL filed a Constitutional Petition in the Court challenging the notice, which through order dated February 4, 2020 dismissed the case based on the decision of the Court in respect of another company. However, the Court directed the department to refrain from passing the order on the basis of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable the Company to approach the Supreme Court of Pakistan (SCP). EPCL has filed Civil Petition for Leave to Appeal against Court order in Supreme Court, which was heard on March 16, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount which has been duly submitted by EPCL. EPCL based on the advice of its legal advisors, is confident of a favourable decision.

32.6 Engro Energy Limited (EEL) and its subsidiary companies

32.6.1 EEL's income tax return for the tax year 2014 was selected for audit under section 214C of the Income Tax Ordinance, 2001 (the Ordinance). The DCIR after conducting the audit made certain additions and disallowances, and, hence, amended the return filed by EEL vide order dated January 17, 2017, passed under section 122(1)/(5) of the Ordinance and raised a tax demand of Rs.264,054. EEL being aggrieved, filed an appeal before CIR(A). EEL also approached the HCS for a stay against recovery of said demand which was duly granted till the adjudication of appeal by the CIR(A).

In 2019, EEL received an order of CIRA in which certain issues were remanded back to the DCIR while other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, the management believes that EEL has a good case on merits and expects a favourable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

32.6.2 The ACIR through separate show cause notices dated December 11, 2017 and December 12, 2017, issued in respect of tax years 2012, 2013, 2014 and 2016, raised an issue with respect to the inter-corporate dividend claimed as exempt. The ACIR also showed an intention to levy super tax on dividend income for tax years 2016 and 2018. EEL challenged these notices before the HCS which has restrained the tax authorities from taking any coercive action including passing an order on the basis of the said notices. Accordingly, no provision has been made in this respect in these consolidated financial statements.

32.6.3 EEL's income tax return for the tax year 2015 was selected for audit under section 214C of the Ordinance. The DCIR after conducting audit made certain additions and disallowances, and hence amended the return filed by EEL vide order dated November 2, 2015, passed under section 122(1)/(5) of the Ordinance. These additions primarily relate to treating reimbursement from subsidiary as services, additions on account of apportionment of administrative expenses and receipts on account of the project management services to be taxed under Normal Tax Regime / Minimum tax regime and raised total tax demand of Rs. 80,858. EEL being aggrieved filed an appeal before the CIRA. EEL also approached the HCS for stay against recovery of demand which was duly granted till the adjudication of appeal by the CIR(A).

In 2018, EEL received an order from the CIRA in which certain issues were remanded back to the DCIR while the other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending.

Based on the views of tax advisor and legal consultant of EEL, the management believes that EEL has a good case on merits and expects a favourable outcome. Accordingly, no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

32.6.4 In 2020, the ACIR under section 122(5A) in respect of tax year 2014 amended the tax return filed by EEL vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertain to apportionment of administrative expenses against profit on debt and receipts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR).

EEL has filed an appeal before CIR(A) dated December 26, 2020, which is pending for hearing.

32.6.5 During the period, the ACIR under section 122(5A) in respect of tax year 2020, amended the tax return filed by the EEL vide order dated September 24, 2021 and made certain additions and disallowances that primarily pertains to profit on debt, on account of loans to related parties / Company, administrative allocation and receipts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR). EEL intends to file an appeal before CIR(A).

32.6.6 In November 2014, EPTL received a demand from ACIR amounting to Rs. 1,459,527, inclusive of default surcharge of Rs. 403,984, on account of non withholding of tax on payments made by EPTL to its contractors China Machinery Engineering Corporation (CMEC) and China Great Resources Import and Export Corporation (CHIEC) under the 'Offshore Supply and Services Agreement for Power Plant' and 'Onshore Supply and Services Agreement for Power Plant' respectively, in relation to the construction of the power plants of EPTL. The ACIR was of the view that the aforementioned payments attract the requirements of withholding of taxes under the Income Tax Ordinance, 2001 (ITO) and as such EPTL was required to withhold tax from such payments. EPTL filed an appeal to CIRA with the view that payments to CMEC fall under the ambit of a specific exemption from withholding of taxes under ITO for coal mining and coal based power generation projects in Sindh. Furthermore, payments to CMEC are made for supply of plant and machinery and EPTL, being an importer, is not liable to withhold taxes.

In 2016, CIRA decided the matter in favour of tax authorities and maintained the order of ACIR. EPTL filed an application to the ATIR which through an order has remanded back the case to ACIR for review of facts and the issue afresh order. In the light of emerging facts, EPTL as a result of various discussions with the tax authorities, agreed and paid Rs. 1,400,000 being the full and final settlement of outstanding tax demands for all payments under the contracts with CMEC and CHIEC during the project phase. As at December 31, 2021, EPTL has received tax clearance letters for all tax years since 2017 to 2020 and has no further tax liability.

32.6.7 EPTL's income tax return for tax year 2019 has been amended under section 122(5A) of the Income Tax Ordinance, 2001. The ACIR has issued order dated August 26, 2021 under which other income has been taxed which was partially treated by EPTL as exempt business income while the remaining was set-off against business losses. This has resulted in a tax demand of Rs. 190,950. Based on the advice of its tax advisor, EPTL has filed an appeal before CIR(A) dated September 5, 2021 which is pending for hearing. EPTL based on the advice of tax advisor, is confident that chances of ultimate success are good. Hence, no provision has been made in this respect in these consolidated financial statements.

32.7 Engro Eximp Agriproducts (Private) Limited (EEAP)

32.7.1 In 2014, the tax department had raised a demand of sales tax of Rs. 290,000 for not charging sales tax on rice husk and broken rice for the tax year 2013. There was an error in the orders as the department had treated all the by-products falling under the category of the broken rice / rice husk though in reality the proportion of these two products among by-products is comparatively low and rice husk was admittedly exempt during that period. As the value of rice husk was wrongly taken, the CIRA has vacated the under said demand but upheld the legal position regarding charging of sales tax on rice husk. EEAP has gone in appeal as it is of the view that the department is not treating husk correctly. Currently, the matter is pending before the Appellate Tribunal and based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.

32.8 Associated Companies and Joint Venture

32.8.1 Details of material contingencies which might affect share of profit from associates and joint ventures are as follows:

32.8.2 The DCIR issued show cause notices to FCEPL for sales tax on its tea whitener and dairy drink products, i.e. 'Tarang' and 'Omung' respectively for year 2013 on October 11, 2017 and for years 2014, 2015 and 2016 on March 6, 2018 aggregating to Rs. 14,856,500 challenging the exemption / zero rating on these products. Against the show cause notices the FCEPL has filed Constitutional Petitions before HCS for year 2013 on October 25, 2017 and for years 2014, 2015 and 2016 on March 15, 2018 and has obtained an interim injunction against enforcement action by tax authorities on the same day. The HCS vide its order dated November 10, 2020 has upheld FCEPL's view with respect to 'Tarang' in view of the decision of the Classification Committee obtained by FCEPL on February 11, 2019. With respect to 'Omung' the HCS has suspended the notice allowing time to the FBR to refer the matter to the Classification Committee, for a decision afresh and till such time no action can be taken against FCEPL. The amount of show cause notices pertaining to 'Omung' aggregate to Rs. 1,480,847. In case the Classification Committee (for Omung) decides against FCEPL, FCEPL can avail all legal remedies available to it. FCEPL has filed an appeal against the decision with respect to Omung in the SCP. Further, FBR has also challenged the order dated November 10, 2020 in the SCP. Both the appeals are pending for adjudication. Based on the opinion of its legal advisor, FCEPL is confident of a favorable outcome of the matter. Further, during the year, the Classification Committee issued notices to various companies including FCEPL to initiate Pakistan Customs Tariff (PCT) reclassification hearings for tea whiteners. Various hearings were conducted during the year, however, to date no order has been issued to FCEPL in this respect. Further, FCEPL can avail all legal remedies available to it, in case of any adverse order / notification. Based on the opinion of its legal advisor, FCEPL is confident of a favorable outcome of this matter, hence, no provision has been recognized in this respect in these consolidated financial statements.

32.8.3 EPQL has provided bank guarantees to the Government of Sindh amounting to Rs. 250,307 (2020: Rs. 245,494) in relation to Sindh Infrastructure Development Cess (SIDC). During the year, the Supreme Court of Pakistan through its order dated September 1, 2021 has directed that till further orders operation of the impugned judgment of the High Court of Sindh dated June 4, 2021 which validated SIDC and the recovery shall remain suspended. The Supreme Court's order further stated that the petitioners (including EPQL) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

32.8.4 Commitments given to the associated companies and joint venture in respect of capital and revenue expenditure including bank guarantees amount to Rs. 1,718,683 (2020: Rs. 2,784,892). Other commitments include arrangements in respect of standby letters of credit and ijarah which are not material to the Group.

(Amounts in thousand)

32.9 Commitments

Details of commitments as at December 31, 2021 entered by the Group are as follows:

32.9.1 Commitments in respect of capital and operational expenditure contracted for but not incurred amount to Rs. 14,777,771 (2020: Rs.11,202,640).

32.9.2 The aggregate facilities available to the Group for opening Letter of credits and bank guarantees, and other commitments other than those disclosed elsewhere in these consolidated financial statements, amounts to Rs. 26,052,756 (2020: Rs. 34,035,823).

32.9.3 In 2019, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Chemetics Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 3,980. As at December 31, 2021 commitment for civil works and equipment procurement amounts to EUR 867 (2020: EUR 1,052).

32.9.4 During the year, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide Plant at a consideration of CNY 104,400. As at December 31, 2021, outstanding commitment for civil works and equipment procurement amounts to CNY 104,400 (2020: Nil).

32.9.5 During the year, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Ahmad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide Plant at a consideration of Rs. 927,500. As at December 31, 2021, outstanding commitment amounts to Rs. 711,800 (2020: Nil).

32.9.6 EPCL has entered into operating lease arrangements with Al Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to Rs. 2,500 (2020: Rs. 3,400).

32.9.7 EETPL under the Time Charter Party and LNG Storage and Regasification Agreement (Agreement) with Excelerate Energy Middle East, LLC (EE) has furnished SBLC through National Bank of Pakistan amounting to USD 22,500 (2020: USD 22,500) to EE. The SBLC is valid till March 4, 2022 and is renewable annually. The aforementioned guarantee is secured against the Holding Company owned Pakistan Investment Bonds equivalent to 110% margin of the facility amount and a corporate guarantee and project assets of EETPL.

32.9.8 National Bank of Pakistan (NBP) has issued Standby Letters of Credit (Equity SBLCs) worth USD 16,302 and USD 51,100 (in Pak Rupee equivalent), respectively, on behalf of the Holding Company for its equity commitments related to Sindh Engro Coal Mining Company Limited (SECMC) and EPTL in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (SECMC and EPTL). The Equity SBLCs have been furnished to secure the Holding Company's obligations to provide equity pursuant to the Sponsor Support Agreements (SSAs) originally dated February 26, 2016 and February 1, 2016, respectively, and as amended and restated from time to time. Equity SBLCs expire as per the terms of the relevant SSAs. These SBLCs are secured through lien over cash or cash equivalents of the Holding Company. As of December 31, 2021, the outstanding amount of these SBLCs is USD 16,305 (2020: USD 16,305) for SECMC and the Equity SBLC issued for EPTL has been fully utilized and is hence discharged.

32.9.9 Allied Bank of Pakistan (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21,070 on behalf of EEL relating to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) dated March 22, 2016 and expires on earlier of (i) August 31, 2022 or (ii) on payment of the Maximum Amount. It is secured through lien over cash and cash equivalents of Engro Corporation Limited, the Holding Company.

32.9.10 EEL has also provided sponsor support contractual commitment for cost overrun and contingent commitments in favour of Senior Lenders amounting to cumulative USD 8,000 for SECMC Phase I and Phase II Expansion pursuant to the Amended and Restated Sponsor Support Agreements (A&R SSA) dated September 02, 2019 for SECMC and USD 41,200 pursuant to Amendment and Restatement Sponsor Support Agreement dated February 18, 2016 in case of EPTL.

32.9.11 EEL has also provided sponsor support contractual commitment for cost overrun and equity commitment in favour of Siddiqsons Limited amounting to Rs. 55,000 of which the amount remaining unutilised as at year end is Rs. 2,573,097.

32.9.12 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 27,650 valid till 31 March 2036, Ethylene Di Chloride (EDC) aggregate to USD 6,14 valid till 31 December 2026 and Vinyl Chloride Monomer (VCM) aggregate to USD 25 valid till 31 December 2026.

32.9.13 In 2019, the EPS took over the operations and maintenance of the power plant owned by Tenaga Generasi Limited (TGL) under an agreement signed between both parties. EEL issued a performance bond equivalent to USD 330,150 on an annual basis as per the agreement. The bond was furnished by the EEL on October 21, 2019 and expired on October 20, 2020. The Performance bond has been extended up to October 20, 2022.

32.9.14 EEAP has entered into export selling contracts of 85,202 tons (2020: 15,000 tons) of Super Basmati Rice to various parties on agreed terms for delivery on various dates subsequent to the year end. The sale value of these open commitments at year end amounts to Rs. 6,307,500 (2020: Rs. 1,873,898).

32.10 For other tax related matters, refer note 41.

33. REVENUE

	2021	2020
	(Rupees)	
Own manufactured products (notes 33.1 and 33.2)	273,152,534	219,740,262
Less:		
- Sales tax	(16,600,268)	(14,182,474)
- Discounts	(1,827,474)	(295,446)
	(18,427,742)	(14,477,920)
	254,724,792	205,262,441
Purchased product (note 33.3)	44,445,546	34,512,070
Services rendered (note 33.4)	15,592,515	15,727,991
Less: Sales tax	(6,175,252)	(1,304,459)
	57,862,809	48,935,602
	311,687,401	248,517,943

33.1 Includes export sales amounting to Rs. 49,406,924 (2020: Rs. 4,072,094).

33.2 Includes revenue from sale of Energy which comprises of:

	2021	2020
Capacity purchase price (note 33.2.1)	34,231,257	38,216,309
Energy purchase price	53,087,841	51,934,303
	87,319,098	90,150,612

33.2.1 Includes amount subject to Commercial Operation Date (COD) tariff adjustment. The COD tariff adjustment is subject to NEPRA's determination based on the management's best estimate. Variable consideration is not constrained as the potential reversal of cumulative revenue recognized will not be significant.

33.3 This primarily includes sale of Di-Ammonium Phosphate (DAP) by [illegible].

(Amounts in thousand)

33.4 This includes revenue from services rendered by ETPL which comprises of:

	2021	2020
	(Rupees)	
Operating lease rental income	563,629	859,754
Revenue from O&M services	3,187,001	3,016,535
Finance income on sublease	5,150,352	5,430,437
Revenue from utilization / regasification services	3,395,727	3,845,391
	12,262,759	13,150,867

34. COST OF REVENUE

	2021	2020
Cost of goods sold (note 34.1)	230,479,021	160,408,971
Cost of services rendered (note 34.2)	7,977,503	5,463,356
Finance cost on lease liabilities	3,875,052	5,976,416
	242,332,576	172,774,050

34.1 Cost of goods sold

	2021	2020
Raw and packing materials consumed including imported sugar / rice	101,702,163	80,392,253
Salaries, wages and staff welfare (note 34.1.2)	5,727,405	4,864,847
Fuel and power	25,030,306	21,785,376
Operation and management	3,730,575	2,703,441
Repairs and maintenance	3,621,305	2,201,775
Depreciation - Right of use asset (note 6.3)	773,501	537,012
Depreciation (note 4.6)	11,035,865	12,400,031
Amortization (note 5.3)	37,178	23,471
Consumable stores	2,037,542	1,361,270
Staff recruitment, training, safety and other expenses	739,977	845,907
Purchased services	2,140,595	1,278,913
Storage and handling / product transportation	2,329,065	1,350,514
Travel	357,998	220,447
Communication, stationery and other office expenses	77,728	68,557
Insurance	2,051,679	1,815,899
Rent, rates and taxes	250,510	240,575
Provision against surplus and slow moving spares (note 13.1)	126,252	35,505
Write-off stores and spares	98,719	65,000
Write-off stock in trade net of disposals	4,537	31,024
Write-off of capital work-in-progress	-	5,305
Other expenses	108,947	102,544
Manufacturing cost	163,254,970	132,379,497
Add: Opening stock of work-in-progress	135,058	78,289
Less: Closing stock of work-in-progress (note 15)	177,232	135,506
	(42,174)	(57,903)
Cost of goods manufactured	163,212,796	132,313,585
Add: Opening stock of finished goods manufactured	7,596,920	4,900,818
Less: Closing stock of finished goods manufactured (note 14)	7,359,717	7,596,920
	237,203	(2,696,102)
Cost of goods sold		
- own manufactured product	163,450,299	129,617,507
- purchased product (note 34.1.1)	34,025,722	30,830,204
	230,479,021	160,408,971

(Amounts in thousand)

	2021	2020
	(Rupees)	
34.1.1 Cost of goods sold - purchased product		
Opening stock net of NRV	1,020,652	9,075,396
Add: Purchases	41,531,257	22,733,161
Less: Closing stock net of NRV	8,526,947	1,070,562
	34,025,722	30,838,201

34.1.2 Includes Rs. 337,430 (2020: Rs. 331,527) in respect of staff retirement benefits.

	2021	2020
	(Rupees)	
34.2 Cost of services rendered		
Fixed expenses	1,952,227	1,747,327
Variable expenses (note 34.2.2 and 34.2.3)	2,307,451	1,320,825
Operations and maintenance services	1,185,140	2,250,000
Depreciation (note 4.6)	395,087	414,111
Amortization (note 5.3)	103	2
Amortization of direct cost on FSRU	85,516	98,518
Salaries, wages and benefits (note 34.2.1)	705,418	321,516
Fuel & Power	541,302	258,440
Purchased services	189,450	100,041
Communication and other office expenses	503,727	51,042
Stores and spares consumed	77,389	45,041
Repairs and maintenance	231,203	252,020
Travelling and entertainment	65,571	46,242
Security and other expenses	86,504	52,629
Others	2,300	1,007
	7,977,502	5,463,356

34.2.1 Includes Rs. 21,808 (2020: Rs. 3,475) in respect of staff retirement benefits.

34.2.2 Includes Rs. 1,724,290 (2020: Rs. 1,044,310) in respect of the royalty charges paid to Port Qasim Authorities as per LSA.

34.2.3 Includes reversal of provision of diesel amounting to Rs. 196,452 as further explained note 32.4.3

(Amounts in thousand)

35. SELLING AND DISTRIBUTION EXPENSES

	2021	2020
	(Rupees)	
Salaries, wages and staff welfare (note 35.1)	1,435,785	1,057,729
Staff recruitment, training, safety and other expenses	95,306	56,630
Product transportation and handling	4,684,978	4,726,478
Repairs and maintenance	10,258	66,210
Advertising and sales promotion	435,592	447,076
Rent, rates and taxes	577,973	752,713
Communication, stationery and other office expenses	81,004	75,170
Travel	96,510	140,108
Depreciation (note 4.6)	38,307	53,711
Amortisation (note 6.1)	4,752	844
Purchased services	121,265	165,950
Others	26,393	131,298
	7,600,201	7,579,050

35.1 Includes Rs. 119,720 (2020: Rs. 105,099) in respect of staff retirement benefits.

36. ADMINISTRATIVE EXPENSES

	2021	2020
	(Rupees)	
Salaries, wages and staff welfare (note 36.1)	3,101,845	2,701,180
Staff recruitment, training, safety and other expenses	206,722	141,756
Repairs and maintenance	58,209	503,014
Advertising	236,416	175,070
Rent, rates and taxes	376,575	537,753
Communication, stationery and other office expenses	451,803	423,025
Travel	330,577	205,427
Depreciation - Right-of-use assets (note 5.2)	244,739	272,532
Depreciation (note 4.2)	312,530	313,767
Amortisation (note 6.1)	204,737	95,640
Purchased services	1,790,844	1,545,402
Directors' remuneration	228,646	215,394
Others	52,515	283,290
	7,658,073	7,105,223

36.1 Includes Rs. 256,827 (2020: Rs. 213,127) in respect of staff retirement benefits.

(Amounts in thousand)

37. OTHER INCOME

	2021	2020
	(Rupees)	
Financial assets		
Income on deposits / other financial assets	7,255,037	8,959,475
Income on shariah compliant deposits	[illegible]	49,000
Exchange loss	(5,227)	-
Interest on receivable from SSGCL	170,740	175,291
Others	4,878	5,515
	7,524,327	10,232,177
Non-financial assets		
Insurance claims	64,808	2,501
Gain on disposal of property, plant and equipment	13,459	10,901
Income from sale of stores / scrap	25,418	34,577
Reversal of provision for Workers' Welfare Fund	-	150,079
Delayed payment charges on overdue receivables	8,702,727	3,540,012
Remeasurement gain on provision for GIDC (note 27.1)	-	3,024,676
Reversal of provision against the contingency of EWT (notes 7.3 and 28.4)	-	484,000
Others	418,311	371,152
	[illegible]	[illegible]
	[illegible]	[illegible]

38. OTHER OPERATING EXPENSES

	2021	2020
Workers' profits participation fund	2,585,039	1,470,040
Workers' welfare fund	775,400	755,880
Legal and professional charges	993,568	936,305
Human resource development	134,701	157,426
Research and development	1,579,503	867,047
Auditors' remuneration (note 38.1)	94,753	19,400
Provision for doubtful debts (note 15.5)	232,094	50,669
Donations (note 34)	1,298,368	574,012
Exchange loss	585,542	260,535
Impairment against long-term investment and other receivables / obligation of investee company (note 7.8)	631,271	759,155
Write-off of property, plant and equipment	325,962	11,945
Others (note 38.2)	394,062	259,914
Remeasurement loss on Provision for GIDC (note 27.1)	1,325,547	-
	[illegible]	[illegible]

(Amounts in thousand)

38.1 Auditors' remuneration

The aggregate amount charged in respect of auditors' remuneration, including remuneration of auditors of foreign subsidiaries, is as follows:

	2021	2020
	(Rupees)	
Fee for:		
- audit of annual financial statements	17,300	6,656
- review of half yearly financial statements	5,142	4,030
Reviews and certifications, review of compliance		
with Code of Corporate Governance and other assurance & advisory services	30,702	42,097
Taxation services	37,515	52,878
Reimbursement of expenses	4,507	4,082
	94,707	119,400

38.2 Under the Share Purchase Agreement (SPA) with Friesland Campina Pakistan Holding B.V. (FCP), the Holding Company is required to pay FCP an amount equal to 51% of the sales tax receivable of FrieslandCampina Engro Pakistan Limited (FCEPL), an associated company, recognized in the financial years 2013 to 2016, which is not recovered by FCEPL within six years after it is recognized. Accordingly, on prudence basis, the Holding Company has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL being sales tax short recovered till December 31, 2021.

	2021	2020
	(Rupees)	

39. FINANCE COST

	2021	2020
Interest / mark-up on		
- long term borrowings	10,038,025	18,344,403
- short term borrowings	1,253,856	1,536,341
Markup on shariah compliant borrowings	158,315	209,842
Interest on lease liabilities	006,276	500,013
Unwinding of deferred incentive revenue	121,417	194,466
Foreign exchange loss, net	344,838	735,848
Amortization of transaction costs	372,054	825,213
Delayed payment charges	2,055,452	1,052,655
Financial / bank charges	2,110,738	1,608,031
Default surcharge on GIDC	155,583	16,545
Others	132,574	107,789
	17,274,058	25,479,492

(Amounts in thousand)

40. SHARE OF INCOME FROM JOINT VENTURE AND ASSOCIATES

	2021	2020
	(Rupees)	
Joint venture		
Engro Vopak Terminal Limited (EVTL)		
Share of profit before taxation	6,253,036	1,937,510
Less: Share of provision for taxation	(477,879)	(528,475)
	5,775,157	1,409,035
Associates:		
Share of profit / (loss) from:		
- Sindh Engro Coal Mining Company Limited	7,331,413	1,827,371
- FrieslandCampina Engro Pakistan Limited	719,827	70,590
Others	[illegible]	(873)
	8,051,240	1,898,088
	13,826,397	3,726,374

41. TAXATION

	2021	2020
Current		
- for the year	8,402,348	11,065,208
- for prior years	(1,455,423)	(3,357,324)
	6,946,925	7,707,882
Deferred		
- for the year	1,716,260	1,037,055
- for prior years	(5,992)	285,310
	1,710,268	1,322,365
	8,657,213	9,030,255

Details of significant income tax matters are as follows:

41.1 The Holding Company

41.1.1 Through Finance Act 2015, levy of 'Super Tax for rehabilitation of temporarily displaced persons' under section 4B of the Income Tax Ordinance, 2001 was introduced for tax year 2015. The said levy was extended and made applicable on succeeding years via subsequent Finance Acts upto financial year ended December 31, 2018. In the year 2019, through Finance Supplementary Act, 2019, the levy of Super Tax has been abolished from financial year ended December 31, 2019 onwards for companies other than banking companies.

In 2020, the petition filed by the Holding Company along with other taxpayers against the imposition of Super Tax in the High Court of Sindh (HCS) was rejected vide order dated July 21, 2020. The Holding Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the HCS in the Supreme Court of Pakistan (SCP). Consequent to the High Court judgement, the tax authorities issued notices to the Holding Company and subsequently framed orders for recovery of Super Tax for tax years 2017 to 2019 with total tax demand of Rs. 2,241,430. Appeal was filed against these orders with the Commissioner Inland Revenue (Appeals) [CIR (Appeals)] on certain contentions and technical grounds. The CIR (Appeals) has decided all appeals against the Holding Company and maintained the levy of Super Tax considering the HCS judgement. The Holding Company has filed further appeal before the Appellate Tribunal Inland Revenue which is pending to be heard.

In November 2020, SCP granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including the Holding Company) subject to them depositing 50% of the principal amount of outstanding tax amount.

During the year, the Company's management has reassessed its income tax provisions including provision on account of Super Tax, based on the finalization of tax-payer's assessment for tax year 2017 by the income tax department. Upon such assessment, the Company's management has recognized reversal of tax provision amounting to Rs. 1,642,282 in these financial statements. Adequate provision for super tax is maintained for all assessments which have not been finalized to date.

41.1.2 In 2018, an amendment was introduced in the Income Tax Ordinance 2001 (the Ordinance) via the Finance Act, 2018 imposing tax on Inter-Corporate Dividends (ICD) which were previously exempt for companies designated as a Group under section 59B of the Ordinance. Subsequently, the exemption on ICD was restored through amendment in the Ordinance vide Tax Laws (Second Amendment) Ordinance, 2019 (the Amendment Ordinance). However, in respect of the dividends received before the said amendment, the Holding Company had challenged the imposition of tax on ICD in the High Court of Sindh and has been granted a stay in this respect.

In 2020, the Amendment Ordinance was laid down before the Parliament and enacted as Tax Laws (Amendment) Act 2020 (the 2020 Act). The 2020 Act ratified the exemption on ICD restored by the Amendment Ordinance, however, the provision granting exemption from application of withholding tax on ICD, as previously deleted by Finance Act 2018, was not restored. Hence, in respect of the ICD received by the Holding Company from its subsidiaries during the year, the Holding Company obtained stay from the High Court against deduction of withholding of tax.

During the year, the exemption of income tax on ICD was again withdrawn via Tax Laws (Second Amendment) Ordinance, 2021 in March 2021 and subsequently by Finance Act 2021. The Holding Company has again challenged the amendment before High Court and has been granted a stay in this respect. The management, on prudent basis, has recognized tax charge of Rs. 5,302,953 (2020: Rs. 4,571,409) in these consolidated financial statements pertaining to the period during which exemption of income tax on ICD remained withdrawn.

41.1.3 Following is the position of the Holding Company's open tax assessments:

41.1.3.1 In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs. 216,210 and raised a demand of Rs. 139,575 whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Holding Company filed an appeal with the Commissioner Inland Revenue (CIR) - Appeals who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs. 154,151 and revised the demand to Rs. 104,976. The Holding Company paid Rs. 50,259 there against and simultaneously filed an appeal against the CIR - Appeals decision with Appellate Tribunal Inland Revenue (ATIR) which granted a stay to the Holding Company. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officer for denovo proceedings, thereby accepting the Holding Company's contention. The income tax department, in response there against, had filed an appeal with ATIR which was dismissed during 2015.

41.1.3.2 In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Holding Company filed an appeal against the said order with CIR - Appeals, who based on ATIR's order for tax year 2011, has remanded back the order to assessing officer for de novo proceedings.

41.1.3.3 During 2016, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Holding Company received notices of demand amounting to Rs. 100,565 and Rs. 250,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Holding Company filed appeals there against with the CIR - Appeals and also obtained stays from the High Court of Sindh from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of both tax years, the CIR - Appeals accepted the Company's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR - Appeals for both tax years, which were subsequently dismissed. In 2017, the Holding Company has reversed excess provision of Rs. 165,896 in respect of tax years 2011 and 2012 consequent to denovo proceedings after which the amended orders were passed in respect of the aforementioned tax years, wherein, the Commissioner has maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". In response, the Holding Company has filed an appeal challenging this contention and the Holding Company is confident of favourable decision based on earlier ATIR judgment. The CIR - Appeals has passed the orders dated January 10, 2019 for both the years in relation to Holding Company appeals and has again remanded the matter to the assessing officer for denovo proceedings.

During 2020, the Holding Company received appeal effect orders both dated June 30, 2020 raising with notices of demand amounting to Rs. 73,628 and Rs. 112,050, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". The Holding Company has again challenged these orders before CIR Appeals and the matter is pending to be heard. The Holding Company, based on the advice of its tax consultants, is confident of a favourable decision based on earlier ATIR judgement.

41.1.3.4 During 2016, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs. 120,403, whereby the Additional Commissioner Inland Revenue (ACIR) - Audit has levied tax on inter-corporate dividends, Super Tax including on exempt income, the effects of classification of interest income as "Income from Other Sources" as well as not allowing the adjustment of the minimum tax paid under section 113(2)(c) of the Ordinance. In the year 2019, the CIR(A) vide order dated May 6, 2019 has maintained the matter relating to taxation of inter-corporate dividends, Super Tax under section 4B, the classification of interest income and carry forward of minimum tax for adjustment whereas the other rectificatory matters including the levy of Super tax on exempt income was remanded back. The Holding Company has preferred appeal before ATIR on all issues adjudicated against it. The Holding Company, based on advice of its tax consultant, is confident that these matters will be decided in favour of the Holding Company. However, on prudence, the Holding Company has recorded provision against Super Tax.

41.1.3.5 In 2017, the ACIR through order dated June 13, 2017 amended the return for the tax year 2016 creating tax demand of Rs. 1,573,576 mainly on account of tax levied on inter-corporate dividends, Super Tax including on exempt income and disallowance on account of allocation of expenses to dividend and capital gains including minimum tax paid under section 113 of the Ordinance. The CIR(A) while discussing the Holding Company's appeal maintained the order of ACIR with respect to matters pertaining to the issues which were further contested before the ATIR. During 2019, the ATIR in its order dated July 21, 2019 has annulled the order of ACIR and validated the taxation on the inter-corporate dividends as well as the matter of levy of Super Tax on such exempt income whereas the issues relating to the levy of Super Tax under section 4B and minimum tax carry forward have been linked to the pending decision of the Sindh High Court (where the matter is separately being contested by the Holding Company) and the carry forward under section 113(2)(c) has been linked to the decision of the Supreme Court in the case of another taxpayer.

41.1.3.6 Against the order dated June 13, 2017, the Holding Company had filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs. 1,084,723. Through the said order, the ACIR accepted the Holding Company's contention relating to various matters except the issue of allocation of expenses to capital gains. The Holding Company contested this matter in appeal before the CIR(A) who has maintained the order of ACIR through order dated December 10, 2019. In 2020, the Holding Company filed an appeal before the ATIR against the CIR(A) order.

In 2020, the Holding Company received appeal effect order dated November 20, 2020 issued by the ACIR giving effect to the findings of appellate orders of CIR (Appeals) and ATIR by deleting the tax levied on inter-corporate dividends and Super Tax on exempt income which resulted in revised demand of Rs. 149,277. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in Holding Company's favour as "Income from business".

In addition to above, the ACIR issued a further amended order dated November 24, 2020 for the same tax year and determined additional income tax liability of Rs 21,605 on account of capital gain tax on debt securities. The same has been discharged by the Holding Company.

41.1.3.7 In 2020, the ACIR - Audit through order dated December 29, 2020 amended the return for the tax year 2017 by creating tax demand of Rs. 4,235,179 mainly on account of tax levied on undistributed profits under section 5A and Super Tax under section 4B. The Company has obtained stay from HCS against the levy of tax on undistributed profits, therefore the said demand is not recoverable by the tax department, as also confirmed by tax consultants. The HCS vide order dated April 9, 2021 disposed of the petitions filed by various taxpayers including the company declaring section 5A as ultra vires to the Constitution. As an interim measure, the Holding Company filed appeal against the order of ACIR before the CIR - Appeals and is pending to be heard. The Holding Company, based on the advice of its legal and tax consultants, is confident that chances of ultimate success are good, hence, no provision has been made in this respect.

(Amounts in thousand)

Subsidiary Companies

41.2 Engro Fertilizers Limited (Efert) and its subsidiary companies

41.2.1 In the year 2020, the income tax department amended the assessment filed by Efert for tax year 2019. Efert has filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) against the disallowances, which mainly pertained to proration of expenses to exempt / FTR (Final Tax Regime) income, tax credit on investment in plant and machinery, disallowance of deduction for allowances for WWF / WPPF resulting in demand of Rs. 1,179,227 (additions to taxable income of Rs. 3,205,956). In addition, the tax department raised demand for Super tax amounting to Rs. 278,829. Adequate provision has made in these consolidated financial statements and Efert's management is confident of an ultimate favourable outcome on this amendment.

41.2.2 In the year 2018, the income tax department amended the assessment filed by the Efert for tax year 2017. Efert 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. 3,297,904). In addition the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which the Efert subsequently obtained a stay order. The matter was heard by CIRA and favorable decision was made in respect of exchange losses and allowance of prior years tax refunds, while other additions made by the tax department in respect of ACT, loss on derivatives and group relief under section 59B were maintained in the order. Efert has filed an appeal against the order of CIRA before the Income Tax Appellate Tribunal which is pending to date. Adequate provision has made in these consolidated financial statements and Efert's management is confident of an ultimate favourable outcome.

41.2.3 In the year 2018, the income tax department amended the assessment filed by Efert for the tax years 2015, 2016 and 2017. Efert 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. 1,950,909 (cumulative addition of Rs. 13,172,822) 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 orders, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. Efert as well as the tax department filed appeals against CIRA's order before the Appellate Tribunal Inland Revenue (ATIR).

Through order dated February 25, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favour of Efert, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 01, 2020, the tax department filed reference applications before SHC for questions of law arising out of the ATIR order.

Efert maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

41.2.4 In the year 2014, the income tax department amended the assessment filed by Efert for tax years 2010 and 2011. Efert filed appeals thereagainst before the Appellate Tribunal Inland Revenue (ATIR) against the said disallowances, which through its decision decided in favor respectively 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 derivatives for tax year 2011 raising a demand in respect of those years in aggregate of Rs. 1,075,468. Efert had challenged the said decision before the High Court of Sindh (HCS). In the year 2020, the matter was heard, and was reserved for judgement. Efert maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

41.2.5 In the year 2018, Efert 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. Efert 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 Efert. On July 21, 2020, SHC held that of Section 4B was intra vires the Constitution (SHC Judgment). Thereafter, Efert filed a Civil Petition for Leave to Appeal (CPLA) before the SCP challenging the SHC Judgment. The CPLA was filed by Efert only in relation to TY 2018 i.e. the year which was challenged before the SHC as well.

Pursuant to the SHC Judgement, the tax department passed orders against Efert for TY 2015 to 2018 in relation to recovery of Super Tax amounting in aggregate of Rs. 2,110,495. Efert 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 Efert) subject to them depositing 50% of the impugned outstanding tax amount.

Efert has till date paid Super Tax amounting to Rs. 1,315,857 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.

41.2.6 In Tax Year (TY) 2019, Efert 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 2019. Efert 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 Efert. On July 21, 2020, SHC held that of Section 4B was intra vires the Constitution ("SHC Judgment"). Thereafter, Efert filed a Civil Petition for Leave to Appeal ("CPLA") before the SCP challenging the SHC Judgment. The CPLA was filed by the Efert only in relation to TY 2019 i.e. the year which was challenged before the SHC as well.

Pursuant to the SHC Judgment, the tax department passed orders against the Company for TY 2015 to 2017 in relation to recovery of Super Tax amounting in aggregate of Rs. 2,110,495. Efert 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 Efert) subject to them depositing 50% of the impugned outstanding tax amount.

Efert has till date paid Super Tax amounting to Rs. 1,751,724 against the relevant tax years. Adequate provision for Super Tax for the respective TYs is being maintained in these consolidated financial statements.

41.2.7 As a result of demerger in 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Ltd. had been transferred to Efert. Major issues pending before the tax authorities are described below:

In previous years, the taxation department had filed reference applications in the HCS against the below-mentioned ATIR's decisions in favor of Efert. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,570,747
- Inter-Corporate Dividend (Financial year 2007 and 2008): Rs. 134,538
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

Adequate provision has been maintained in these consolidated financial statements and Efert is confident of an ultimate favorable outcome.

41.2.8 In the year 2020, Efert's management reassessed its income tax provisions based on the finalisation of its income tax assessments of prior tax years by the income tax department. Upon such assessment, Efert's management recognized reversal of tax provisions amounting in aggregate to Rs. 3,375,385 in these consolidated financial statements.

(Amounts in thousand)

41.3 Engro Polymer & Chemicals Limited (EPCL) and its subsidiary company

41.3.1 The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2014 raised a tax demand of Rs. 213,173 for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under Section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance), disallowance of provision for retirement benefits of Rs. 5,899; addition of imputed interest on loans to employees and executives of Rs. 16,069 to income, disallowance of finance cost of Rs. 114,414 and also of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

EPCL filed an appeal against the aforesaid order before the CIRA but discharged the entire demand through adjustment against assessed refunds of Rs. 180,769 and payment of the balance of Rs. 32,404 'under protest'. Through the appellate order, the CIRA maintained certain additions aggregating Rs. 194,417 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by EPCL before the ATIR. The department also filed an appeal against the said appellate order challenging the actions of the CIRA.

In 2016, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs. 20,250 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs. 19,632 and Rs. 7,500 respectively, which were maintained.

In 2014, EPCL filed a reference with the HCS against the additions maintained by ATIR. Likewise, the tax department also filed reference with the HCS against the order passed by the ATIR in favor of the EPCL. In 2016, the HCS disposed of EPCL's appeal on the ground that the issue raised by EPCL requires factual verification whereas the petition of the tax department is still pending before the HCS. EPCL based on the advice of its tax consultants, decided to accept the decision of the HCS and accordingly, has recognized the provision of Rs. 134,383 in respect of additions maintained by ATIR in these consolidated financial statements.

41.3.2 The DCIR through order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,639 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,339, disallowance of provision against Special Excise Duty (SED) refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position except for additions on account of SED provision of Rs. 36,687 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained. EPCL filed a reference with HCS against the additions maintained by ATIR. Likewise, the tax department has also filed reference with HCS against the order passed by the ATIR in favour of EPCL. The management of EPCL, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, has not recognized the effects for the same in these consolidated financial statements.

Through Finance Act 2015, section 4B of Income Tax Ordinance, 2001 was inserted which levied super tax at specified rates on income for the tax year 2015. This levy was subject to the threshold of taxable income of Rs. 500,000. The levy was extended until tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2018, the levy of super tax has amended the rate of super tax in 0% from tax year 2020 and onwards for companies other than banking companies. On August 1, 2014, EPCL filed petition against the levy of super tax in the Court and based on the opinion of its legal advisor, EPCL has made a provision for full amount of Super tax of Rs. 320,050. In 2021, super tax was declared intra vires by the Court and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, EPCL received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. EPCL filed appeal against the said notices with CIRA whereby the action of Officer has been confirmed by CIRA for tax years 2017 to 2019. EPCL filed a second appeal before Appellate Tribunal against the decision of CIRA which is pending adjudication.

In the meanwhile, EPCL also filed petition in Supreme Court against the order of the Court, which is pending adjudication. In November 2021, the Supreme Court conditionally granted stay subject to deposit of 50% of super tax demand. EPCL accordingly has deposited 50% of the said liability.

(Amounts in thousand)

41.4 Elengy Terminal Pakistan Limited (ETPL) and its subsidiary company

41.4.1 The ETPL's tax exemption period extended till March 30, 2020. In the post exemption period, ETPL applied for issuance of nil deduction certificate on the premise that its income from terminal services falls under clause 72 of Part IV of Second Schedule to the ITO. However, the Commissioner Inland Revenue (the Commissioner) refused the ETPL's request. Thereafter, ETPL filed Revision Application with the Chief Commissioner Inland Revenue, who maintained the action of the Commissioner. ETPL in consultation with the lawyer filed Constitutional Petition before the HCS and through its interim orders, the Court has directed SSGCL not to withhold tax on payments made to ETPL, however, this is subject to submission of Bank Guarantee (BG) of equal amount with the Nazir of HCS. ETPL in compliance with the HCS directions is submitting BG and, based on assessment, has recognized the current tax charge based on the withholding tax deductible considering this as minimum tax liability of ETPL as per the applicable provisions of the ITO, 2001.

Associated Company and Joint Venture

41.5 FrieslandCampina Engro Pakistan Limited (FCEPL)

Following is the position of the FCEPL's open tax assessments:

41.5.1 FCEPL in accordance with section 59B (Group Relief) of the Income Tax Ordinance (ITO), 2001 had surrendered to Holding Company, its tax losses amounting to Rs. 4,285,134 out of the total tax losses of Rs. 4,425,406 for the financial years ended December 31, 2006, 2007 and 2008 (i.e. tax years 2007, 2008 and 2009) for cash consideration aggregating to Rs. 1,100,847, being equivalent to tax benefit/effect thereof.

FCEPL had been designated as part of the Group of ECL by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 25, 2010. Such designation was mandatory for availing Group tax relief under section 59B of ITO and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

The Appellate Tribunal Inland Revenue (ATIR), in respect of surrender of aforementioned tax losses by the Company to the Holding Company for the financial years ended December 31, 2006 and 2007, decided the appeals on July 1, 2010 in favour of the Holding Company, whereby allowing the surrender of tax losses by the Company to the Holding Company. The tax authority has filed reference application dated October 23, 2010 there against before the High Court of Sindh which is under the process of hearings. On May 20, 2013 ATIR also decided similar appeal filed by ECL for the year ended December 31, 2008 in favour of ECL. The FCEPL based on the merits of the case expects a favorable outcome of the matter.

41.5.2 On January 29, 2009, DCIR reduced tax loss from Rs. 3,224,986 to Rs. 3,108,493 for the tax year 2007. Being aggrieved with the amended order, the Company has filed appeal before the CIRA on March 30, 2009, which is pending for adjudication. However, FCEPL based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and hence no provision has been recognized in these consolidated financial statements.

(Amounts in thousand)

[illegible] Relationship between tax expense and accounting profit

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2021	2020
	(Rupees)	
Profit before taxation	71,278,659	53,421,220
Tax calculated at the rate of 29% (2020: 29%)	20,670,810	15,492,156
Effect of exemption from tax on certain income	(4,383,832)	(6,569,874)
Effect of applicability of lower tax rate, Final Tax Regime and other tax credits / rebates	2,123,659	1,526,091
Tax effect of final tax Regime / separate block of income		
Prior year current and deferred tax charge	(1,451,616)	(3,072,024)
Unrecognised minimum turnover tax	5,239	
Tax effect of minimum tax liability on minimum taxes and local selling	541,996	-
Tax effect of expenses not allowed for tax	1,145,054	758,009
Others	21,104	144,545
Tax charge for the year	18,867,213	8,030,265

[illegible] PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS

As stated in note [illegible], the Board of Directors of [illegible] has decided to discontinue its operations. As a result, financial performance of [illegible] has been classified as discontinued operations, a summary of which are as follows:

	2021	2020
	(Rupees)	
Revenue	-	8,924
Cost of sales	-	(34,407)
Gross profit / (loss)	-	(25,583)
Administrative expenses	(2,042)	(38,403)
Other operating expenses	(4,886)	(131,757)
Other income	32,303	55,054
Profit / (loss) from operations	25,387	(250,760)
Finance cost	(7,303)	58
Profit / (loss) before taxation	18,074	(250,758)
Taxation	11,208	1,432
Profit / (loss) for the year	29,282	(276,354)

[illegible] EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share has been calculated by dividing the profit / (loss) attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year.

As at December 31, 2021, there is no dilutive effect on the basic earnings per share of the Group. Earnings per share is based on following:

	2021	2020
	(Rupees)	
Profit / (loss) for the year attributable to:		
- continuing operations	27,912,231	25,378,687
- discontinued operations	29,283	(276,354)
	27,941,514	25,102,333
	Number in thousands	
Weighted average number of ordinary shares for determination of basic and diluted EPS	576,125	578,162
Earnings / (loss) per share - Basic and diluted		
- continuing operations	75.45	44.01
- discontinued operations	0.05	(0.44)
	48.50	43.57

[illegible] REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts for remuneration, including all benefits, to the Chief Executive and Directors of the Holding Company and Executives of the Group are as follows:

	2021			2020		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	(Rupees)					
Managerial remuneration including bonus	178,435	-	6,005,408	127,323	-	5,251,577
Retirement benefits funds	-	-	705,282	-	-	658,708
Fees	-	204,438	-	-	150,097	
Directors' entertainment	-	-	-			-
Other benefits	-	-	780,517	2	-	717,726
Total	178,435	204,435	8,097,205	127,325	150,097	6,624,097
Number of persons including those who worked part of the year	1	10	1,100	1	10	1,075

(Amounts in thousand)

44.1 The Group also makes contributions to pension and gratuity funds and provides certain household items for use of some executives. The Group also provides chauffeur driven company maintained cars for use of some employees and Chief Executive. The Group also provides for medical expenses to some of the employees and directors. In addition, directors of the Holding Company are also entitled for travelling benefits in respect of which Rs. 69,057 (2020: Rs. 177,467) have been incurred.

44.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Group, amounted to Rs. 2,511 (2020: Rs. 5,860).

45. RETIREMENT BENEFITS

45.1 Defined benefit plans

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, 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 lies with Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

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

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 year Special Savings Certificates, Regular Income Certificates, Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuation as a result of change in the market price.

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

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

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

In addition to above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

45.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2021, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

(Amounts in thousand)

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Surplus)	
	2021	2020	2021	2020
	(Rupees)			
45.1.2 Consolidated Statement of Financial Position reconciliation				
Present value of defined benefit obligation	445,353	537,779	22,324	23,294
Fair value of plan assets	(333,472)	(511,886)	(42,621)	(35,820)
Deficit / (Surplus)	113,921	25,790	(20,297)	(11,904)
Payable to Defined Contribution Gratuity Fund	-	10,150	-	-
Payable in respect of inter group transfers	-	43	-	-
Unrecognised asset	-	-	20,297	11,904
Net liability recognised in the consolidated statement of financial position	113,921	35,983	-	-
45.1.3 Movement in net liability recognised in the Statement of Financial Position				
Net liability at beginning of the year	35,986	225,405	-	-
Expense / (income) for the year	27,580	48,431	(970)	[illegible]
Remeasurement loss / (gain) to Other Comprehensive Income	55,512	(16,209)	978	1,521
Payments made to outgoing members	(5,158)	-	-	-
Contributions made during the year	-	(215,894)	-	-
Net liability at end of the year	113,921	35,983	-	-
45.1.4 Movement in present value of defined benefit obligation				
As at beginning of the year	537,779	574,225	25,855	24,013
Current service cost	26,401	20,984	-	-
Interest cost	43,470	57,757	2,118	2,458
Benefits paid during the year	(214,771)	(41,765)	(3,702)	(3,910)
Remeasurement loss / (gain) to Other Comprehensive Income	51,836	(71,932)	(2,498)	1,740
As at end of the year	446,323	537,779	22,327	23,326
45.1.5 Movement in fair value of plan assets				
As at beginning of the year	311,990	303,120	35,350	35,477
Expected return on plan assets	43,771	34,152	3,088	4,038
Benefits paid during the year	(214,711)	(41,765)	(3,702)	(3,910)
Contributions made during the year	-	215,894	-	-
Remeasurement (loss) / gain to Other Comprehensive Income	(7,157)	(5,383)	4,087	244
As at end of the year	353,472	511,886	42,621	35,820
45.1.6 Charge for the year				
Current service cost	25,461	20,944	-	-
Net interest cost	2,124	28,307	(978)	(1,521)
	27,580	49,251	(978)	(1,521)

(Amounts in thousand)

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2021	2020	2021	2020
45.1.7 Principal actuarial assumptions used for actuarial valuation				
Discount rate	11.75%	8.50%	11.75%	8.50%
Expected rate of return on plan assets - per annum	11.75%	8.50%	11.75%	-
Expected rate of increase in future salaries - per annum	10.75% & 11.75%	7.50%		
45.1.8 Actual return on plan assets	58,214	31,340	7,193	1,462

	2021		2020	
	Rupees	(%)	Rupees	(%)
45.1.9 Plan assets comprise of the following				
Defined Benefit Gratuity Plans				
Debt	240,297	72.29%	374,053	73.07%
Equity	92,893	27.50%	137,914	27.00%
Others (Including cash)	372	0.11%	-	0.00%
	333,472	100%	511,966	100%
Defined Benefit Pension Plan				
Debt	42,821	100%	36,520	100%

45.1.10 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.

45.1.11 Five year information of staff retirement benefits

	2021	2020	2019	2018	2017
	(Rupees)				
Defined benefit gratuity plans				
Present value of defined benefit obligation	(445,392)	(537,778)	(514,129)	(505,830)	(520,857)
Fair value of plan assets	333,472	511,939	306,420	351,975	410,756
Deficit	(111,920)	(25,839)	(211,959)	(154,845)	(110,101)
Defined benefit pension plan					
Present value of defined benefit obligation	(22,564)	(25,890)	(24,008)	(24,800)	(28,996)
Fair value of plan assets	42,821	36,520	38,277	38,104	40,713
Surplus	20,257	10,630	14,269	13,304	11,557

45.1.12 Expected future cost / (reversal) for the year ending December 31, 2022 is as follows:

	Rupees
Defined benefit gratuity plans	25,335
Defined benefit pension plan	(2,270)

(Amounts in thousand)

45.1.13 Remeasurement recognized in Other Comprehensive Income

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2021	2020	2021	2020
Gain / (loss) from changes in experience adjustments	(50,459)	20,543	(256)	(252)
Gain / (loss) from changes in financial assumptions	(906)	982	3,714	(3,795)
Remeasurement of obligation	(51,365)	21,525	3,458	(4,047)
Actual Return on plan assets	58,214	31,340	7,193	1,462
Expected Return on plan assets	(48,271)	(34,155)	(5,096)	(1,093)
Difference in opening fair value of plan assets	-	(720)	-	-
Remeasurement of plan assets	(7,757)	(3,540)	4,097	141
Effect of asset ceiling	-	-	8,513	2,275
	(55,542)	14,236	(979)	(1,620)

45.1.14 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	(Rupees)			
Discount rate	413,826	481,365	21,591	23,458
Long term salary increases	481,633	410,175	-	-
Long term pension increases	-	-	23,466	21,266

45.1.15 Maturity Profile

	Gratuity Plans	Pension Plan
	(Rupees)	
Time in years		
1	22,215	3,210
2	34,205	3,210
3	36,632	3,310
4	41,002	3,310
5-10	258,413	3,910
11-15	490,101	3,910
16-20	550,937	3,910
20+	2,117,210	3,910
Weighted average duration	4.72	4.39

45.2 Defined contribution plans

45.2.1 An amount of Rs. 575,756 (2020: Rs. 429,115) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

(Amounts in thousand)

[illegible] CASH GENERATED FROM OPERATIONS

	2021	2020
	(Rupees)	
Profit before taxation	71,203,090	53,180,457
Add: (Profit) / loss attributable to discontinued operations	(18,074)	250,765
Profit before taxation from continuing operations	71,221,816	53,421,223
Adjustment for non-cash charges and other items:		
Depreciation	11,569,264	11,134,470
Depreciation on right-of-use asset	1,0[illegible],863	830,174
Amortization of intangible assets	244,990	170,307
Amortization of deferred income	(177,678)	-
Amortization of [illegible] cost on PSPA	85,815	58,516
Gain on disposal of property, plant and equipment	(2,452)	(10,940)
Gain on [illegible] of lease liability	(24,203)	(41,704)
Gain on termination of lease liability	-	(9,402)
Provisions, net	811,707	2,447,451
Write-off assets and liabilities - net	130,202	-
Remeasurement loss / (gain) on provision for GIDC (note 39)	1,128,547	(2,901,876)
Impairment of long term investment	701,371	788,175
Financial charges	12,829,205	15,821,450
Late payment surcharge on GIDC (note 39)	136,593	15,048
Finance income on net investment in lease	(6,133,969)	(5,400,497)
Interest cost on lease liability	5,833,275	5,575,710
Income on deposits / other financial assets	(7,754,757)	(10,054,078)
Loss allowance on subsidy receivable from GoP (note 17.1)	567,703	1,235,812
Share of income from joint venture and associates (note 40)	(3,225,597)	(2,796,374)
Foreign currency translation	754,564	493,241
Reversal of provision of Workers' Welfare Fund (note 37)	-	(160,079)
Working capital changes (note [illegible].1)	(36,770,399)	7,402,734
	61,684,365	79,219,058

[illegible] Working capital changes

	2021	2020
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(1,053,302)	(1,414,087)
- Stock-in-trade	(12,476,249)	1,513,587
- Trade debts	(8,239,715)	362,600
- Loans, advances, deposits and prepayments	(181,543)	391,158
- Other receivables - net	(10,167,560)	(3,217,239)
	(32,919,419)	(2,149,033)
Increase in current liabilities		
- Trade and other payables and provisions	(3,[illegible])	9,550,771
	(36,770,399)	7,402,734

(Amounts in thousand)

	2021	2020
	(Rupees)	

[illegible] CASH AND CASH EQUIVALENTS

	2021	2020
Cash and bank balances (notes 30 and 47.1)	40,782,012	23,9[illegible]
Short term investments with original maturity less than 3 months (note 18)	70,739,326	40,579,477
Short term borrowings (note 30)	(12,058,727)	(12,[illegible])
	9[illegible],602,651	51,425,5[illegible]

[illegible].1 Balances of Rs. [illegible] (2020: Rs. 79,991) held against bank guarantee and Rs. 25,772 (2020: Rs. [illegible]) held against letter of credit in favor of Custom Authorities have been excluded from cash and cash equivalents for the purpose of consolidated statement of cash flows.

[illegible] FINANCIAL INSTRUMENTS BY CATEGORY

[illegible].1 Financial assets

	2021	2020
	(Rupees)	
- Financial assets at amortised cost		
Financial assets at amortised cost	3,595,704	3,180,685
Loans and advances	2,799,878	1,747,810
Net investment in lease	48,205,148	47,272,102
Trade debts	58,525,771	50,148,777
Other receivables	12,207,027	12,853,815
Accrued income	533,833	530,940
Short term investments	57,365,150	14,201,070
Cash and bank balances	40,904,764	23,353,255
	230,192,172	154,096,559
- Financial assets measured at fair value through other comprehensive income		
Treasury bills	-	17,706,801
Pakistan Investment Bonds	-	36,345,95[illegible]
Derivative financial instruments	62,206	-
Other investments	574,243	104,070
	637,049	54,157,635
- Financial assets measured at fair value through profit or loss		
Mutual fund units	20,005,301	13,607,627
Treasury bills	-	2,027,787
Pakistan Investment Bonds	-	11,750,732
Fixed income placements	-	9,700
	20,005,301	27,395,0[illegible]

(Amounts in thousand)

	2021	2020
	(Rupees)	
37.2 Financial liabilities		
- Financial liabilities measured at amortised cost		
Borrowings	466,193,561	[illegible]
Government grant	1,205,392	-
Trade and other payables	54,009,447	65,728,232
Lease liabilities	59,274,424	[illegible]
Accrued interest / mark-up	1,586,409	[illegible]
Unclaimed dividend	1,947,114	376,627
	583,455,573	296,102,7[illegible]

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's Finance and Planning departments under policies approved by the Board / Senior Management.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions, foreign currency loan liabilities, related interest payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited tenures within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options, interest rate swaps or prepayments, etc. subject to the prevailing foreign exchange regulations.

At December 31, 2021, if the foreign exchange rate had weakened / strengthened by 1% against Pakistan Rupee with all other variables held constant, consolidated post-tax profit for the year would have been lower / higher by Rs. 913,217.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from short and long term borrowings and short term investments, those 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 to enter into hedging alternatives.

As at December 31, 2021, if interest rates had been 1% higher / lower with all other variables held constant, consolidated post-tax profit for the year would have been lower / higher by Rs. 1,070,849, mainly as a result of interest exposure on variable rate borrowings.

(Amounts in thousand)

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to price risk on its mutual fund investments.

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. 172,012.

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 maximum exposure to credit risk is equal to the carrying amount of financial assets. The Group accepts bank guarantees of banks of reasonably high credit ratings as approved by management.

The Group's fertilizer segment is exposed to concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees and inland letter of credits and by the fact that the exposure is spread over a wide customer base.

The Group's power segment is not exposed to any credit risk on its trade debts as these are secured by sovereign guarantees from the Government of Pakistan.

The Group's polyvinyl chloride segment is not materially exposed to credit risk on trade debts as unsecured credit is provided to selected parties with no default in recent history and a major part is secured by bank guarantees.

The Group's terminal segment is not materially exposed to credit risk on trade debts, other and lease receivables from SSGC (considering history, no default has been made by the customer and payments are received on a timely basis).

The Group's commodity and telecom segment is not materially exposed to credit risk on balances with banks and financial institutions deposits, trade debts and other receivables.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2021	2020
	(Rupees)	
Loans and advances	2,796,879	[illegible]
Trade debts	20,917,549	18,5[illegible]
Other receivables	9,127,189	10,904,456
Short term investments	75,450,200	45,7[illegible]
Bank balances	20,782,620	[illegible]
Accrued income	699,028	186,345
	172,65[illegible],126	[illegible]

(Amounts in thousand)

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 external credit ratings as follows:

Bank / Financial Institutions	Rating agency	Rating	
		Short term	Long term
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+
Bank of Khyber	PACRA	A1	A
Bank Islami Pakistan Limited	PACRA	A1	A+
Citi Bank N.A.	Moody's	P1	A3
CIMB Bank Berhad	Moody's	P1	A3
Deutsche Bank A.G	Moody's	P2	A3
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A1+	AA
Faysal Bank Limited	JCR-VIS	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Industrial and Commercial Bank of China	Moody's	P1	A1
JS Bank Limited	PACRA	A1+	AA-
Mashreq Bank	Moody's	P2	Baa2
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	JCR-VIS	A1	A
Meezan Bank Limited	JCR-VIS	A1+	AAA
National Bank of Pakistan	JCR-VIS	A1+	AAA
Samba Bank Limited	JCR-VIS	A1	AA
Silk Bank Limited	JCR-VIS	A2	A-
Summit Bank Limited	JCR-VIS	A3	BBB
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
The Bank of Punjab	PACRA	A1+	AA+
U Microfinance Bank	JCR-VIS	A1	A
United Bank Limited	JCR-VIS	A1+	AAA
Pak Brunei Investment Company Limited	JCR-VIS	A1+	AA+
Pak China Investment Company Limited	JCR-VIS	A1+	AAA
Pak Oman Investment Company Limited	JCR-VIS	A1+	AA+
Pak Kuwait Investment Company (Private) Limited	PACRA	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.

(Amounts in thousand)

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2021			2020		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	(Rupees)					
Financial liabilities						
Borrowings	52,256,030	143,349,916	195,605,708	44,103,134	142,772,626	186,875,762
Trade and other payables	84,009,447	-	84,009,447	65,792,262	-	65,792,262
Lease liability	10,206,796	75,706,247	85,912,993	8,750,078	38,684,910	[illegible]
Accrued interest / markup	1,256,407	-	1,325,797	1,072,026	-	[illegible]
Unclaimed dividends	1,271,414	-	1,241,414	375,687	-	375,687
	149,381,973	221,885,163	371,270,136	126,184,754	200,428,548	332,832,332

47.2 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 share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The regulatory regime in which the Group's power segment operates, renders the value of the equity to be hard given the guaranteed IRR of 15% which is indexation allowed under the Power Purchase Agreement for changes in US $ / PKR exchange rate.

The Group's strategy is to ensure compliance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lenders' covenants. The proportion of borrowing to equity at year end was:

	2021	2020
	(Rupees)	
Borrowings (note 24)	162,928,247	157,015,237
Lease liabilities (note 25)	59,274,424	56,530,067
Total Borrowings	222,202,671	213,449,304
Equity	242,793,657	219,594,255
	465,003,958	433,043,559
Gearing ratio	47.78%	49.29%

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.

(Amounts in thousand)

50. FAIR VALUE ESTIMATION

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	Rupees			
As at December 31, 2021				
Fair value through profit and loss				
- Mutual fund units	-	20,035,901	-	20,035,901
	-	20,035,901	-	20,035,901
Fair value through other comprehensive income				
- Derivative financial instruments	-	92,305	-	92,305
- Other investments	139,944	5,000	-	144,944
	139,944	97,305	-	237,249
As at December 31, 2020				
Fair value through profit and loss				
- Mutual fund units	-	13,807,547	-	13,807,547
- Treasury bills	-	2,024,733	-	2,024,733
- Pakistan Investment Bonds (PIBs)	-	11,400,762	-	11,400,762
- Fixed income placements	-	5,000	-	5,000
	-	27,238,042	-	27,238,042
Fair value through other comprehensive income				
- Other investments	98,985	5,000	-	103,985
- Treasury bills	-	17,705,851	-	17,705,851
- Pakistan Investment Bonds (PIBs)	-	36,375,991	-	36,375,991
	98,985	54,086,842	-	54,185,827

Level 2 fair values have been determined on the basis of PKRV rates and closing net asset values for government securities and mutual funds respectively.

There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

51. SEGMENT REPORTING

51.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

Type of segments	Nature of business
Fertilizer	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment include a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Engro and Engro DAP tailored for local cultivation needs and demand. Further, the segment is also the importer and seller of phosphate products which are marketed extensively across Pakistan as phosphatic fertilizers.
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals all over Pakistan and few Central Asian countries.
Terminal	This part of the business includes operating and maintaining integrated liquid chemicals terminal and storage farms and LNG terminal for receipt, storage and regasification of LNG.
Power and mining	This part of the business includes power generation, distribution, transmission and sale of electricity in Pakistan and operations and management services in Pakistan and Nigeria.
Connectivity and telecom	This part of the business includes buying, building, maintaining and operating telecommunication infrastructure and ancillary products and services.
Other operations	It includes management of investments in associates and joint ventures by the Holding Company. It also includes investments made in treasury.

Management monitors the operating results of the above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from profit or loss in the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

51.2 The following information presents operating results regarding operating segments for the year ended December 31, 2021 and asset information regarding operating segments as at December 31, 2021:

	Fertilizer 2021	Fertilizer 2020	Polymer 2021	Polymer 2020	Terminal 2021	Terminal 2020
	Rupees					
Revenue from contracts with customers (note 32)						
At a point in time	152,550,126	126,946,514	80,111,217	39,246,387	-	-
Over time	-	-	10,467	134,991	12,259,759	13,153,657
	152,550,126	126,946,514	80,121,684	39,381,378	12,259,759	13,153,657
Segment gross profit / (loss)	49,074,150	34,244,689	24,096,928	10,949,289	4,281,971	4,207,271
Segment expenses - net of other income	(15,355,222)	(10,152,271)	(1,489,562)	(1,028,587)	(723,140)	(709,490)
Interest income	1,750,101	263,305	1,204,320	1,094,196	456,250	667,463
Finance cost (note 38)	(4,301,121)	(6,286,269)	1,603,506	(2,101,040)	(317,208)	(727,800)
Loss allowance on subsidy receivable from GoP	(567,709)	(128,654)	-	-	-	-
Share of income from						
- joint ventures and associates (note 4.0)	-	-	-	-	1,075,457	1,893,393
Income tax (charge) / reversal (note 47)	(8,797,333)	(4,005,030)	(4,906,094)	2,208,532	(1,073,242)	(1,281,995)
Segment profit / (loss) after tax - continuing operations	21,009,452	17,864,486	15,020,611	5,730,238	2,700,113	3,756,214
Segment gain / (loss) - discontinued operations	-	-	-	-	-	-
	21,009,452	17,864,486	15,020,611	5,730,238	2,700,113	3,756,214
Segment assets	397,615,351	151,776,976	77,985,749	69,090,661	54,210,022	63,336,352
Investment in joint ventures / associates (note 4)	-	-	-	-	-	-
Total segment assets	392,615,233	151,776,976	77,985,749	69,090,661	54,210,022	63,336,352
Total segment liabilities	85,721,575	84,962,506	40,207,434	42,967,330	56,715,702	52,529,590
Capital expenditure	10,966,281	5,476,870	3,500,570	7,518,214	162,027	221,068
Impairment of property reversed	-	-	-	-	-	-
Depreciation	6,284,262	6,796,003	2,251,053	1,710,230	405,495	415,215
Amortisation of intangible assets (note 30)	147,334	137,257	30,470	21,417	3,282	10,182

	Power and mining 2021	Power and mining 2020	Connectivity and telecom 2021	Connectivity and telecom 2020	Other operations 2021	Other operations 2020	Elimination - net 2021	Elimination - net 2020	Consolidated 2021	Consolidated 2020
	Rupees									
Revenue from contracts with customers (note 32)										
At a point in time	-	-	118,522	116,450	24,097,776	19,580,294	(20,154,554)	(15,055,745)	236,723,086	155,755,370
Over time	87,596,307	58,552,544	4,310,755	1,288,592	-	129,450	-	(114,849)	104,396,212	105,022,441
	87,596,307	58,552,544	4,429,277	1,405,042	24,097,776	19,709,744	(20,154,554)	(15,170,594)	341,119,298	248,817,815
Segment gross profit / (loss)	24,100,901	25,477,335	2,065,375	815,436	21,278,870	15,751,760	(20,435,247)	(15,707,079)	104,744,273	75,241,785
Segment expenses - net of other income	1,095,415	978,121	(529,772)	(526,571)	2,569,578	(2,716,457)	872,899	1,587,061	(12,597,801)	(11,631,779)
Interest income	1,565,730	1,530,465	100,307	28,510	4,231,157	4,605,354	(1,610,152)	1,520,847	4,213,583	10,240,272
Finance cost (note 38)	(11,735,053)	(14,040,514)	(2,711,316)	(1,016,357)	(730,392)	(635,403)	278,924	1,002,228	(17,274,053)	(23,472,792)
Loss allowance on subsidy receivable from GoP	-	-	-	-	-	-	-	-	557,703	1,926,210
Share of income from										
- joint ventures and associates (note 4.0)	1,801,313	1,028,330	-	-	719,527	79,173	-	-	1,772,657	2,798,574
Income tax (charge) / reversal (note 47)	(1,238,662)	(1,075,672)	30,615	270,841	(1,707,708)	(377,323)	(1,126,035)	97,954	(16,657,218)	(6,030,966)
Segment profit / (loss) after tax - continuing operations	14,246,204	14,927,075	(553,230)	(1,440,263)	19,152,155	15,223,707	(19,530,442)	(12,022,801)	59,612,475	41,090,893
Segment gain / (loss) - discontinued operations	-	-	29,225	(270,364)	-	-	-	-	29,283	(270,364)
	14,246,204	14,927,075	(523,463)	(1,310,627)	19,152,155	15,223,707	(19,530,442)	(12,022,801)	59,677,758	41,111,591
Segment assets	240,237,263	214,254,727	44,559,275	17,915,491	53,515,572	101,271,088	(163,032,733)	78,332,267	603,884,437	546,478,867
Investment in joint ventures / associates (note 4)	5,930,021	1,800,665	-	-	27,519,835	26,509,171	(240,050)	-	20,452,003	37,930,442
Total segment assets	310,634,263	215,655,452	44,559,275	17,915,411	170,635,607	128,310,162	(164,497,946)	78,332,267	644,021,045	586,410,998
Total segment liabilities	173,555,348	162,509,277	39,077,529	20,001,770	17,078,131	14,316,605	(1,260,880)	(15,704,064)	401,521,567	360,680,140
Capital expenditure	1,498,316	481,753	4,029,974	4,900,296	437,201	487,072	-	(25,227)	20,468,993	18,710,300
Impairment of property reversed	380,829	709,161	-	-	-	-	-	-	380,829	709,195
Depreciation	1,732,490	2,600,996	1,155,702	380,367	590,317	406,640	-	30,130	12,901,237	12,255,512
Amortisation of intangible assets (note 30)	35,791	14,663	2,140	1,090	12,475	25,103	(3,086)	(5,502)	254,083	190,572

(Amounts in thousand)

51.3 Revenue derived from CPPA-G which is in excess of 10% or more of the Group's revenue amounting to Rs. 87,625,307 (2020: Rs. 88,160,682) attributable to power and mining segment.

52. TRANSACTIONS WITH RELATED PARTIES

52.1 Following are the details of associated undertakings and other related parties with whom the Group entered into transactions or had agreements and arrangements in place during the year

S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
1	Dawood Hercules Corporation Limited	37.22%	Parent Company
2	Abacus Private Limited	N/A	Associate / Common Directorship
3	Cyan Limited	N/A	Associate / Common Directorship
4	Elixir AI Limited	N/A	Associate / Common Directorship
5	Emforce UK	N/A	Associate / Common Directorship
6	[illegible] (Private) Limited	N/A	Associate / Common Directorship
7	FFPP (Amsterdam)	N/A	Associate / Common Directorship
8	Karachi Education Initiative	N/A	Associate / Common Directorship
9	[illegible] Private Limited	N/A	Associate / Common Directorship
10	Pakistan Society of Human Resource Management	N/A	Associate / Common Directorship
11	Sach International	N/A	Associate / Common Directorship
12	[illegible]	N/A	Associate / Common Directorship
13	[illegible] (Private) Limited	N/A	Associate / Common Directorship
14	Teach the World Foundation	N/A	Associate / Common Directorship
15	Tenaga Generasi Limited	N/A	Associate / Common Directorship
16	Karachi Education Initiative	N/A	Associate / Common Directorship
17	Arabian Sea Country Club	N/A	Associated Company
18	Dawood Lawrencepur Limited	N/A	Associated Company
19	FrieslandCampina Engro Pakistan Limited	39.90%	Associated Company
20	GEL Utility Limited	N/A	Associated Company
21	Habib Bank Limited	N/A	Associated Company
22	International Finance Corporation	N/A	Associated Company
23	[illegible] Management Cooperative U.S.A	N/A	Associated Company
24	Mitsubishi Corporation	N/A	Associated Company
25	Reon Energy Limited	N/A	Associated Company
26	Siddiqsons Energy Limited	N/A	Associated Company
27	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
28	Thar Power Company Limited	N/A	Associated Company
29	Vopak LNG Holding B.V. Incorporated in Netherlands	44.00%	Associated Company
30	Engro Foundation	N/A	Associated Company
31	Thar Foundation	N/A	Associated Company
32	Engro Vopak Terminal Limited	50.00%	Joint Venture
33	Mr. Ghias Khan	N/A	Chief Executive Officer
34	Mr. Mazhar Abbas Hasnani	N/A	Chief Financial Officer
35	[illegible] Pakistan (Private) Limited	N/A	Common Directorship
36	Dawood Corporation (Private) Limited	[illegible]	Common Directorship
37	Dawood Industries (Private) Limited	N/A	Common Directorship
38	Inbox Business Technologies Private Limited	N/A	Common Directorship
39	Karachi School for Business & Leadership	N/A	Common Directorship
40	Meezan Bank Limited	N/A	Common Directorship
41	Overseas Investors Chamber of Commerce and Industry	N/A	Common Directorship
42	Pakistan Institute of Corporate Governance	N/A	Common Directorship
43	Pakistan Oxygen Ltd (formerly known as Linde Pakistan Limited)	N/A	Common Directorship
44	Patek (Private) Limited	[illegible]	Common Directorship
45	The Dawood Foundation (Trustee)	[illegible]	Common Directorship
46	The Pakistan Business Council	N/A	Common Directorship
47	Mr. Abdul Samad Dawood	0.29%	Director
48	Mr. Hussain Dawood	2.90%	Director
49	Mr. Khawaja Iqbal Hassan	0.01%	Director
50	Mr. Mohammad Abdul Aleem	0.00%	Director
51	Mr. Parhan Merchant	N/A	Director
52	Mr. Rizwan Diwan	N/A	Director
53	Mr. Shahzada Dawood	1.00%	Director
54	Ms. [illegible] Hussain	N/A	Director
55	Ms. Henna Inam	N/A	Director
56	Ms. Sabrina Dawood	0.04%	Director
57	Ms. Aminah Dawood	0.25%	Daughter of Director
58	Mrs. Ayesha Dawood	N/A	Spouse of Director
59	Mrs. Hamida Aleem	0.01%	Spouse of Director
60	Mrs. Kulsum Dawood	1.29%	Spouse of Director
61	Dr. Shamshad Akhtar	N/A	Director of Group Company
62	Mr. Asad Said Jafar	N/A	Director of Group Company
63	Mr. Asim Murtaza Khan	N/A	Director of Group Company
64	Mr. Farid Hasan	N/A	Director of Group Company
65	Mr. Fawad Baig	N/A	Director of Group Company
66	Mr. Hideki Adachi	N/A	Director of Group Company
67	Mr. Inam ur Rahman	N/A	Director of Group Company
68	Mr. Jahangir Piracha	N/A	Director of Group Company
69	Mr. Jamie Sheppard	N/A	Director of Group Company
70	Mr. Javed Akbar	N/A	Director of Group Company
71	Mr. Khusrau Nasir Gilani	N/A	Director of Group Company
72	Mr. Muhammad Imran Sayeed	N/A	Director of Group Company
73	Mr. Nadir Salar Qureshi	N/A	Director of Group Company
74	Mr. Naveed Ali Baig	N/A	Director of Group Company
75	Mr. Noriyuki Koga	N/A	Director of Group Company
76	Mr. Shahab Qader	N/A	Director of Group Company
77	Mr. Syed Muhammad Hussain Zaidi	N/A	Director of Group Company
78	Mr. Vaqar Zakaria	N/A	Director of Group Company
79	Mr. Wang Fu	N/A	Director of Group Company
80	Mr. Yusuf Siddiqui	N/A	Director of Group Company
81	Mr. Zafaryab Khan	N/A	Director of Group Company
82	Mr. Zeeshan Taj Khan	N/A	Director of Group Company
83	Ms. Anne Marie Knight	N/A	Director of Group Company
84	Ms. Ayesha Aziz	N/A	Director of Group Company
85	Mr. Abdul Qayyum	N/A	Key Management Personnel
86	Mr. Adil Mushtaq	N/A	Key Management Personnel
87	Mr. Ahmed [illegible]	N/A	Key Management Personnel
88	Mr. Ahsan Zafar Syed	N/A	Key Management Personnel
89	Mr. Ahsan ul Haque	N/A	Key Management Personnel
90	Mr. Amir Iqbal	N/A	Key Management Personnel
91	Mr. Anoop Ahmed	N/A	Key Management Personnel
92	Mr. Asghar Ali Khan	N/A	Key Management Personnel

(Amounts in thousand)

S.No.	Name of Related Parties	Direct shareholding % of the Holding Company	Relationship
93	Mr. Abid Aftab Khawaja	N/A	Key Management Personnel
94	Mr. Chaudhary Muhammad Azhar Nawaz	N/A	Key Management Personnel
95	Mr. Fahd Khawaja	N/A	Key Management Personnel
96	Mr. Faisal Imran Hussain Malik	N/A	Key Management Personnel
97	Mr. Faiz Chapra	N/A	Key Management Personnel
98	Mr. Farooq Barkat Ali	N/A	Key Management Personnel
99	Mr. Farooq Nazim Shah	N/A	Key Management Personnel
100	Ms. Fatima Shahood	N/A	Key Management Personnel
101	Mr. Hasnain Moochhala	N/A	Key Management Personnel
102	Mr. Imran Ahmed	N/A	Key Management Personnel
103	Mr. Kaiser Bengali	N/A	Key Management Personnel
104	Mr. Kamiuddin A Khan	N/A	Key Management Personnel
105	Mr. Kamil	N/A	Key Management Personnel
106	Mr. Kashif Ahmed Soomro	N/A	Key Management Personnel
107	Mr. Khawaja Hilal Hussain	N/A	Key Management Personnel
108	Mr. Mahmood Siddiqui	N/A	Key Management Personnel
109	Mr. Mohammad Azhar Malik	N/A	Key Management Personnel
110	Mr. Mohammed Saqib	N/A	Key Management Personnel
111	Mr. Muhammad Danial Ali	N/A	Key Management Personnel
112	Mr. Muhammad Idrees	N/A	Key Management Personnel
113	Mr. Muhammad Imran Khalil	N/A	Key Management Personnel
114	Mr. Muhammad Majid Latif	N/A	Key Management Personnel
115	Mr. Muhammad Owais Aziz	N/A	Key Management Personnel
116	Mr. Rizwan Masood Raja	N/A	Key Management Personnel
117	Mr. Salman Qureshi	N/A	Key Management Personnel
118	Mr. Salman Hafeez	N/A	Key Management Personnel
119	Mr. Shahzad Nabi	N/A	Key Management Personnel
120	Mr. Shariq Abdullah	N/A	Key Management Personnel
121	Mr. Sulaiman Riaz	N/A	Key Management Personnel
122	Mr. Syed Abbas Raza	N/A	Key Management Personnel
123	Mr. Syed Ali Akhtar	N/A	Key Management Personnel
124	Mr. Syed Ammar Shah	N/A	Key Management Personnel
125	Mr. Syed Kaleem Asghar Naqvi	N/A	Key Management Personnel
126	Mr. Syed Mohsin Ehsan	N/A	Key Management Personnel
127	Mr. Syed Zaheer Mehdi	N/A	Key Management Personnel
128	Mr. Xiangwei Duan	N/A	Key Management Personnel
129	Mr. Zahid Zaidi	N/A	Key Management Personnel
130	Mr. Zeeshan Taj Khan	N/A	Key Management Personnel
131	Mrs. Fouzia Viqar	N/A	Key Management Personnel
132	Mrs. Sadaf Aslam	N/A	Key Management Personnel
133	Ms. Ekta Sajid	N/A	Key Management Personnel
134	Ms. Rabia Wajahat Khan	N/A	Key Management Personnel
135	Ms. Tazeena Habib	N/A	Key Management Personnel
136	Ms. Shazia Iqbal	N/A	Key Management Personnel
137	Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits
138	Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits
139	Engro Corporation Limited MPT DB Gratuity Fund	N/A	Post Employment Benefits
140	Engro Corporation Provident Fund	N/A	Post Employment Benefits
141	Engro Fertilizers Limited MPT Gratuity Fund	N/A	Post Employment Benefits
142	Engro Fertilizers Limited Pension Fund	N/A	Post Employment Benefits

(Amounts in thousand)

48.3 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	17,720,313	5,401,750
Expenses in connection with advisory agreement	117,202	-
Reimbursements to Parent company		46,785
Associated Companies		
Purchases and services	45,620,457	43,730,231
Donations	918,292	301,350
Payment against EPC contract	290,825	775,722
Short term loan received	3,500,000	4,325,000
Repayment of overdraft facility	500,000	-
Reimbursement to associated companies	216,027	3,322,171
Expenses paid on behalf of associated companies	544,219	417,041
Disposal of assets		2,200
Dividends paid / payable	970,842	2,508,290
Loans repaid	99,045	8,610,598
Finance costs	2,260,516	2,270,753
Joint Ventures		
Purchase of services	2,340,831	1,082,312
Reimbursements	35,041	
Dividend received	153,000	1,395,000
Expenses paid on behalf of joint venture company	177,854	1,077,705
Repayment of loan		200,000
Mark up on loan		6,065
Retirement funds		
Contribution to retirement benefit funds	1,013,959	739,125
Directors		
Dividend paid	1,201,120	821,742
Directors fees	105,859	130,397
Others		
Other benefits paid	132,252	120,702
Remuneration of key management personnel	1,299,209	1,403,902
Reimbursement to key management personnel	7,458	2,019

[illegible]

	Kel Utility Limited	China Machinery Engineering Corporation	China East Resources Import & Export Corporation	Engro Power Services Limited (EPSL)	Engro Power Investment International B.V. (EPII B.V.)	Engro Power Services Holding B.V. (EPSH B.V.)	Engro Power International Holding B.V. (EPIH)	Engro Eximp FZE
Country of Incorporation	Nigeria	People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates
Shareholding	49%	N/A	N/A	100%	100%	100%	100%	100%
	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(indirectly through subsidiary)	(Subsidiary)

(Amounts in thousand)

56. CONTRIBUTORY RETIREMENT FUND

The employees of the Group participate in the Provident Fund maintained by the Holding Company. Monthly contributions are made both by the companies in the Group and the employees to the fund maintained by the Holding Company at the rate of 10% of basic salary.

The investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

57. DONATIONS

57.1 Donations include the following in which the Directors of the Holding Company or Group companies are interested:

Director	Interest in Donee	Name of Donee	2021 ----(Rupees)----
Hussain Dawood	Director		
Sabrina Dawood	Director		
Dominique Russo	Director	Karachi Education Initiative	87,698
Abdul Samad Dawood	Director		
Ghias Khan	Director		
Ghias Khan	Chairman	Engro Foundation	332,740

57.2 During the year the Group made / accrued the following donations which are above Rs. 1,000 or 10% of each component's total amount of donations:

Engro Foundation	332,740
Thar Foundation	147,198
Karachi Education Initiative	87,698
Hunar Foundation	4,000
Empowering Communities for Change	1,000
Saifi Welfare Association	1,000
The Citizen Foundation	762
Sina Health Education & Welfare	2,949
Rahbar Foundation	1,600
The Water Foundation	2,076
Al-Khidmat Foundation Pakistan	1,000
Construction of Hospital - Shikarpur	170,000
Akhuwat Foundation	7,500

(Amounts in thousand)

55. PRODUCTION CAPACITY

		Designed Annual Capacity		Actual Production	
		2021	2020	2021	2020
Urea (note 55.1)	Metric Tons	2,275,000	2,275,000	2,104,722	2,253,806
NPK (note 55.1)	Metric Tons	100,000	100,000	144,564	140,553
PVC Resin (note 55.1)	Metric Tons	295,000	195,000	275,000	150,000
HDC (note 55.1)	Metric Tons	127,000	127,000	94,000	70,000
Caustic soda (note 55.1)	Metric Tons	106,000	106,000	92,000	77,000
Caustic flakes (note 55.1)	Metric Tons	20,000	20,000	15,000	2,000
VCM (note 55.1)	Metric Tons	254,000	204,000	203,000	148,000
Power (note 55.2)	Mega Watt Hours	7,141,285	7,159,297	5,078,069	4,052,884
Power	Mega Watt	69	69	55	45
Milling / Drying and storage processing plant (note 55.3)	Metric Tons	414,000	360,000	145,558	132,115

55.1 Production planned is per market demand and in house consumption needs.

55.2 Output produced by the plants at EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

55.3 Three months season design capacity and production is dependent on availability of raw quality.

55.4 The annual regasification capacity of ETPL has been revised to 4.5 MTPA and there has been no shortfall during the year.

56. NUMBER OF EMPLOYEES OF THE GROUP

	Number of employees as at		Average number of employees as at	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Management employees	2,297	2,115	2,217	2,052
Non management employees	459	352	439	539
	2,756	2,467	2,656	2,591

57. SEASONALITY

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz. Rabi (from October to March) and Kharif (from April to September). On an average, fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

The Group's agri business is subject to seasonal fluctuations as majority of paddy / rice procurement is procured during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. The Group manages seasonality in the business through appropriate inventory management.

58. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

58.1 The Board of Directors of the Holding Company in its meeting held on February 16, 2022 has proposed a final cash dividend of Rs. 1 per share for the year ended December 31, 2021 amounting to Rs. 576,163 for approval of the members at the Annual General Meeting to be held on March 24, 2022.

58.2 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on February 04, 2022 has proposed a final cash dividend of Rs. 1.05 per share for the year ended December 31, 2021, amounting to Rs. 945,000 of which the proportionate share of the Holding Company amounts to Rs. 472,500.

The consolidated financial statements for the year ended December 31, 2021 do not include the effect of the aforementioned proposed dividends, which will be accounted for in the consolidated financial statements for the year ending December 31, 2022.

59. LISTING OF SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE

Name of Subsidiaries	Financial year end
Engro Fertilizers Limited (EFert)	December 31
EFERT Agritrade (Private) Limited (EAPL)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Think PVC (Private) Limited	December 31
Engro Peroxide (Private) Limited	December 31
Engro Plasticizer (Private) Limited	December 31
Engro Energy Limited (EEL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
Sindh Engro Coal Mining... Ahmed Power Gen (Private) Limited (APPL)	December 31
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTL)	December 31
Energy Infrastructure Pakistan Limited (EIPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Infiniti FZE (EIFZE)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Digital Limited (E-Digital)	December 31
Engro Connect (Private) Limited	December 31
Engro Infiniti (Private) Limited	December 31
Engro Enfrashare (Private) Limited	December 31
Engro Energy Services Limited (EESL)	December 31

Name of Joint Venture	Financial year end
Engro Vopak Terminal Limited (EVTL)	December 31

Name of Associates	Financial year end
FrieslandCampina Engro Pakistan Limited (FCEPL)	December 31
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
GEL Utility Limited (GEL)	December 31
Siddiqsons Energy Limited (SEL)	June 30
Pakistan Energy Gateway Limited (PEGL)	December 31
Magboro Power Company Limited (MPCL)	December 31

(Amounts in thousand)

50.1 Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI). The amounts disclosed for each subsidiary are before inter-company eliminations.

	2021				
	EPQL	EPTPL	ETPL	EFert	FFBL
	(Rupees)				
Total Assets	27,144,645	225,245,056	64,359,032	152,816,525	77,865,040
Total Liabilities	11,206,830	187,754,827	58,718,706	85,731,575	47,898,132
Total Comprehensive Income	1,080,423	14,164,270	1,581,795	21,093,202	15,060,511
Total Comprehensive Income allocated to NCI	485,440	7,062,859	387,789	8,832,729	6,575,745
Accumulated NCI	6,501,830	37,042,981	3,849,021	29,608,000	14,004,705
Cash and cash equivalents	(1,703,028)	21,717,865	3,907,720	12,877,216	8,804,318
Cash (utilized in) / generated from					
- operating activities	374,736	29,926,940	8,049,099	34,611,502	14,630,087
- investing activities	(108,518)	(1,572,270)	(102,530)	13,027,844	(5,941,399)
- financing activities	(1,263,950)	(10,608,290)	(2,393,096)	(23,858,909)	(12,354,631)
Dividend paid / payable to NCI	327,397	-	329,090	8,196,857	5,084,651
Interest of NCI	31.11%	49.90%	24%	43.73%	43.81%

	2020				
	EPQL	EPTPL	ETPL	EFert	FFBL
	(Rupees)				
Total Assets	25,570,294	188,461,814	62,518,202	131,713,873	80,267,561
Total Liabilities	9,673,569	145,720,257	54,528,905	64,892,633	42,167,690
Total Comprehensive Income	2,075,494	14,036,174	2,890,295	12,185,075	5,780,236
Total Comprehensive Income allocated to NCI	646,895	6,950,236	1,098,060	4,282,405	2,505,959
Accumulated NCI	4,835,782	30,479,356	2,094,519	19,725,227	13,094,580
Cash and cash equivalents	(4,025,404)	9,293,736	2,219,146	5,196,370	14,271,251
Cash (utilized in) / generated from					
- operating activities	2,487,905	8,602,731	4,947,779	51,581,172	11,082,412
- investing activities	(70,806)	97,249	(244,896)	(26,565,210)	(9,454,544)
- financing activities	95,090	(5,301,870)	(5,421,520)	(24,026,572)	1,407,103
Dividend paid / payable to NCI	125,040	-	1,508,061	6,423,315	72,640
Interest of NCI	31.11%	49.90%	24%	43.73%	43.81%

(Amounts in thousand)

[illegible] CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation, the effects of which are not material.

[illegible] DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 10, 2022 by the Board of Directors of the Holding Company.

Muhammad Abdul Aleem	Mazhar Abbas Hasnain	Ghias Khan
Director	Chief Financial Officer	President and Chief Executive

annexure

proxy form

I/We ____

of ______________________________ being a member of ENGRO CORPORATION 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

____ of

____

as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 2[illegible] day of March, 2022 and at any adjournment thereof.

Signed this ____________ day of ________ 2022.

Witnesses:

1) Signature : ____________________

Name : ____________________

Address : ____________________

____

CNIC or : ____________________

Passport No.: ____________________

____

____

Signature

Signature should agree with the specimen registered with the Company

2) Signature : ____________________

Name : ____________________

Address : ____________________

____

CNIC or : ____________________

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 this proxy form before submission to the Company.

standard request form
circulation of annual audited accounts.

The Share Registrar
Engro Corporation Ltd.
FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, KARACHI.
Email: info.shares@famco.com.pk
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Date: ______________

Dear Sirs

Subject: Request for Hard Copy of Annual Report of Engro Corporation Limited.

I ____________________ S/o, D/o, W/o ____________________ being a registered shareholder of Engro Corporation Limited with the particulars as mentioned below would request that my 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 send to me the Annual Audited Accounts in hard copy format at my 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

____
Shareholder's Signature

Copy to:
Company Secretary
Engro Corporation Ltd.
8th Floor, The Harbour Front, Dolmen City
HC-3, Block 4, Clifton, Karachi-75300.
Email: skamil@engro.com

ڈائریکٹرز رپورٹ

انجینئرو کارپوریشن میٹڈ کے بورڈ آف ڈائریکٹرز نے کمپنی کی کارکردگی کا جائزہ لیا ہے اور 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کا سالانہ رپورٹ اور آڈٹ شدہ فنانشل اسٹیٹمنٹس پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بنیادی کام

کمپنی کا بنیادی کام اپنے ذیلی اداروں، ایسوسی ایٹس اور جوائنٹ وینچرز میں سرمایہ کاری کا انتظام کرنا ہے جس میں فرٹیلائزر، پیٹروکیمیکلز، ایل این جی، توانائی اور دیگر شعبے شامل ہیں۔ کیمیکلز، انفراسٹرکچر، فوڈ اور ایگری، پیٹرولیم کی سپلائی، پیٹروکیمیکل اور متعلقہ کیمیکل کی پیداوار اور تجارت، ایل این جی، ایل پی جی اور کیمیکل ٹرمینل اور اسٹوریج کے کاروبار شامل ہیں۔

معاشی ماحول

سال 2021 کے دوران مرکزی بینک کی جانب سے مالیاتی نرمی اور حکومت کی پالیسیوں کے سبب ملکی معیشت میں بحالی کا عمل جاری رہا، تاہم طلب میں اضافے اور اجناس کی بلند قیمتوں کے باعث درآمدات میں نمایاں اضافہ ہوا جس کے نتیجے میں تجارتی خسارہ بڑھا اور روپے کی قدر میں تقریباً 8 فیصد کمی ہوئی۔ مرکزی بینک نے ان حالات سے نمٹنے کے لیے مالیاتی پالیسی میں تبدیلی کی۔

اس دوران مہنگائی میں بھی اضافہ ہوا جس کی بڑی وجہ عالمی سطح پر اجناس اور توانائی کی قیمتوں میں اضافہ تھا۔ نتیجتاً اسٹیٹ بینک آف پاکستان نے سال کی دوسری ششماہی کے دوران پالیسی ریٹ میں 275 bps تک کا مجموعی اضافہ کیا۔

دوسری جانب حکومت کی جانب سے 2020 میں اعلان کردہ مراعات اور تعمیراتی شعبے میں سرگرمیوں کے باعث سال 2021 میں معیشت کی شرح نمو میں اضافہ ہوا۔ مالیاتی خسارہ اور بیرونی ادائیگیوں کے توازن کو بہتر بنانے کے لیے آئی ایم ایف پروگرام کی بحالی اور ساختی اصلاحات کی ضرورت ہے۔

بجلی کے شعبے میں گردشی قرضہ بدستور ایک بڑا مسئلہ ہے۔ حکومت نے 2020 میں آئی پی پیز کے ساتھ معاہدے کیے اور واجبات کی ادائیگی کا عمل شروع کیا۔ PPAF کے تحت پاکستان کے ساتھ PPAF کے معاہدوں کے تحت 75 فیصد رقم کی ادائیگی کا عمل جاری ہے۔ Covid-19 کے باعث پاکستان کو درپیش مشکلات کے باوجود حکومت نے 498 ارب روپے کی ادائیگیاں کی ہیں۔

مزید معلومات کے لیے براہ کرم https://www.hussaindawoodpledge.com ملاحظہ کریں۔

مالیاتی جائزہ

انجینئرو گروپ نے مشکل حالات کے باوجود بہتر کارکردگی کا مظاہرہ کیا ہے۔ ہمارے پورٹ فولیو کی کمپنیوں نے مضبوط نتائج حاصل کیے اور اپنے کاروبار کو وسعت دی جس سے گروپ کی مجموعی آمدنی اور منافع میں نمایاں اضافہ ہوا۔

ترقی کے اس سفر میں پاکستان کے دیرینہ مسائل کو حل کرنے کے لیے ہم نے اپنے پورٹ فولیو میں سرمایہ کاری جاری رکھی۔ سال کے دوران کمپنی کے اہم کاروباری واقعات درج ذیل ہیں:

i) جون 2021 میں انجینئرو پولیمر اینڈ کیمیکلز نے PVC III اور VCM کی توسیع کا منصوبہ مکمل کیا جس سے PVC کی پیداواری صلاحیت 295 KT تک بڑھ گئی۔

ii) ہمارے تھر کول کے منصوبے میں سرمایہ کاری کے تحت 2 ملین روپے کی لاگت سے ... 5,000 سے زائد افراد کو روزگار فراہم کیا گیا۔ سال کے دوران 981 ... اور مقامی افراد کی تعداد 2,246 ہو گئی۔

iii) سال کے دوران انجینئرو انرجی نے حکومت سندھ کے ساتھ 400 MW کے منصوبے پر دستخط کیے۔ اس منصوبے سے 1 GW تک بجلی فراہم کرنے کی صلاحیت ہوگی اور 20 فیصد تک کی بچت ہوگی اور 13 ارب روپے کی بچت ہوگی۔

iv) SECMC فیز II کی توسیع کا کام 7.6 ملین ٹن سالانہ تک مکمل ہو چکا ہے اور 71 فیصد کا اضافی کام جاری ہے۔ اس کے علاوہ دوران سال کمپنی اور حکومت سندھ نے ... 30 ملین ٹن سالانہ (مرحلہ وار) ... کے منصوبے پر کام جاری ہے۔

v) کمپنی نے PDH اور PP پروجیکٹ کے لیے انجینئرنگ ڈیزائن اور تکنیکی مطالعے سمیت فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) کے لیے 31.4 ملین امریکی ڈالر کی منظوری دی ہے۔ PDH-PP کمپلیکس کے لیے تجارتی بنیادوں پر ... PDH کی بنیاد پر ... IFC کے ساتھ شراکت داری کی گئی ہے۔

vi) کمپنی نے پاکستان میں سب سے بڑے ERP نظام (SAP S/4 Hana) کو کامیابی سے نافذ کیا۔ Covid-19 کے مسائل کے باوجود ERP سسٹم کے نفاذ سے کمپنی کے کاروباری امور کو مربوط کرنے میں مدد ملی ہے۔

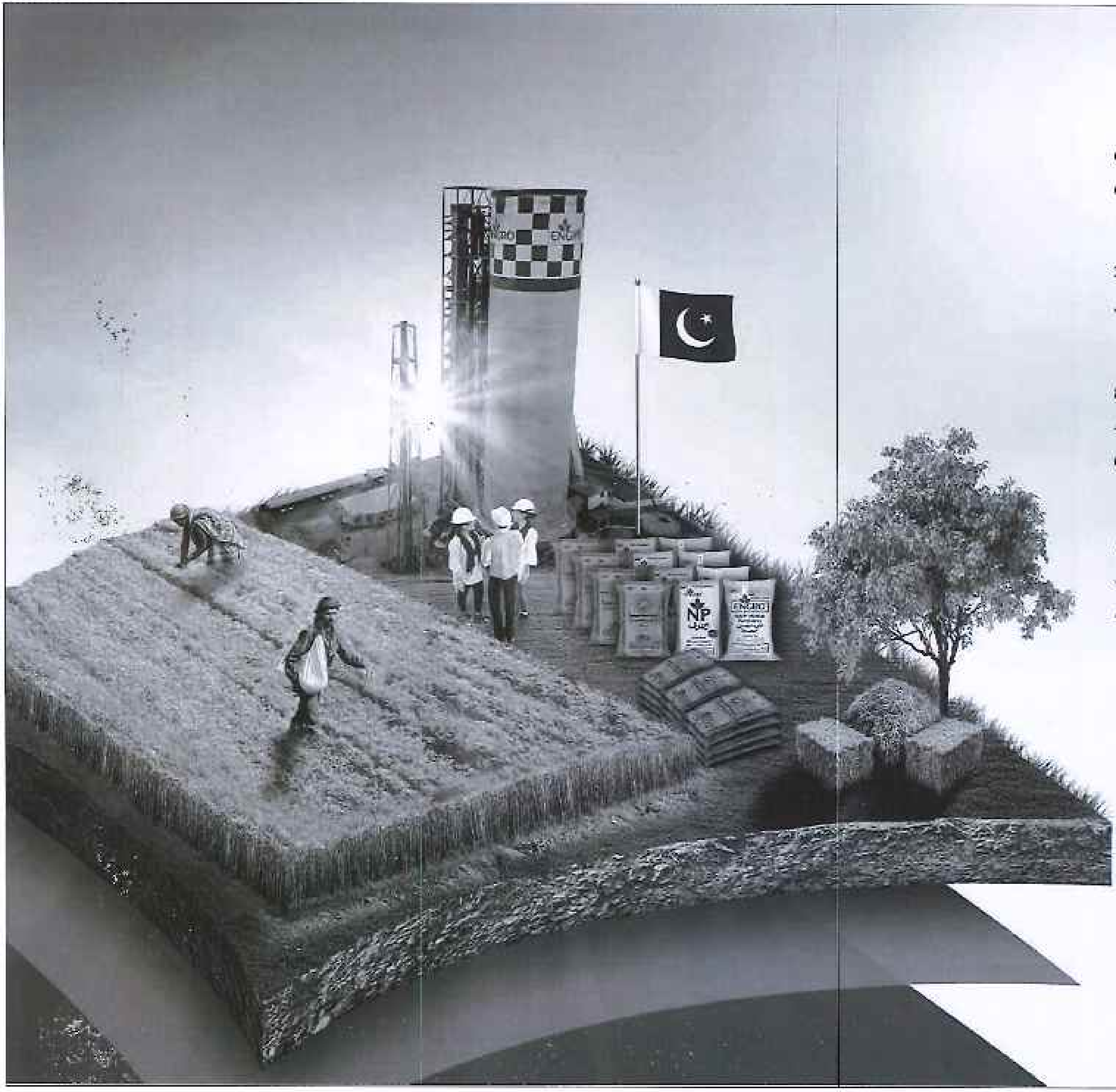
کاروباری کارکردگی کا جائزہ

اس سال کمپنی نے مجموعی طور پر 19,301 ملین روپے کا منافع حاصل کیا جبکہ گزشتہ سال 18,818 ملین روپے تھا۔ فی حصص آمدنی 32.14 روپے رہی اور منافع میں 14 فیصد اضافہ ہوا ہے۔

کمپنی کی مجموعی آمدنی 2020 کے 248,816 ملین روپے کے مقابلے میں 311,887 ملین روپے رہی جو 25 فیصد اضافہ ہے۔ 2021 میں منافع بعد از ٹیکس (PAT) 52,812 ملین روپے رہا جو 19 فیصد اضافہ ہے۔ گزشتہ سال 2020 میں 25,190 ملین روپے کے مقابلے میں 27,942 ملین روپے رہا جبکہ فی حصص آمدنی 2020 کے 43.57 کے مقابلے میں 48.50 روپے رہی۔

کاروباری حصوں کی تقسیم

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
فروخت	132,363	105,546	21,093	18,133
مجموعی منافع	70,022	35,331	15,061	5,730
آپریٹنگ منافع	55,403	48,955	1,810	210
دیگر آمدن/اخراجات	4,489	1,403	(552)	(1,290)
ابٹڈا	67,525	38,553	14,649	14,927
دیگر	17,390	17,954	3,910	5,085



اینگرو فرٹیلائزرز

2021 میں فرٹیلائزر بزنس نے شاندار کارکردگی کے ساتھ 132 بلین روپے کی آمدنی حاصل کی جو 2020 میں 106 بلین روپے تھی، جبکہ بعد از ٹیکس منافع گزشتہ سال کے 18.1 بلین روپے کے مقابلے میں 21.1 بلین روپے رہا۔ یوریا کی زیادہ فروخت اور فاسفیٹ کی قیمتوں میں اضافے کی بدولت 17 فیصد اضافہ ہوا۔

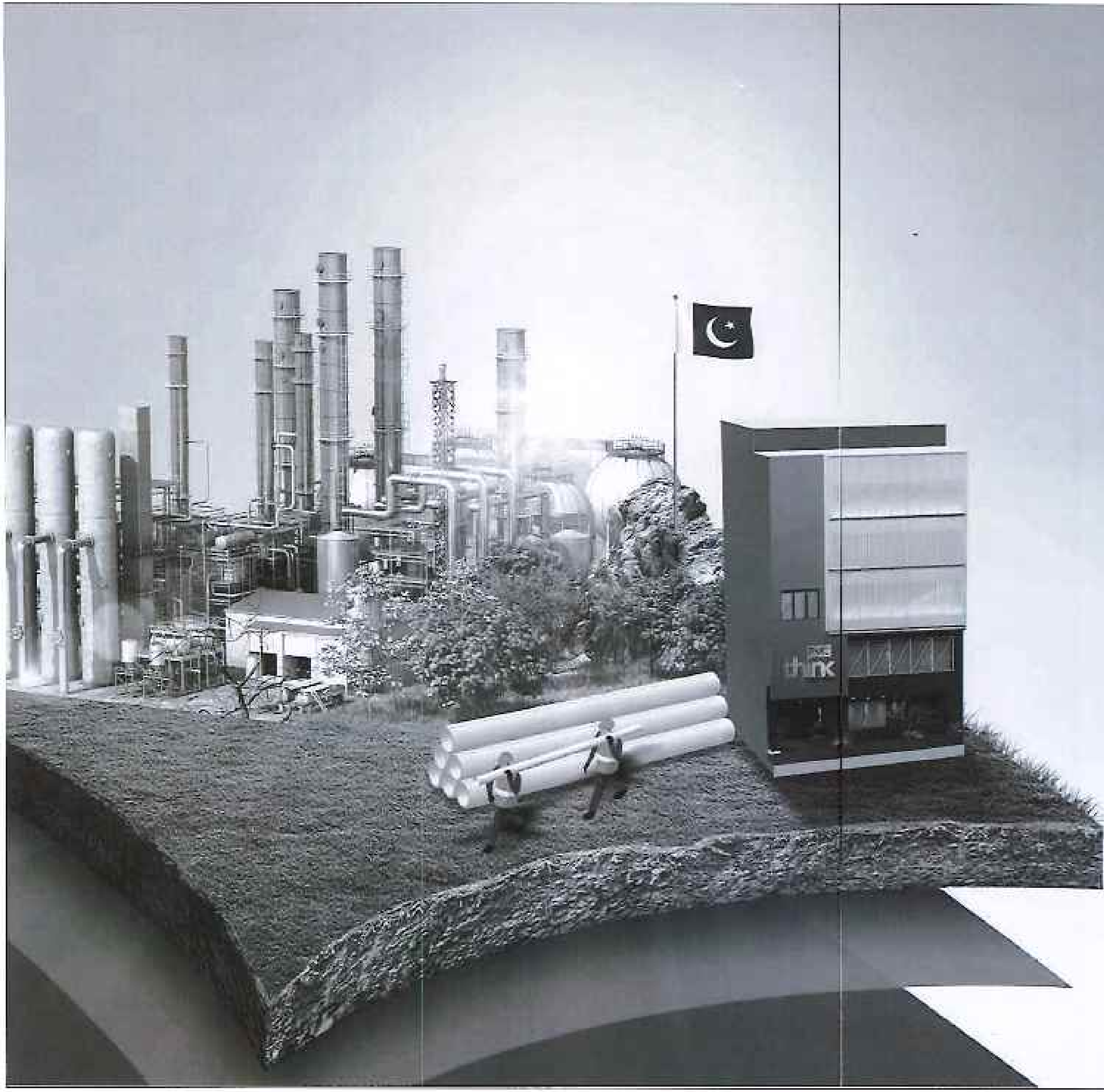
2021 میں زرعی شعبے کی زبردست کارکردگی کے سبب مقامی مارکیٹ شاندار رہی۔ نتیجے میں 2020 میں 2,057 KT کے مقابلے میں اس سال 2,295 KT کی سب سے زیادہ یوریا سیلز کا تاریخی سنگ میل عبور کیا جبکہ فاسفیٹ کی سیلز گزشتہ سال کے 465 KT کے مقابلے میں 366 KT رہی۔

بین الاقوامی سطح پر یوریا کی قیمتیں 2021 کے اختتام تک امریکی ڈالر 957 / T (10,891 روپے کے مساوی فی بوری) تک پہنچ گئیں، جبکہ مقامی فرٹیلائزر انڈسٹری کسانوں کو 84 فیصد رعایتی قیمت پر یوریا کی فراہمی سے فائدہ پہنچاتی رہی (سال کے آخر تک فی بوری 768 روپے)۔ ڈی اے پی کی عالمی اور مقامی قیمتوں میں تیزی رہی، قیمتیں دوران سال 2021 کے اختتام تک 915/T امریکی ڈالر تک پہنچ گئیں۔

مقامی طور پر یوریا مینوفیکچرنگ انڈسٹری کی موجودگی سے امپورٹ میں کمی کو یقینی بناتے ہوئے 3.5 بلین ڈالرز کی بچت حاصل ہوئی جبکہ اینگرو فرٹیلائزرز نے اس ضمن میں 36 فیصد کے ساتھ 1.3 بلین امریکی ڈالرز کی بچت کا سبب بنی۔ بین الاقوامی مارکیٹ کے مقابلے میں قیمتوں کے فرق سے انڈسٹری کے لیے برآمدات کا موقع پیدا ہوتا ہے جس سے ملک کے لیے اضافی زرمبادلہ کمایا جا سکتا ہے۔

ریونیو
(2021)

132,363
(ملین روپے)



اینگرو پولیمر اینڈ کیمیکلز

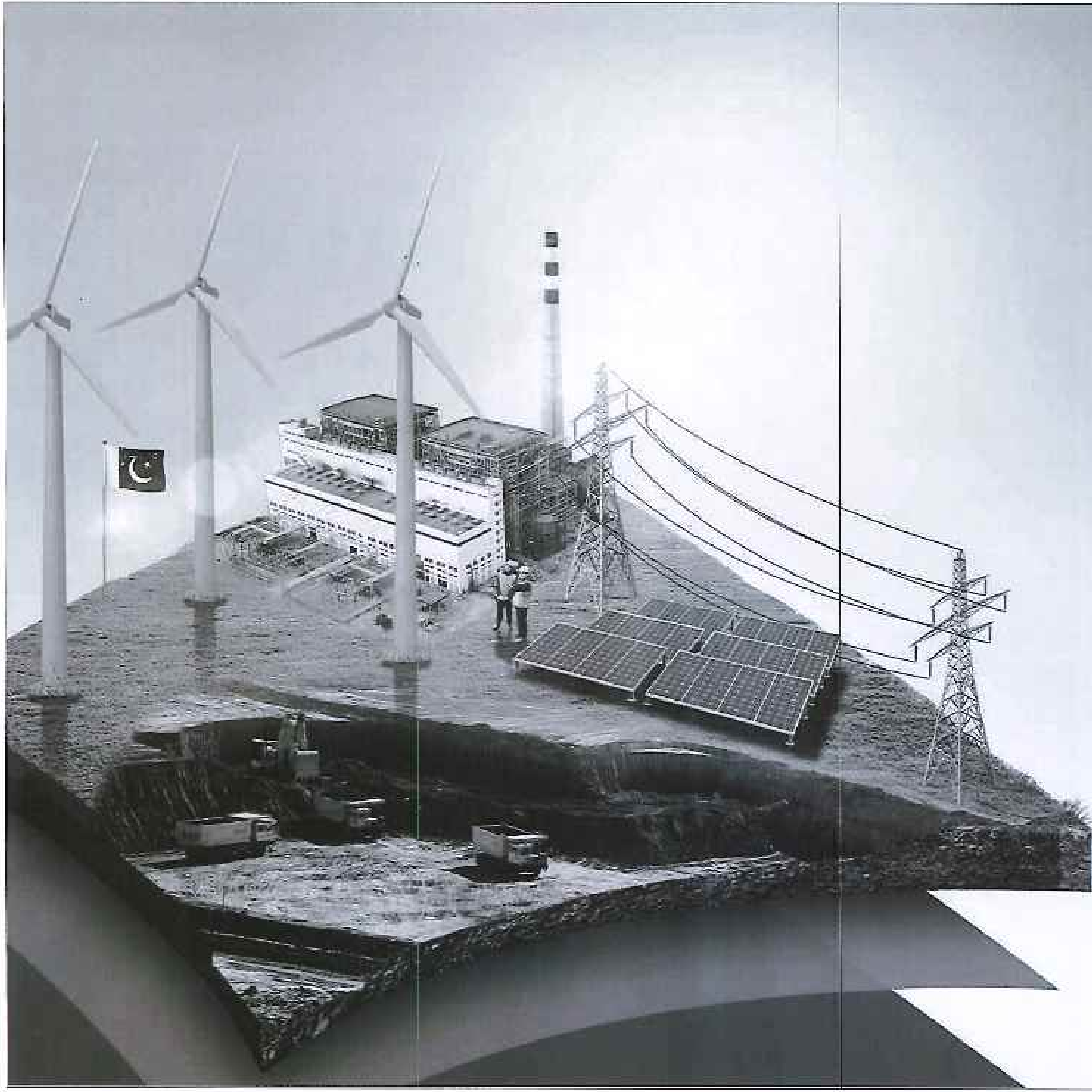
اینگرو پولیمر اور کیمیکلز بزنس نے یکم مارچ 2021 کو نئے PVC پلانٹ کے کمرشل آپریشنز کا اعلان کیا جس سے سالانہ KT 100 کی صلاحیت بڑھ کر KT 295 تک پہنچ گئی۔ اور 26 جون 2021 کو KT 50 کی صلاحیت والے نئے VCM کی ڈی بوٹل نیکنگ کے کمرشل آپریشن شروع ہونے سے صلاحیت KT 245 سالانہ تک پہنچ گئی۔

پولیمر بزنس نے 70 بلین کی سب سے زیادہ ریکارڈ آمدنی حاصل کی جو گزشتہ سال 35 بلین روپے تھی۔ جبکہ گزشتہ سال کے بعد از ٹیکس منافع 5.7 بلین روپے کے مقابلے میں اس سال کا بعد از ٹیکس منافع 15.1 بلین روپے بنتا ہے۔ بزنس نے 95 فیصد مارکیٹ شیئر کے ساتھ KT 207 کی سب سے زیادہ مقامی سیلز حاصل کی۔ بزنس نے KT 19 کی ایکسپورٹ سیلز کے ساتھ سب سے زیادہ سیلز کا ریکارڈ بھی قائم کیا۔

دوران سال سپلائی چین میں خلل کے نتیجے میں پی وی سی کی عالمی قیمتیں وسطاً MT / 1,413 رہیں۔ ایشیا میں توقع سے زیادہ مدت کے ٹرن اراؤنڈز، امریکہ میں سمندری طوفان کے سبب پلانٹ کی بندش اور فریٹ کے اخراجات میں اضافے کے نتیجے میں سپلائی چین میں تعطل رہا۔ تاہم اینگرو پولیمر کی بلا تعطل پروڈکشن کے سبب پی وی سی کے مقامی ڈاؤن اسٹریم مارکیٹ کو فراہمی جاری رہی۔

کمپنی نے تعمیری شعبے کے اسٹیک ہولڈرز کے ساتھ "تھنک پی وی سی" آؤٹ ریچ کے ذریعے آگہی اور شراکت داری کو جاری رکھا۔ جس میں پی وی سی ڈاؤن اسٹریم پروڈکٹس کی افادیت اور اعلیٰ ترین فزیکل خصوصیات پر روشنی ڈالتے ہوئے پاکستان کے تعمیری شعبے کے پیش منظر کو جدید بنانے کا مقصد پیش کیا گیا۔ اس کی صلاحیت اور مقامی سیلز میں اضافے کے ذریعے، کمپنی نے درآمدات میں کمی لا کر پاکستان کے 0.2 بلین امریکی ڈالرز کی بچت کی اور برآمدات کے ذریعے 28 ملین امریکی ڈالرز کا زرمبادلہ کمایا۔

ریونیو
(2021)
70,022
(ملین روپے)



اینگرو انرجی

کوئلے کی کان: دوران سال کان کنی کے آپریشن بہترین انداز میں جاری رہے اور اینگرو پاورجن تھر کو 3.8 ملین ٹن کوئلہ فراہم کیا گیا۔ کان کی توسیع کے 7.6 ملین ٹن سالانہ والے منصوبے پر کام جاری ہے اور سائٹ سے 71 فیصد اضافی بوجھ ہٹا دیا گیا۔ دوران سال فیز III کے ذریعے 12.2 ملین ٹن سالانہ تک کی توسیع کا کام بھی منظور ہو چکا ہے۔

تھر پاور پلانٹ: اینگرو پاورجن تھر لمیٹڈ نے ایک سال میں سب سے زیادہ 97 فیصد کیپیسٹی کا سنگ میل عبور کیا اور قیام سے اب تک کیپیسٹی کو نئے پیمانے پر لے گئے، وہ آئی پی پیز سے برابری حاصل کی کہ پیشتر کو صرف دو سال ہوئے ہیں۔ پلانٹ نے میرٹ آرڈر لسٹ میں تیسری پوزیشن برقرار رکھی۔ دوران سال پلانٹ نے 80 فیصد لوڈ فیکٹر کے مقابلے 83 فیصد فراہمی کا ہدف حاصل کیا گیا اور دوران سال نیشنل گرڈ کو 4,225 GWh بجلی فراہم کی۔

قادر پور پلانٹ: دوران سال پلانٹ سے نیشنل گرڈ کو 851 GWh بجلی فراہم کی اور اس طرح گزشتہ سال کے 30 فیصد کے مقابلے میں 46 فیصد لوڈ فیکٹر حاصل کرنے میں کامیاب رہا کیونکہ بجلی خریدار کی جانب سے زیادہ بجلی خریدی گئی۔ بزنس نے موجودہ مدت کے لیے بعد از ٹیکس منافع 2020 میں 2,079 ملین روپے کے مقابلے میں 1,594 ملین روپے رہا۔ کمپنی نے حکومت پاکستان کے ساتھ مزاکرات کے نتیجے میں وصولیوں کی بقایاجات کا 40 فیصد جنوری 2022 میں وصول کیا۔

ریونیو
(2021)

87,525
(ملین روپے)

اینگرو ووپیک ایل این جی ٹرمینل

دوران سال، ایل این جی ٹرمینل نے کامیابی کے ساتھ قطر ڈاک یارڈ پر FSRU ایکسیلنس پر پاکستان کی پہلی ڈرائی ڈاکنگ سرگرمی مکمل کی۔ ڈرائی ڈاکنگ کے دوران FSRU سیکوئیا کے ذریعے گیس سپلائی جاری رہی تاکہ ملکی توانائی کی فراہمی یقینی رہے۔ نتیجتاً، ٹرمینل نے دوران سال قومی گیس سپلائی کا 15 فیصد فراہم کرنے میں کامیابی حاصل کی۔

ایل این جی ٹرمینل پر دوران سال 72 کارگو ہینڈل کیے گئے۔ اس سے 216.2 bcf ری گیسیفائیڈ ایل این جی کو سوئی سدرن گیس کمپنی کے نیٹ ورک میں شامل کیا گیا۔ سال کے لیے موجودگی کا تناسب 96.5 فیصد رہا۔ ایل این جی ٹرمینل اس وقت ملکی گیس کی ضروریات کا 15 فیصد فراہم کر رہا ہے۔

کیمیکلز ٹرمینل نے گزشتہ سال کے 1,142 KT کے مقابلے میں 1,280 KT کی مقدار وصول کی۔ ایل پی جی کی مقدار میں کمی واقع ہوئی کیونکہ تافتان بارڈر ایک بار پھر کھول دیا گیا ہے اور امپورٹرز زمینی راستے کی طرف منتقل ہو گئے ہیں جس کے نتیجے میں دوران سال بحری امپورٹس میں 50 فیصد تک کمی واقع ہوئی۔ مجموعی طور پر ایل این جی اور کیمیکل اسٹوریج ٹرمینلز نے 2021 کے دوران صحت افزا منافع کمایا۔

ریونیو
(2021)
17,390
(ملین روپے)

فریز لینڈ کیمپینا اینگرو

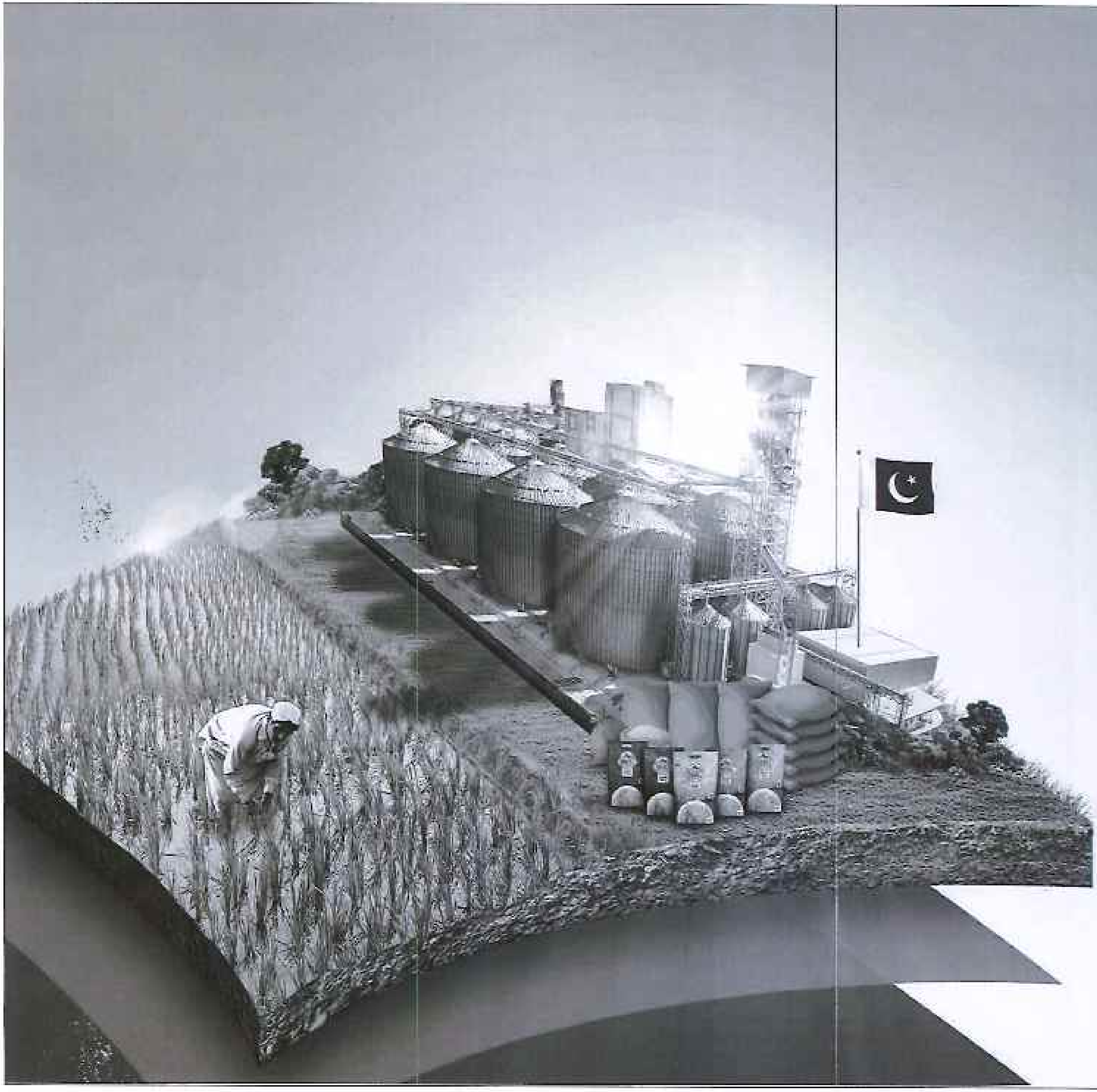
فریز لینڈ کیمپینا اینگرو پاکستان نے شاندار ترقی کا مظاہرہ کرتے ہوئے 18 فیصد اضافے کے ساتھ گزشتہ سال کے 44 بلین روپے کے مقابلے میں 52 بلین روپے کی آمدنی کمائی۔ مجموعی مارجن گزشتہ سال کے 13 فیصد کے مقابلے میں 17 فیصد رہا جس کے نتیجے میں بزنس کا بعد از ٹیکس منافع گزشتہ سال کے 177 ملین کے مقابلے میں 1,804 ملین روپے رہا ہے۔

بزنس کی جانب سے ای کامرس چینلز کے استعمال سے مارکیٹ کی رسائی میں اضافہ ہوا جبکہ بزنس نے اپنی پرائمری سیلز اور ڈسٹری بیوشن کو ڈیجیٹلائز کرنے کے لیے ایک فن ٹیک کے ساتھ کاروباری شراکت داری کی۔ بزنس نے مارکیٹ کی رسائی اور توسیع پر اضافی توجہ بڑھانے کے لیے مارکیٹنگ کے اخراجات میں اضافے کے ساتھ مارکیٹ میں کاروباری رسائی بڑھانے پر بھی کام کیا۔

بزنس نے اپنے کنزیومر سے متعلق آگہی اور ڈیری کی ترقی کے پروگراموں میں توسیع کو جاری رکھا جس میں ڈیری پروڈکٹس پر ٹیکس خاتمے کی بحالی سے مزید فائدہ حاصل ہوگا۔

ریونیو
(2021)

52,094
(ملین روپے)

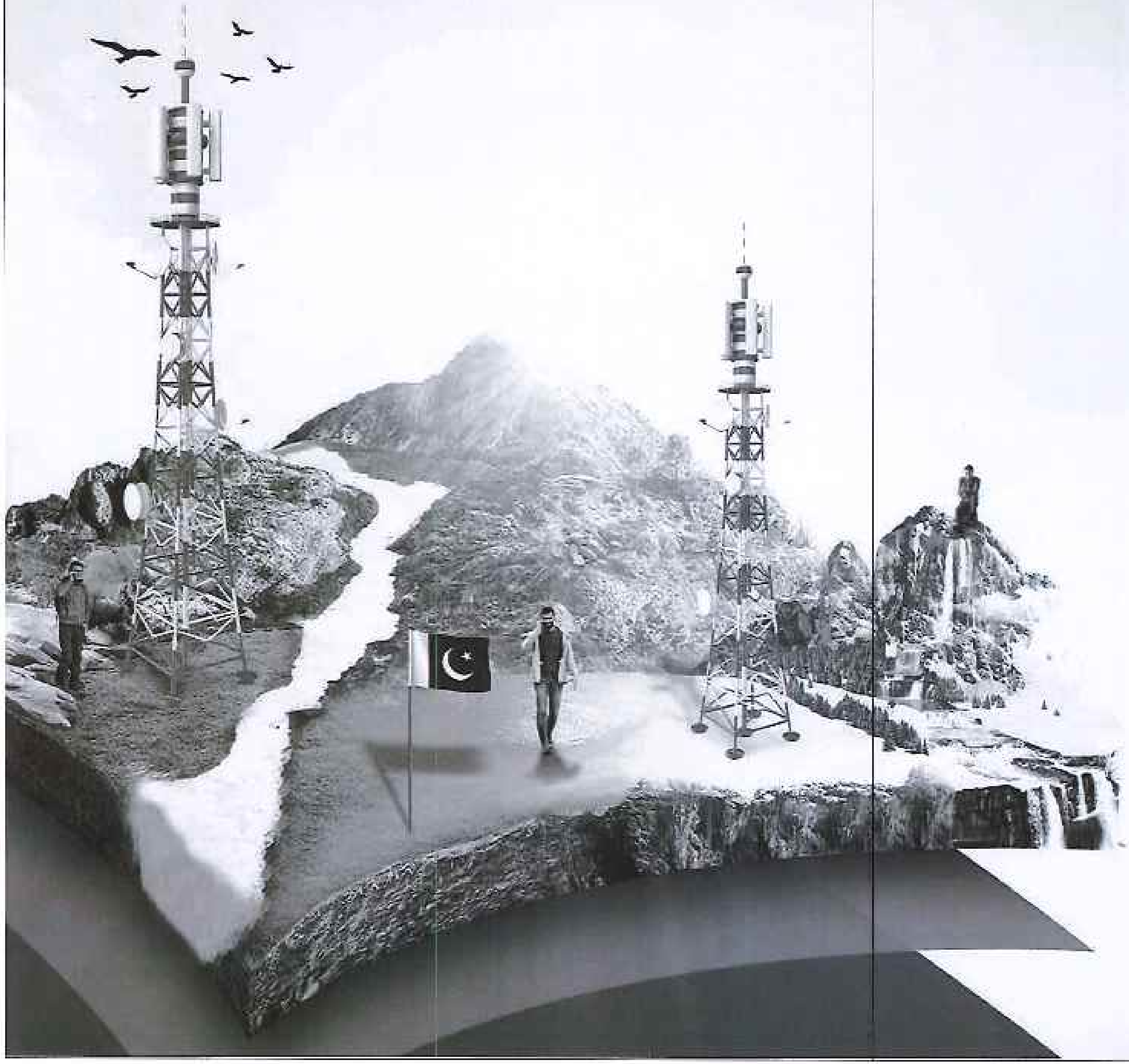


اینگرو ایگزیمپ ایگری پراڈکٹس

اینگرو ایگزیمپ ایگری پراڈکٹس نے چاول کے برآمدی کاروبار میں مہارتوں کا استعمال جاری رکھا اور ان کوششوں کو مقامی اور بین الاقوامی سطح پر اعتراف کیا گیا۔ کمپنی نے دوران سال ٹاپ ایکسپورٹرز کا ایوارڈ جیتا اور ریٹنگ کنسورشیم کی جانب سے پانچویں بار مسلسل 'AA' ریٹنگ کو برقرار رکھا۔ بزنس نے برانڈڈ سیلز کے شعبے میں گزشتہ سال کے مقابلے میں 21 فیصد ترقی حاصل کی۔

ملک کے بیرونی زرمبادلہ کے ذخائر میں اہم حصہ دار کی حیثیت سے، رائس نے ایکسپورٹ پر توجہ مرکوز کی۔ دوران سال بزنس نے ایکسپورٹس کے ذریعے 18.8 ملین امریکی ڈالر آمدنی حاصل کی۔ ایکسپورٹس گزشتہ سال کے 28 KT کے مقابلے میں KT 24 رہیں۔ مقامی مارکیٹ میں سپلائی چین کے مسائل کے پیش نظر، کمپنی نے مقامی مارکیٹ میں سپلائی جاری رکھتے ہوئے دوران سال 39 فیصد اضافے سے KT 13 مقامی سیلز حاصل کی۔

ریونیو
(2021)
4,309
(ملین روپے)



اینگرو انفراشیئرز

دورانِ سال، اینگرو کارپوریشن نے اینگرو کنیکٹ (پرائیویٹ) لمیٹڈ کے نام سے ٹیلی کام انفراسٹرکچر اور کنیکٹیوٹی سے متعلقہ اقدامات کے لیے ایک علیحدہ پلیٹ فارم تشکیل دیا۔ EConnect اینگرو کا مکمل زیرِ ملکیت ذیلی ادارہ ہے اور اب یہ اینگرو انفراشیئرز (پرائیویٹ) لمیٹڈ (انفراشیئرز) کی مکمل ملکیت رکھتا ہے، جو اس وقت پاکستان کی سب سے بڑی ٹیلی کام ٹاور کمپنی ہے۔

انفراشیئرز نے ملکی سطح پر اپنی رسائی بڑھانے پر کام جاری رکھا اور اس کے ٹاورز کی تعداد 2,246 ہے جن کا ٹیننسی ریشو 1.10x ہے، جو پاکستان کی چاروں موبائل نیٹ ورک آپریٹرز کی ضروریات کو پورا کر رہا ہے۔ کمپنی نے 79 فیصد سائٹس کو ایک آزاد ٹاور کمپنی کے طور پر مکمل کیا جس سے گزشتہ سال کے مقابلے میں تین گنا زائد آمدنی حاصل ہوگی۔ بزنس نے 2022 کے اختتام تک 3,300+ سائٹس تک پہنچنے کے آرڈرز حاصل کر رکھے ہیں۔

پاکستان میں ٹیلی کام کا شعبہ سالانہ 20 فیصد ترقی کے ساتھ 100 ملین سے زائد 3G /4G سبسکرائبرز ابھر کر حاصل ہو چکا ہے۔ بزنس اس شعبے میں متوقع ترقی سے فائدہ اٹھانے کے لیے تیار ہے، جس میں حکومتِ پاکستان کی جانب سے پالیسی لیول کے نتیجے میں اسمارٹ فون کی مقامی تیاری بھی شامل ہے۔ اس بزنس میں ترقی کے مواقع کے حوالے سے گزشتہ دو سالوں کے دوران انفراشیئرز کے مشترکہ لوکیشن والے مواقع بھی موجود ہیں، جس میں زیادہ سے زیادہ ٹیننسی کی شرح 1.25x سے 1.34x کے درمیان ہے۔

ریونیو
(2021)
4,489
(ملین روپے)

شیئر ہولڈرز کو منافع کی تقسیم

ہمیشہ زیادہ سے زیادہ منافع دینے کے اپنے عزم کے مطابق، 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے بورڈ فی شیئر 00. روپے کا حتمی نقد منافع منقسمہ تجویز کرتے ہوئے بے حد خوشی محسوس کرتا ہے۔ اس حساب سے سال کے لیے کل منافع 25 روپے فی شیئر بنتا ہے اور اس میں پہلے ادا شدہ 24 روپے فی شیئر کا عبوری نقد منافع منقسمہ شامل ہے۔

کاروبار کے مستقبل کا جائزہ

2022 میں ہم اپنے شیئر ہولڈرز کے لیے حقیقی منافع کمانے کے ساتھ ساتھ اپنے کاروباری مجموعے کو ترقی دینے کے لیے پرعزم رہیں گے۔

فرٹیلائزرز

متوقع طلب میں اضافے سے پاکستان کے زرعی شعبے کی ترقی کے لیے 2022 کا سال بہترین ثابت ہونے کی امید ہے جس میں حکومت کی جانب سے اٹھائے گئے کئی اقدامات کے نتیجے میں دیہی علاقوں میں کسانوں کی آمدنی میں اضافہ متوقع ہے۔ یوریا اور ڈی اے پی کی جانب سے مستحکم پیداوار اور مقامی مارکیٹ میں فرٹیلائزرز کی طلب کو پورا کرنے کی۔ ملک میں یوریا کی پیداوار کی اضافی صلاحیت موجود ہونے کے سبب ملکی ضروریات کو پورا کیا جا سکتا ہے۔ تاہم فرٹیلائزرز سیکٹر کو RLNG کی مستقل فراہمی کے لیے ٹھوس اقدامات کی ضرورت ہے۔

پیٹروکیمیکلز

پاکستان کے اندر پولیمر اور پیٹروکیمیکل مصنوعات کی طلب میں اضافہ ہو رہا ہے اور درآمدات میں کمی کے ذریعے زرمبادلہ بچانے کے لیے مقامی پیداوار میں اضافے کی ضرورت ہے۔

توسیع کے بعد 295 KT کی صلاحیت کی موجودگی کے ساتھ ہم مقامی طلب کو پورا کرنے کے لیے بہتر پوزیشن میں ہیں۔ پاکستان میں پی وی سی کی بڑھتی ہوئی طلب کو پورا کرنے کے لیے CAGR اور مقامی پیداوار اور پاکستان کی جانب سے پی وی سی کی درآمدات میں کمی لانے کے ذریعے مارکیٹ کی بہتری کے لیے پرعزم ہے۔

ٹیلی کمیونیکیشن انفراسٹرکچر

انفراشیئر کا کاروبار جاری ہے اور موبائل ڈیٹا کے بڑھتے ہوئے استعمال اور موبائل نیٹ ورک کی مسلسل توسیع کی بدولت اس شعبے میں ترقی کے امکانات موجود ہیں۔ 21.5 ملین روپے کی خطیر رقم لگانے اور ایک سرمایہ کاری کے منصوبے کے ساتھ ترقی کے مواقع حاصل کرنے کے لیے مکمل طور پر تیار ہے۔

انفراشیئر آنے والے برسوں میں ترقی کے مواقع حاصل کرنے کے لیے پرعزم ہے اور مارکیٹ میں اپنی پوزیشن کو برقرار رکھنے کے لیے کوشاں ہے۔ 2025 تک 5000+ ٹاورز کے ساتھ 1.3x کی شرح سے کاروباری منافع حاصل کرنے کی پوزیشن میں ہے۔

فوڈز

بزنس Freeland Carapina کی مالی صورتحال کا جائزہ لے رہا ہے اور مستقبل کی ترقی کے لیے بہترین حکمت عملی کے حصول کے لیے کوشاں ہے۔ زرعی شعبے میں پیداوار اور مالی ترقی کے لیے بزنس اپنے پائیدار ماڈل کی شناخت میں کئی مواقع کی بہتری کا منتظر ہے۔ 2021 کے دوران بزنس کا مارجن میں 14x کا اضافہ ہوا جس کے ذریعے ترقی کے مواقع حاصل کرنے میں مدد ملے گی۔

انرجی

انرجی بزنس کا مجموعہ پاکستان میں توانائی کی طلب کو پورا کرنے کے لیے مقامی وسائل کے استعمال اور پائیدار حل فراہم کرنے کا منتظر ہے۔ پاکستان میں توانائی کے شعبے کی ترقی کے لیے اس بزنس کا کردار نہایت اہم ہے جس کے ذریعے ملک کی معیشت کو فائدہ پہنچے گا۔ 2022 تک 7.5 ملین ٹن سالانہ پیداوار اور 2023 تک مجموعی پیداوار 12.2 ملین ٹن تک پہنچ جائے گی۔

ڈیجیٹل بزنس

ای پی پی ای ڈیجیٹل کی ترقی کے بعد بزنس کو ابتدائی مراحل میں بہتر کارکردگی کی امید ہے۔ اس وقت ڈیجیٹل بزنس دنیا بھر میں سب سے زیادہ ترقی کرنے والا شعبہ ہے جس میں 85 فیصد صارفین ڈیجیٹل سہولیات کی فراہمی کا سلسلہ جاری رہا ہے۔

کیمیکل انڈسٹری کی مارکیٹ کے حالات مستحکم رہنے کی توقع ہے جبکہ پیداوار اور طلب میں اضافہ متوقع ہے۔ البتہ اس کی قیمتوں پر منحصر اثرات اور 250 ٹن کے منصوبے سے بڑھتی ہوئی طلب کو پورا کرنے کی توقع ہے۔

کمپنی ہر سطح پر اپنے ملازمین اور شراکت داروں کے ساتھ تعاون اور بہتری کے لیے اپنے تجربات کو استعمال کرتی رہے گی۔

کریڈٹ ریٹنگ اور گورننس

2021 کے دوران کریڈٹ ریٹنگ ایجنسیوں نے طویل مدتی کریڈٹ ریٹنگ کو برقرار رکھا اور کمپنی کی بہترین مالی حالت کو برقرار رکھا گیا۔

[illegible]	[illegible]	[illegible]	[illegible]
A1	AA+	PACRA	اینگرو کارپوریشن لمیٹڈ
A1+	AA	PACRA	اینگرو فرٹیلائزرز لمیٹڈ
A1+	AA-	PACRA	اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ
A2	A-	PACRA	اینگرو ایگزیمپ ایگری پروڈکٹس پرائیویٹ لمیٹڈ
A2	A-	VIS	اینگرو انفراشیئر (پرائیویٹ) لمیٹڈ
A1	AA	PACRA	اینگرو پاورجن تھر (پرائیویٹ) لمیٹڈ
A	AA-	PACRA	اینگرو [illegible] (پرائیویٹ) لمیٹڈ

یہ کریڈٹ ریٹنگز کمپنی کی مالیاتی اور انتظامی قوت، مضبوط کریڈٹ پروفائل اور پائیدار ترقی کی عکاسی کرتی ہیں اور مستقبل میں ترقی کے مواقع کی نشاندہی کرتی ہیں۔

سال کے اختتام پر کمپنی کی مجموعی قرض کی رقم 222,203 ملین روپے تھی جبکہ 31 دسمبر 2020 کو 213,449 ملین روپے تھی۔ 2021 کے اختتام پر سال کے لیے گیئرنگ 2020 کے 49.3 فیصد کے مقابلے میں 47.5 فیصد ہے جس سے کمپنی کی مستقبل کی ترقی کے امکانات میں مزید اضافہ ہوگا۔

رسک مینجمنٹ

اینگرو کا پورٹ فولیو رسک کے زیر اثر ہے اور خطرات کی جانچ کے لیے ایک جامع رسک مینجمنٹ فریم ورک موجود ہے۔ ہمارے کاروبار کے مقاصد کے حصول میں رکاوٹ بننے والے خطرات سے بچنے کے لیے کمپنی کی حکمت عملی کے تحت اقدامات کیے جاتے ہیں۔

ہم سے متعلق پانچ بڑے خطرات جن کی ہمیں کاروبار میں نشاندہی کی گئی ہے ان پر قابو پانے کے لیے اقدامات کیے گئے ہیں۔ ہمارے کاروبار کی ترقی میں رکاوٹ بننے والے خطرات کا جائزہ لیا جاتا ہے اور ان کی روک تھام کے لیے اقدامات کیے جاتے ہیں۔ ان خطرات کا جائزہ لینے اور ان سے نمٹنے کے لیے کمپنی کی انتظامیہ مسلسل نگرانی اور بہتری کرتی ہے۔

بحیثیت کارپوریشن نے درج ذیل خطرات کی نشاندہی کرتے ہوئے ان پر قابو پانے کی حکمت عملی تیار کی ہے:

معاشی اور ریگولیٹری رسک	مستقل اور موثر کوششوں اور پالیسی سازوں سے مذاکرات کے ذریعے اپنے کاروبار کو معاشی اور ریگولیٹری سمت سے پیدا ہونے والے خطرات سے نمٹنے میں مدد ملی۔
غیر ملکی زرمبادلہ کا خطرہ	ہمارے سرمایہ کاری کے پورٹ فولیو نے ہمیں غیر ملکی زرمبادلہ کے خطرہ سے [illegible] پورٹ فولیو [illegible] تاکہ [illegible] قدر [illegible] جا سکے۔
شرح سود کا خطرہ	ہمارے قرض اور سرمایہ کاری کے اثاثوں کی قدر سے ہمیں شرح سود کا خطرہ واضح کیا گیا ہے، کسی بھی قسم کے [illegible] مسلسل نگرانی اور تجزیہ [illegible] معمول میں [illegible] سرمایہ کاری [illegible] کیا جاتا ہے۔
ٹیکنالوجی رسک	ٹرانزیکشن پراسیسنگ کا مستحکم پورٹ فولیو [illegible] ترقی کے لیے [illegible] نئی ٹیکنالوجی [illegible] رہتے ہیں۔
کریڈٹ رسک	اعلیٰ کریڈٹ ریٹنگ کے حامل [illegible] مالیاتی اداروں کے [illegible] رسک [illegible] میں مدد ملی۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم امور پر نظر رکھتا ہے۔ [illegible] کارپوریٹ گورننس کے اعلیٰ معیارات برقرار رکھنے کے لیے پرعزم ہے۔

موجودہ بورڈ 28 اپریل 2021 کو منتخب ہوا۔ بورڈ 10 ڈائریکٹرز پر مشتمل ہے [illegible] بورڈ میں 3 خاتون ڈائریکٹرز اور 7 مرد ڈائریکٹرز شامل ہیں جنہیں درج ذیل انداز میں تقسیم کیا گیا ہے۔

3 آزاد ڈائریکٹرز
2 آزاد خاتون ڈائریکٹرز
3 نان ایگزیکٹو ڈائریکٹرز
1 نان ایگزیکٹو خاتون ڈائریکٹر
1 ایگزیکٹو ڈائریکٹر

ذیل میں ان افراد کے نام ہیں جو سال 2021 کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز رہے ہیں:

- جناب حسین داؤد
- جناب شہزادہ داؤد
- جناب محمد عبدالعلیم
- محترمہ [illegible] القیوم
- جناب عبدالصمد داؤد
- محترمہ سبرینہ داؤد
- جناب رضوان دیوان
- جناب خواجہ اقبال حسن
- جناب [illegible] مرچنٹ*
- محترمہ [illegible] راہو
- جناب غیاث خان

* جناب [illegible] مرچنٹ 28 اپریل 2021 کو ڈائریکٹر کے طور پر ریٹائر ہوئے اور ان کی جگہ محترمہ [illegible] نے شمولیت اختیار کی۔

بورڈ کی سرگرمیوں کا جائزہ لینے کے لیے 2021 میں بورڈ کے 10 اجلاس منعقد ہوئے۔ [illegible] کمیٹیاں تشکیل دی ہیں [illegible] ذمہ داریاں [illegible] تفصیلات کے ساتھ ان کمیٹیوں کی معلومات درج ذیل ہیں:

[illegible]	[illegible]	[illegible]
2021 میں 5 اجلاس منعقد ہوئے	2021 میں 7 اجلاس منعقد ہوئے	2021 میں 14 اجلاس منعقد
جناب محمد عبدالعلیم	جناب شہزادہ داؤد	محترمہ [illegible] القیوم
جناب رضوان دیوان	جناب محمد عبدالعلیم	جناب شہزادہ داؤد
جناب خواجہ اقبال حسن	جناب رضوان دیوان	جناب خواجہ اقبال حسن
محترمہ [illegible] القیوم	محترمہ [illegible] راہو	محترمہ [illegible] راہو

ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں، جس کی تفصیلات درج ذیل ہیں:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کی منصفانہ صورتحال پیش کرتے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے [illegible] اکاؤنٹنگ تخمینے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے اور [illegible] انحراف کو [illegible] ظاہر کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کسی قسم کے شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا کوئی انحراف نہیں کیا گیا۔

ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کوڈ آف کارپوریٹ گورننس کے مطابق کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں جو درج ذیل ہے:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی منصفانہ صورتحال پیش کرتے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر تسلسل سے عمل کیا جاتا ہے، ماسوائے ان تبدیلیوں کے جو مالیاتی گوشواروں میں ظاہر کی گئی ہیں، اور اکاؤنٹنگ تخمینے کی تیاری مناسب و محتاط اندازوں پر مبنی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ کے معیارات کے مطابق کی گئی ہے، جہاں ان سے کسی طرح کے انحراف کو واضح طور پر ظاہر کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے جاری رہنے کی صلاحیت پر کسی بھی قسم کے شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین انداز پر عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

نان ایگزیکٹیو اور آزاد ڈائریکٹرز کے مشاہرے کی پالیسی

ڈائریکٹرز نے بورڈ میں نان ایگزیکٹیو اور آزاد ڈائریکٹرز کے مشاہرے کی پالیسی منظور کی ہے جس کی نمایاں خصوصیات یہ ہیں:

- مشاہرہ ڈائریکٹرز کی مہارت اور ذمہ داریوں کے مطابق ہونا چاہیے جس کا مقصد ڈائریکٹرز کی ایسی صورتحال کو قائم رکھنا ہے جو کمپنی کی ترقی کے لیے ضروری اور قدر میں اضافے کے لیے حوصلہ افزا ہیں۔ مشاہرہ ڈائریکٹرز کی خود مختاری پر کسی انداز میں اثر انداز نہیں ہونا چاہیے۔
- بورڈ اگر مناسب سمجھتا ہے تو ڈائریکٹرز کے مشاہرے کی معقول سطح تک پہنچنے کے لیے آزاد کنسلٹنٹ کی خدمات حاصل کر سکتا ہے۔
- ایگزیکٹیو ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کرنے کا کوئی معاوضہ ادا نہیں کیا جائے گا۔
- بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کی طرف سے کیے گئے سفری اور دیگر ضروری اخراجات کی ادائیگی قابل ادا ہو گی۔

ڈائریکٹرز کا مشاہرہ

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

مشاہرہ بشمول ڈائریکٹرز کی فیس، چیف ایگزیکٹیو آفیسر اور ڈائریکٹرز کے مشاہرے کی تفصیل مالیاتی گوشواروں کے نوٹ 25 میں پیش کی گئی ہے۔

اندرونی مالیاتی کنٹرولز کی موزونیت

بورڈ آف ڈائریکٹرز کمپنی کے اندرونی کنٹرول کے سسٹم کے موثر ہونے کی نگرانی کی مکمل ذمہ داری رکھتا ہے۔ بورڈ نے اندرونی کنٹرولز کے اہم امور کی تکمیل چیف ایگزیکٹیو کے ساتھ تفویض کی۔

کمپنی کے اندرونی کنٹرول کا نظام واضح طور پر طے شدہ ذمہ داریوں اور مناسب طریقہ کار پر مشتمل ہے۔ مالیاتی اور آپریشنل امور کی نگرانی کی جاتی ہے۔

بورڈ آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹرز کی طرف سے اندرونی کنٹرول کے موثر ہونے کی نگرانی کرتی ہے۔

مستقبل پر نظر

کمپنی تمام متعلقہ پالیسیوں کی ایک تفصیلی فہرست برقرار رکھتی ہے۔ اہم معلومات مالیاتی گوشواروں کے نوٹ 2 میں وضاحت کے ساتھ بیان کی گئی ہے۔

کمپنی کی انتظامیہ کی جانب سے کاروباری اہداف کے حصول کے لیے موثر حکمت عملی اختیار کی گئی ہے اور مالیاتی اور آپریشنل خطرات کی نشاندہی کر کے ان کی نگرانی کی جاتی ہے۔

کوڈ آف کارپوریٹ گورننس اور اس کے تقاضوں کے مطابق بورڈ کی کارکردگی کا جائزہ لیا جاتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر انہوں نے خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آڈیٹرز کی حیثیت سے ان کے دوبارہ تقرر کی سفارش کی ہے۔

انسانی سرمایہ

انسانی سرمایہ کمپنی کی کامیابی کا اہم ستون ہے۔ ہم اپنے ملازمین کی صلاحیتوں کی ترقی اور تربیت پر سرمایہ کاری کرتے ہیں اور بہترین صلاحیتوں کو اپنے ساتھ رکھتے ہیں۔

ملازمین کی فلاح و بہبود ہماری ترجیح ہے۔ ہم ملازمین کی تربیت، ترقی اور کارکردگی کے جائزے کے ذریعے ان کی صلاحیتوں کو بہتر بناتے ہیں۔

تربیت اور ترقی کے پروگرام ملازمین کی پیشہ ورانہ مہارت میں اضافے کے لیے جاری رکھے گئے ہیں۔

سماجی سرمایہ

کمپنی کاروباری ماحول میں اپنی سماجی ذمہ داریوں کو پورا کرتی ہے اور معاشرے کی فلاح و بہبود اور ترقی میں اپنا کردار ادا کرتی ہے۔

کمپنی کارپوریٹ گورننس اور سماجی ذمہ داریوں کے تقاضوں کو پورا کرنے کے لیے پرعزم ہے۔

ہمارے ماحولیاتی اور سماجی اقدامات کی تفصیل اس رپورٹ میں پیش کی گئی ہے۔

صحت، تحفظ اور ماحول (HSE)

صحت، تحفظ اور ماحول ہمیشہ سے ہماری بنیادی اقدار رہی ہیں اور ہم پاکستان میں اپنے وسیع کاروباری مقامات پر HSE کے بہترین تجربات اپنانے کے لیے پرعزم رہتے ہیں۔ ہم نے گزرتے وقت کے ساتھ بین الاقوامی تجربات میں بہتری پر عمل کر کے ہماری سوچ کا ثبوت دیا ہے۔

مسلسل بہتری کے لیے ہم نے عمل درآمد کی بنیاد پر بڑھتے ہوئے اسٹرکچر کا آغاز کیا ہے جس میں اینگرو کی اپنی پارٹنر DuPont سسٹین ایبل سلوشنز (DSS) کے ساتھ شراکت داری کے ذریعے تحفظاتی خطرات کو کم کرنے کی سوچ سے تربیت جاری رکھتے ہیں۔

ہم کسی حادثے سے بچاؤ کی ہماری ثقافت کو مضبوط کرنے کے لیے کوشاں ہیں اور مقامات اور بین الاقوامی معیارات کو پورا کرنے کے لیے بھی پرعزم ہیں۔ ہم حکومت پاکستان اور ان صوبوں میں جہاں کمپنی کام کرتی ہے وہاں کے ریگولیٹری لوازمات پر عمل درآمد کرتے ہیں۔ ایک مربوط فریم ورک کے تحت مؤثر تحفظ اور رسک پروسیس کے ذریعے ایسے خطرات کی نشاندہی کی جاتی ہے جن سے PEAR (عوام، ماحول، اثاثے، اور ساکھ) کو خطرہ ہو۔

گروپ کی سطح پر HSE کی مجموعی کارکردگی کے ساتھ ساتھ تحفظ اور ماحولیاتی اقدامات پر عمل درآمد کی جانچ کی جاتی ہے اور مسلسل بہتری کو یقینی بنایا جاتا ہے۔ تمام کمپنیوں کے متعلقہ شعبوں سے تعلق رکھنے والے افراد پر مشتمل کمیٹیاں ... کی نشاندہی اور حل کے لیے کام کرتی ہیں۔ اس کے علاوہ ... سسٹم کے نفاذ کی بنیاد پر ذمہ داریوں کا تعین کیا جاتا ہے۔ HSE کا معیار ہماری لیڈرشپ کمیٹی کا لازمی حصہ ہے جو ہمارے ملازمین کی کارکردگی کے جائزے اور ترقی کے لیے استعمال ہوتا ہے۔

HSE کی کارکردگی اور ترقی پر مختصر تفصیلات ہماری سالانہ رپورٹ میں موجود ہیں۔

بیرونی شیئر ہولڈنگ

داؤد ہرکولیس کارپوریشن لمیٹڈ اینگرو کارپوریشن کے اہم شیئر ہولڈر ہیں۔ دیگر شیئر ہولڈرز میں مقامی اور غیر ملکی ادارے اور عوام الناس شامل ہیں۔

شیئر ہولڈنگ کے نام بیرونی کے ساتھ ... کے تحت شیئر ہولڈرز کی تفصیلات درج ہیں جو کہ شیئر ہولڈنگ کے پیٹرن اور 2021 کے دوران ڈائریکٹرز، ایگزیکٹیوز اور ان کے ازواج اور نابالغ بچوں کی طرف سے شیئرز کی خرید و فروخت کے ... شیئر ہولڈنگ کے پیٹرن میں درج کی گئی ہیں۔

بعد میں وقوع پذیر ہونے والے واقعات سے متعلق تبدیلی

کمپنی کے مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی اہم تبدیلی واقع نہیں ہوئی۔

اظہار تشکر

ڈائریکٹرز کمپنی کے شیئر ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہمیشہ کمپنی پر اعتماد کیا اور ملازمین کی انتھک محنت اور عزم کو سراہتے ہیں جو مستقبل میں بھی ترقی کے سفر میں ساتھ رہیں گے۔

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دستخط

(یہ دستخط کمپنی میں رجسٹرڈ دستخط کے نمونے سے مماثل ہونے چاہئیں)

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نام: ______________

پتہ: ______________

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نوٹ: پراکسی کے مؤثر ہونے کے لیے لازمی ہے کہ پراکسی اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔ پراکسی کے لیے کمپنی کا ممبر ہونا ضروری نہیں ہے۔

CDC شیئر ہولڈرز اور ان کے پراکسیز سے گزارش کی جاتی ہے کہ کمپنی کو پراکسی فارم جمع کرانے سے پہلے اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ساتھ منسلک کریں۔

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