



*We are proud of our heritage and experiences, as these are the things that define who we are and where we are going.*

*From Esso to Engro How it all started..*

Search for oil by Pak Stanvac, an Esso/Mobil joint venture in 1957, led to the discovery of Mari gas field situated near Daharki -- a small town in upper Sindh province. Esso was the first to study this development in detail and propose the establishment of a urea plant in that area.

The proposal was approved by the government in 1964, which led to a fertilizer plant agreement signed in December that year. The construction of a urea plant commenced at Daharki the following year with the annual capacity of 173,000 tons and production commenced in 1968. At US \$ 43 million, it was the single largest foreign investment by an MNC in the country.

A full-fledged marketing organization was established which undertook agronomic programs to educate the farmers of Pakistan. As the nation's first fertilizer brand, Engro (then Esso) helped modernize traditional farming practices to boost farm yields, directly impacting the quality of life not only for farmers and their families, but for the community at large. As a result of these efforts, consumption of fertilizers increased in Pakistan, paving the way for the Company's branded urea called "Engro", an acronym for "**Energy for Growth**".

As part of an international name change program, Esso became Exxon in 1978 and the company was renamed Exxon Chemical Pakistan Limited. The company continued to prosper as it relentlessly pursued productivity gains and strived to attain professional excellence.

In 1991, Exxon decided to divest its fertilizer business on a global basis. The employees of Exxon Chemical Pakistan Limited, in partnership with leading international and local financial institutions bought out Exxon's 75 percent equity. This was at the time and perhaps still is the most successful employee buy-out in the corporate history of Pakistan.

Renamed as Engro Chemical Pakistan Limited, with a Vision "*To be the premier Pakistani enterprise, with a global reach passionately pursuing value creation for all stakeholders*", the Company has gone from strength to strength, reflected in its consistent financial performance, growth of the core fertilizer business and diversification into other fields.

Investment in people, process solutions and resource conservation initiatives have reduced energy use per ton of urea by a third, whilst increasing urea production

nearly six-fold since 1968. Not only does this save money, it stretches non-renewable energy sources and mitigates the impact of waste. Along the way, a major milestone in plant capacity upgrade coincided with the employee led buy-out; innovatively optimizing our resources, Engro re-located fertilizer manufacturing plants from the UK and US to its Daharki plant site – an international first.

Our pioneering spirit continues in our care for the environment, social investments focused towards improvements in Health, Education and Infrastructure development initiatives exemplified by the only snake-bite treatment facility in the Ghotki region and the first telemedicine intervention in the country.

**Many businesses with one specific goal, to improve lives of our customers - *Our diverse colors of excellence***

*The years since Exxon became Engro have been both exciting and rewarding for the organization and its people. Challenges have been overcome, goals achieved and new goals set. Engro today stands recognized as a successful business operation and a role model for doing business in Pakistan.*

### **Engro Chemical Pakistan Limited**

The Company's current manufacturing base includes urea name plate capacity of 975,000 tons per annum and blended fertilizer (NPK) capacity of 160,000 tons per year. A premier brand and nationwide presence ensure sellout production. Additionally, the company imports and sells phosphatic fertilizers for balanced fertility and improved farm yields.

Expansion plans include a new urea plant of 1.3 million tons annual capacity, also at Daharki. The US\$ 1 billion project is well underway and on track for commercial production in mid 2010. This addition will increase Engro's urea market share to 35% from 19% at present.

### **Engro Vopak Terminal Limited**

50:50 Joint Venture with Royal Vopak - a Netherlands based global leader in terminal operations. EVTL operates a bulk liquid chemical terminal at Port Qasim, Karachi. It has an impeccable safety record of handling a range of chemicals and LPG for over 10 years.

EVTL is building Pakistan's first cryogenic Ethylene storage facility and expects to be ready by early 2009. Given its experience with gasses, cryogenics, a brown field location and international operating standards, EVTL is well-positioned to build a LNG terminal, being pursued by the Government of Pakistan.

## **Engro Polymer and Chemicals Limited**

Also at Port Qasim, this 56% Engro owned Company is involved in manufacturing, marketing and selling Polyvinyl Chloride (PVC). EPCL is undergoing expansion involving PVC production increase of 50,000 tones (current capacity: 100,000 tons p.a) and back integration through setting up of an EDC/VCM plant and a Chlor alkali plant. These initiatives are expected to conclude in phases by first half of 2009.

## **AVANCEON (Formerly known as Engro Innovative Automation (Pvt.) Limited)**

A 63% owned subsidiary of Engro, Avanceon is an International player in the automation business, providing process & control solutions. It also offers Power & Energy Management software solutions as well as High-End software that integrate production and business applications.

Previously operating in Pakistan and UAE, they have now penetrated in the USA market with the acquisition of Advance Automation. Advance Automation is an award winning technology solutions provider to manufacturers in North American and has been awarded as the System Integrator of the Year 2007 by Control Engineering.

## **Engro Foods Limited**

Engro Foods, a wholly owned subsidiary had its first full year of operations in 2007. The Company continued expanding with additions to brand portfolio, milk production and distribution capacities.

The portfolio now includes four impressive brands; **Olper's milk, Olper's cream, Olwell** and **Tarang**. Olper's market share peaked at 18% within just two years of operations.

EFL operates two dairy processing factories located in Sukkur, and Sahiwal. The company's milk collection network now boasts over 700 village milk collectors and 400 milk collection centers. Covering 2400 villages across Pakistan, the activities of the Company touch the lives of almost 51,000 farmers.

An exciting new venture is the diversification of dairy portfolio into ice cream. Work has commenced for detailed engineering and market study with a view to launch of first ice cream in 2009. Also on EFL slate is the establishment of a modern dairy farm with milking expected to start in second quarter 2009.

## Engro Energy Limited

This wholly owned subsidiary is setting up an Independent Power Plant near Qadirpur in Sindh; Targeting 2009 for commercial operations, the power project will have a net output of 217 MW. The plant will utilize low heating value permeate gas from Qadirpur gas field which is currently being flared.

---

Engro has increased its business both in terms of profits as well as diversity. It is important for us to reflect on how the growth in each new business is driving us forward towards new opportunities, while at the same time also compelling us to continuously evaluate the environmental footprint and value creation for the communities we serve.

While we progressed in increasing the business quantum, concurrent focus on reducing waste and harmful substance inventories remained equally strong. Our commitment and emphasis on social investments in the communities and contribution towards their upliftment by supporting education and health projects continues unabated. Feedback from our stakeholder dialogue and monitoring the impact of our social & philanthropic contributions is an important part of our activities.

Businesses that have the support and respect of their stakeholders are likely to work better and be sustainable in the long run. This is the key to achieving long-term sustainable business performance and responsible corporate citizenship status. Our Corporate Social Responsibility (CSR) reports are based to adherence to the Global Reporting Initiative (GRI) guidelines' and validated to ensure complete transparency on all reporting elements.

Our growth strategy is not limited to Pakistan, but it has surpassed all expectations and poised us to carry our excellence to overseas markets because for Engro, *Success knows no boundaries.*

\* \* \* \* \*